Al Koot Insurance & Reinsurance Company P.J.S.C.

Financial Statements

31 December 2022

Al Koot Insurance & Reinsurance Company P.J.S.C.

Financial statements and Independent Auditor's Report
For the year ended 31 December 2022

Index

Index	Page
Independent auditor's report	1-3
Financial Statements	
Statement of financial position	4
Statement of profit or loss	5
Statement of other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 52

KPMG
Zone 25 C Ring Road
Street 230, Building 246
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: home.kpmg/qa

Independent auditors' report

To the Shareholders of
Al Koot Insurance and Reinsurance Company P.J.S.C.

Opinion

We have audited the financial statements of Al Koot Insurance and Reinsurance Company P.J.S.C. (the 'Company'), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 9 to 52.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS standards as issued by the International Accounting Standards Board (IFRS standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Company's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditors' report (continued)

Al Koot Insurance and Reinsurance Company P.J.S.C.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditors' report (continued)

Al Koot Insurance and Reinsurance Company P.J.S.C.

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL") and relevant provisions of the Executive Insurance Instructions issued by the Qatar Central Bank, we also report that:

(i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.

(ii) The Company has maintained proper accounting records and its financial statements are in agreement therewith.

(iii) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's financial position or performance as at and for the year ended 31 December 2022.

6 February 2023
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

كي بي ام جي
ص.ب: ٤٤٧٣
الدوحة - قطر
KPMG
P.O.Box :4473
Doha - Qatar
مكتب تدقيق حسابات

Al Koot Insurance & Reinsurance Company P.J.S.C.

Statement of financial position
As at 31 December 2022

In Qatari Riyals

	Notes	2022	2021
ASSETS			
Cash and cash equivalents	5	47,467,584	60,147,152
Time deposits with maturities in excess of 3 months		248,093,985	85,638,070
Financial investments	6	717,978,930	811,160,701
Insurance and other receivables	7	340,510,895	281,854,016
Reinsurance contract assets	8	1,091,276,695	757,382,022
Due from related parties	9	88,720,809	8,838,685
Property and equipment	10	155,888,215	157,999,848
TOTAL ASSETS		**2,689,937,113**	2,163,020,494
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	218,600,000	218,600,000
Legal reserve	12	141,250,258	134,219,560
General reserve	13	150,000,000	150,000,000
Fair value reserve		(27,645,952)	3,785,785
Retained earnings		209,474,434	183,485,123
TOTAL EQUITY		**691,678,740**	690,090,468
LIABILITIES			
Insurance contract liabilities	8	1,668,009,423	1,214,576,019
Due to insurance and reinsurance companies	14	297,267,497	221,696,744
Other liabilities		17,838,518	17,153,492
Due to related parties	9	6,917,397	11,663,623
Employees' end of service benefits	15	8,225,538	7,840,148
TOTAL LIABILITIES		**1,998,258,373**	1,472,930,026
TOTAL EQUITY AND LIABILITIES		**2,689,937,113**	2,163,020,494

These financial statements were approved by the Board of Directors and signed on their behalf by the following.

Mr. Abdulrahman Ali Al-Abdulla
Chairman

Mr. Ahmed Rafee Al-Emadi
Chief Executive Officer

كي بي أم جي لأغراض التعريف فقط
KPMG For Identification Purposes Only

The accompanying notes on pages 9 to 52 form an integral part of these financial statements

Al Koot Insurance & Reinsurance Company P.J.S.C.

Statement of profit or loss
For the year ended 31 December 2022 In Qatari Riyals

	Notes	**2022**	2021
Gross premiums		1,125,298,673	973,224,869
Reinsurers' share of gross premiums		(655,395,109)	(567,194,723)
Net premiums		469,903,564	406,030,146
Change in unearned premium	8	(110,526,813)	1,401,401
Earned insurance premiums		359,376,751	407,431,547
Net commission income / (expense)		11,710,102	6,892,092
Brokerage cost		(37,363,566)	(24,845,787)
Total underwriting revenues		333,723,287	389,477,852
Claims paid	16	(403,796,027)	(694,363,411)
Reinsurers' share of claims paid	16	212,664,440	412,044,800
Change in outstanding claims	16	(9,011,918)	(36,072,408)
Net claims incurred	16	(200,143,505)	(318,391,019)
NET UNDERWRITING RESULTS		**133,579,782**	71,086,833
Interest income		17,817,984	16,135,802
Net gain / (loss) on financial assets at fair value through profit and loss		(35,395,057)	15,085,409
Net gain on sale of financial investments		13,027,418	12,344,115
Dividend income		2,529,402	2,480,855
Profit distribution from managed funds		3,651,114	3,888,235
INVESTMENT AND OTHER INCOME		**1,630,861**	49,934,416
General and administrative expenses	17	(63,782,192)	(57,104,641)
Allowance for impairment of financial assets	20	(254,964)	(3,489,196)
Total expenses		(64,037,156)	(60,593,837)
PROFIT BEFORE TAX		**71,173,487**	60,427,412
Income tax expense	18	(866,511)	(1,241,750)
PROFIT FOR THE YEAR		**70,306,976**	59,185,662

كي بي أم جي لأغراض التعريف فقط
KPMG For Identification Purposes Only

The accompanying notes on pages 9 to 52 form an integral part of these financial statements

Al Koot Insurance & Reinsurance Company P.J.S.C.

Statement of other comprehensive income
For the year ended 31 December 2022

In Qatari Riyals

	2022	2021
Profit for the year	70,306,976	59,185,662
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Debt investments at FVOCI – net change in fair value	(27,902,520)	(13,434,459)
Debt investments at FVOCI – reclassified to profit or loss	(3,529,217)	(5,254,657)
	(31,431,737)	(18,689,116)
Other comprehensive income for the year	(31,431,737)	(18,689,116)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**38,875,239**	40,496,546

كي بي أم جي لأغراض التعريف فقط
KPMG For Identification Purposes Only

The accompanying notes on pages 9 to 52 form an integral part of these financial statements

Statement of changes in equity
For the year ended 31 December 2022

In Qatari Riyals

	Share Capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total
Balance at January 1, 2021	218,600,000	128,300,994	150,000,000	22,474,901	165,718,027	685,093,922
Total comprehensive income for the year						
Profit for the year	-	-	-	-	59,185,662	59,185,662
Other comprehensive income for the year	-	-	-	(18,689,116)	-	(18,689,116)
Total comprehensive income for the year	-	-	-	(18,689,116)	59,185,662	40,496,546
Transaction with the owners of the Company, contributions and distributions.						
Dividend (Note 11)	-	-	-	-	(35,500,000)	(35,500,000)
Other transactions						
Transfer to legal reserve (Note 12)	-	5,918,566	-	-	(5,918,566)	-
Balance at December 31, 2021	218,600,000	134,219,560	150,000,000	3,785,785	183,485,123	690,090,468
Balance at January 1, 2022	218,600,000	134,219,560	150,000,000	3,785,785	183,485,123	690,090,468
Total comprehensive income for the year						
Profit for the year	-	-	-	-	70,306,976	70,306,976
Other comprehensive income for the year	-	-	-	(31,431,737)	-	(31,431,737)
Total comprehensive income for the year	-	-	-	(31,431,737)	70,306,976	38,875,239
Transaction with the owners of the Company, contributions and distributions.						
Dividend (Note 11)	-	-	-	-	(37,286,967)	(37,286,967)
Other transactions						
Transfer to legal reserve (Note 12)	-	7,030,698	-	-	(7,030,698)	-
Balance at December 31, 2022	**218,600,000**	**141,250,258**	**150,000,000**	**(27,645,952)**	**209,474,434**	**691,678,740**

كي بي أم جي لأغراض التعريف فقط
KPMG For Identification Purposes Only

The accompanying notes on pages 9 to 52 form an integral part of these financial statements

Al Koot Insurance & Reinsurance Company P.J.S.C.

Statement of cash flows
For the year ended 31 December 2022 In Qatari Riyals

	Note	**2022**	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		71,173,487	60,427,412
Adjustments for:			
Interest income		(17,817,984)	(16,135,802)
Depreciation	10	3,610,292	3,466,497
Net (loss) / gain on financial assets at fair value through profit or loss		35,395,057	(15,085,409)
Allowance for impairment of financial assets	20	254,964	3,489,196
Provision for employees' end of service benefits	15	1,689,028	1,249,878
Net gain on disposal of financial investments		(13,027,418)	(12,344,115)
Gain on disposal of property and equipment		(95,000)	-
Profit distribution from managed funds		(3,651,114)	(3,888,235)
Dividend income		(2,529,402)	(2,480,855)
		75,001,910	18,698,567
Changes in			
Insurance and other receivables		(59,087,879)	(28,416,727)
Reinsurance contract assets		(333,894,673)	48,747,607
Due from related parties		(81,251,472)	29,215,900
Insurance contract liabilities		453,433,404	(14,076,600)
Due to insurance and reinsurance companies		75,570,753	43,880,300
Other liabilities		685,025	(7,950,754)
Due to related parties		(5,612,738)	(3,383,356)
Cash from operating activities		**124,844,330**	86,714,937
Employees' end of service benefits paid		(1,303,638)	(315,203)
Net cash from operating activities		**123,540,692**	86,399,734
CASH FLOW FROM INVESTING ACTIVITIES			
Movement in fixed deposits with maturities of more than 3 months		(162,735,479)	(585,647)
Proceeds from disposal of financial investments		349,887,276	245,958,956
Purchase of financial investments		(306,881,324)	(334,585,930)
Interest received		16,010,509	15,607,322
Purchase of property and equipment		(1,498,659)	(1,337,057)
Proceeds from disposal of property and equipment		95,000	-
Profit distribution from managed funds		3,651,114	3,888,235
Dividends received		2,529,402	2,480,855
Net cash used in investing activities		**(98,942,161)**	(68,573,266)
CASH FLOW FROM FINANCING ACTIVITY			
Dividends paid	11	(37,286,967)	(35,500,000)
Cash used in financing activity		**(37,286,967)**	(35,500,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,688,436)	(17,673,532)
Cash and cash equivalents at 1 January		60,156,086	77,829,618
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5	**47,467,650**	60,156,086

* Cash and cash equivalents after deduction of expected credit loss amounted to QR 47,467,584. (31 December 2021: QR 60,147,152).

KPMG For Identification Purposes Only

The accompanying notes on pages 9 to 52 form an integral part of these financial statements

1. Reporting entity

Al Koot Insurance & Reinsurance Company P.J.S.C. (the "Company") is a Company, which was previously operating as a wholly owned subsidiary of Qatar Petroleum ("QP") as per the Cabinet Resolution No. 27 of 2003 ratified by an Emiri Decree dated October 27, 2003. The Company commenced commercial operations on April 1, 2003. The registered office of the Company is located in Doha, State of Qatar.

The shares of QP were transferred to Gulf International Services Q.S.C. ("GIS") on February 12, 2008. GIS is a public shareholding company owned 10% by QP and 90% by individual investors and selected institutions.

The Company is engaged in the business of general and medical insurance and reinsurance except for vehicle insurance and insurance against the risk of death and accidents.

These financial statements were approved by the Board of Directors and signed on 6 February 2023.

2. Application of new and revised international financial reporting standards (IFRSs)

2.1 New standards, amendments and interpretation are effective from 1 January 2022 but they do not have a material effect on the Company's financial statements

During the current period, the Company adopted the below amendments to International Financial Reporting Standards ("IFRS") that are effective for annual periods beginning on 1 January 2022:

Effective Date	New Amendments
1 January 2021	*Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Lessees*
1 April 2021	*COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*
1 January 2022	• *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)* • *Annual Improvements to IFRS Standards 2018–2020* • *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)* *Reference to the Conceptual Framework (Amendments to IFRS 3)*

The adoption of the above amendments has had no significant impact on the year end financial statements.

2.2. Standards 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 financial statements:

Effective Date	New Standard / Amendments
1 January 2023	• *Classification of Liabilities as Current or Non-current - Amendments to IAS 1* • *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2* • *Definition of Accounting Estimates - Amendments to IAS 8* • *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12*
Available for optional adoption/ effective date deferred indefinitely	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

Management does not expect that the adoption of the above new and amended standards will have a significant impact on these financial statements except for IFRS 17 Insurance Contracts that establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The standard is effective for annual periods beginning on or after 1 January 2023 with an earlier application is permitted.

IFRS 17 'Insurance Contracts'

The Company will apply IFRS 17 for the first time on 1 January 2023. This standard will bring significant changes to the accounting for insurance and reinsurance contracts and is expected to have a material impact on the Company's financial statements in the period of initial application.

A IFRS 17 Insurance Contracts – Quantitative impact

The Company is in an advanced stage of assessing the quantitative impact of applying IFRS 17, however, because not all of the transition work has been finalized, the actual impact of adopting IFRS 17 on 1 January 2023 and 2022 may change because:

- The Company is continuing to refine the new accounting processes and internal controls required for applying IFRS 17;
- Although parallel runs were carried out starting in the third quarter of 2022, the new system and controls in place are yet to be fully operational.
- The Company is in the process of testing and assessment of control over its new IT system and changes to its governance framework; and
- The new accounting policies, assumptions, judgements and estimation techniques employed can be subjected to change though some parts of it have been completed.

These refinements are being made by the Company to ensure that the adoption of IFRS 17 would reflect a true and fair view of its operating results, financial position and cash flows.

B IFRS 17 Insurance Contracts – Qualitative disclosures

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

1) Identifying contracts in the scope of IFRS17

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with Discretionary Participation Feature (DPF).

When identifying contracts in the scope of IFRS 17, in some cases the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements.

For investment contracts with DPF, under IFRS 4 the Company separately identifies and classifies part of the DPF as equity. Under IFRS 17, the Company will consider all of the discretionary benefits in the measurement of the liabilities. In addition, these contracts are currently subject to the disclosure requirements of IFRS 7 Financial Instruments: Disclosures and some of the presentation requirements of IAS 32 Financial Instruments: Presentation. On transition to IFRS 17, they will no longer be subject to those requirements because the presentation and disclosure requirements of IFRS 17 will apply to them.

2) Level of aggregation

Under IFRS 17, insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

2) Level of aggregation (continued)

issued by different entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a CSM, against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

3) Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Company expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Some term life and critical illness contracts issued by the Company have annual terms that are guaranteed to be renewable each year. Currently, the Company accounts for these contracts as annual contracts. Under IFRS 17, the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts will be within the contract boundary. This is because the Company does not have the practical ability to reassess the risks of the policyholders at individual contract or portfolio level.

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

3) Contract boundaries (continued)

Insurance contracts (continued)

Reinsurance contracts (continued)

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Some of the Company's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Company and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

4) Measurement – Overview

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM. For an explanation of how the Company will apply the measurement model.

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts that are substantially investment-related service contracts under which the Company promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

PAA

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. For an explanation of how the Company will apply the PAA.

The Company expects that it will apply the PAA to its all insurance contracts because of the following criteria are expected to be met at inception.

- Insurance contracts and loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

5) Measurement Non-life contracts

On initial recognition of each group of Non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Company will elect to

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

5) Measurement Non-life contracts (continued)

recognise insurance acquisition cash flows as expenses when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Company will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Company will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The Company will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Impact assessment

Although the PAA is similar to the Company's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for Non-life contracts.

Changes from IFRS 4	Impact on equity on transition o IFRS 17
Under IFRS 17, the Company will discount the future cash flows when measuringliabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Company does not currently discount such future cash flows.	Increase
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non- financial risk. This is not explicitly allowed for currently.	Decrease
The Company's accounting policy under IFRS 17 to expense eligible insurance acquisition cash flows when they are incurred differs from the current practice under which these amounts are recognised separately as deferred acquisition costs.	Decrease

6) Measurement – Significant judgements and estimates

Estimates of future cash flows

In estimating future cash flows, the Company will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

6) Measurement – Significant judgements and estimates (continued)

Estimates of future cash flows (continued)

The estimates of future cash flows will reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company 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. Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Company will generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts in each group.

Discount rates

The Company will generally determine risk-free discount rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields will be used. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes to long-term expectations. To reflect the liquidity characteristics of the contracts, the risk-free yield curves will be adjusted by an illiquidity premium. Illiquidity premiums will generally be determined by comparing the spreads on corporate bonds with the costs of credit default swaps with matching critical terms for the same issuer.

The requirement to measure liabilities for insurance contracts and investment contracts with DPF using current discount rates will be a significant change from the Company's current practice. For Non-life contracts, the Company does not currently discount future cash flows.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately for the Life and Non-life contracts and allocated to groups of contracts based on an analysis of the risk profiles of the groups. They reflect the effects of the diversification benefits between entities, which will be determined using a correlation matrix technique.
The risk adjustments for non-financial risk will be determined using a confidence level technique for Liabilities for incurred claims of Non-life contracts.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

6) Measurement – Significant judgements and estimates (continued)

Risk adjustments for non-financial risk (continued)

Applying a confidence level technique, the Company will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level will be 90 percent for liabilities for incurred claims of Non-life contracts.

Applying a cost of capital technique, the Company will determine the risk adjustment for non-financial risk by applying a cost of capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity, consistently with the Company's current practice. The required capital will be determined by estimating the probability distribution of the present value of future cash flows from the contracts at each future reporting date and calculating the capital that the Company would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a 99.5 percent confidence level. The cost of capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Company's weighted-average cost of capital rate is 4.5 percent at 1 January 2023 and 2022.

CSM

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

The Company will determine the quantity of the benefits provided under each contract as follows.

Product	Basis for determining quantity of benefits provided
• Immediate fixed annuity	• Annuity amount payable in each period
• Traditional participating	• Insurance coverage: net amount at risk (i.e. guaranteed minimum benefits less account value), if any • Investment services: account value
• Quota share reinsurance	• The same basis as the underlying contracts, including expected new underlying contracts within the reinsurance contract boundary
• Excess of loss and stop loss reinsurance	• Expected amount of underlying claims recoverable from reinsurance in each period

7) Presentation and disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Company's financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

7) Presentation and disclosure (continued)

be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into
- (a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 will provide added transparency about the sources of profits and quality of earnings.

Insurance service result

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Company's current practice of recognising revenue when the related premiums are written.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Investment components will not be included in insurance revenue and insurance service expenses under IFRS 17. As a result, the Company expects a significant reduction in the total amounts of revenue and expenses from contracts with investment components compared with those recognised under the current practice. The Company will identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. The Company has identified that its universal life, participating and non-participating whole-life contracts contain an investment component, determined as the surrender value specified in the contractual terms less any accrued fees.

Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Company will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures.

The Company will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.

Insurance finance income and expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

7) Presentation and disclosure (continued)

Insurance finance income and expenses (continued)

If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss as a reclassification adjustment.

For Participating and Non-life contracts, the Company will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

Disclosure

IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts, reinsurance contracts and investment contracts with DPF.

Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

8) Transition

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Company will apply each of the following modifications only to the extent that it does not have reasonable and supportable information to apply IFRS 17 retrospectively.

Assessments at inception or on initial recognition

Some groups of immediate fixed annuity contracts issued between 2011 and 2013 contain contracts issued more than one year. For these groups, the discount rates on initial recognition will be determined at 1 January 2022 instead of at the date of initial recognition.

Contracts without direct participating features

The Company will apply the following modifications to certain group of contracts.

- For group of contracts issued or initiated between 2011 and 2015, the future cash flows on initial recognition will be estimated by adjusting the amount at 1 January 2016 or an earlier date (determined retrospectively) for the cash flows that are known to have occurred before that date. The earliest date on which future cash flows can be determined retrospectively for these group of contracts is 1 January 2012.
- For group of contracts issued or initiated between 2011 and 2013 (except for some groups of immediate fixed annuity contracts as described above), the liquidity premium applied to the risk-free yield curves on initial recognition will be estimated by determining an average spread between the risk- free yield curves and discount rates determined retrospectively for the period between 1 January 2014 and 1 January 2022.
- For some group of contracts, the risk adjustment for non-financial risk on initial recognition will be determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk will be determined with reference to the release of risk similar contracts that the Company issued at 1 January 2022.

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

8) Transition (continued)

Modified retrospective approach (continued)

Contracts without direct participating features (continued)

If any of these modifications is used to determined CSM on initial recognition, then the amount of the CSM recognised in profit or loss before 1 January 2022 will be determined by comparing the coverage units provided before 1 January 2022 and the remaining coverage units at 1 January 2022.

Direct participating contracts

For certain groups of contracts issued between 2004 and 2015, the Company will determine the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group as follows.

- The fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:
  - amounts charged to the policyholders (including charges deducted from the underlying items) before 1 January 2022;
  - amounts paid before 1 January 2022 that would not have varied based on the underlying items;
  - the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022, which will be estimated based on analysis of similar contracts that the Company issued at 1 January 2022; and
  - insurance acquisitions cash flows arising before 1 January 2022 that are allocated to the group.

If the calculation results in a CSM, then the Company will measure the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 will be determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022.

If the calculation results in a loss component, then the Company will measure the loss component to zero and increase the liability for remaining coverage excluding the loss component by the same amount at 1 January 2022.

Reinsurance of onerous underlying contracts

For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Company will establish a loss- recovery component at 1 January 2022. For some groups of contracts measured under the modified retrospective approach, the Company will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2022.

For reinsurance contracts initiated between 2011 and 2013, the Company will not identify a loss-recovery component because it does not have reasonable and supportable information to do so.

Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2022 will be determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. The Company will measure the fair value of the contracts as the sum of the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and an additional margin, determined using a confidence level technique.

2. Application of new and revised international financial reporting standards (IFRSs) (continued)

2.2. Standards issued but not yet effective (continued)

B IFRS 17 Insurance Contracts – Qualitative disclosures (continued)

8) Transition (continued)

Modified retrospective approach (continued)

Fair value approach (continued)

The cash flows considered in the fair value measurement will be consistent with those that are within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts will not be considered in determining the fair value of those contracts if they are outside the contract boundary. The present value of the future cash flows considered in measuring fair value will be broadly consistent with that determined in measuring the fulfilment cash flows. Although the Company's own non-performance risk will be considered when measuring the fair value of liabilities but not when measuring the fulfilment cash flows, the effect is expected to be insignificant.

Differences in the Company's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows will give rise to a CSM at 1 January 2022. In particular, in measuring fair value the Company will include a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining this margin, the Company will consider certain costs that are not directly attributable to fulfilling the contracts (e.g. general overheads) and certain risks that were not reflected in the fulfilment cash flows (e.g. general operational risk), among other factors that a market participant would consider.

For all contracts measured under the fair value approach, the Company will use reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract;
- how to identify discretionary cash flows for contracts without direct participation features; and
- whether an investment contract meets the definition of an investment contract with DPF.

Some groups of contracts measured under the fair value approach will contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition will be determined at 1 January 2022 instead of at the date of initial recognition.

For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 will be determined to be zero.

For groups of reinsurance contracts covering onerous underlying contracts, the Company will establish a loss-recovery component at 1 January 2022. The Company will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2022.

3. Basis of accounting

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b) Basis of measurement

These financial statements have been prepared under the historical cost basis except for certain investments, which are measured at fair value at the end of each reporting period as follows:

3. Basis of accounting (continued)

a) Basis of measurement (continued)

- Investments measured at fair value through profit or loss ('FVTPL');
- Other Financial assets designated at fair value through profit or loss ('FVTPL'); and
- Financial investment measured at fair value through other comprehensive income ('FVOCI')

b) Functional and presentation currency

These financial statements are presented in Qatari Riyal (QR), which is the Company's functional and presentation currency.

3.1 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

a) Revenue recognition

(i) Premiums earned

Premiums and reinsurance premiums are taken into income over the terms of the policies to which they relate. Gross insurance and reinsurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences.

Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated at actual number of days method (daily pro-rata basis). The change in the provision for unearned premium is taken to the statement of income in order that revenue is recognised over the period of risk.

(ii) Commission income and expenses

Commission income is earned from the reinsurer for the premium ceded during the year. Similarly, the commission expense is incurred for the insurance companies for the reinsurance premium written.

(iii) Interest income

Interest income is recognized in the statement of income as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

(iv) Dividend income

Dividend income is recognized when the dividend is received or when the right to receive the payment is established.

(v) Realised gains and losses

Realised gains and losses recorded in the statement of income include gains and losses on financial investments. Gains and losses on the sale of financial investments are calculated as the difference between net sales proceeds and the fair value at the last reporting period and are recorded on occurrence of the sale transaction.

b) Claims and expense recognition

Claims

Claims incurred consist of amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to the statement of income as incurred.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

b) Claims and expense recognition (continued)

Claims (continued)

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not. Provisions for reported claims, but not settled as at the end of the reporting period, are made on the individual case estimates. In addition, a provision based on a range of historical trends, empirical data and current assumptions is maintained for the cost of settling claims incurred but not reported at the end of the reporting period.

Reinsurers' share of claims

Reinsurers' share of claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

c) Liability adequacy test

At the end of each reporting period, the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future claims flows, the entire deficiency is immediately recognized in the statement of income.

d) Reinsurance

The Company enters into agreements with other parties for reinsurance purposes, in order to minimize insurance risk exposure from large claims and to ensure the risk management policy of the Company, in the normal course of business for all of its business classes. Reinsurance contract assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsurance business.

Reinsurance assets are reviewed for impairment at the end of each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measureable impact on the amounts that the Company will receive from the reinsurance companies. The impairment loss is recorded in the statement of profit or loss.

Reinsurance contract liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

e) Deferred acquisition costs (DAC)

DAC are amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the statement of income, the deferred portion of the acquisition costs is included in the statement of financial position. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of income. DAC are included as a part of the liability adequacy test for each reporting period.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

e) Deferred acquisition costs (DAC) (continued)

DAC are derecognised when the related contracts are either settled or disposed of.

f) Insurance receivables

Insurance contract receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost.

Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

g) Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost.

h) Foreign currency transactions

Transactions in foreign currencies are translated into functional currency of Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

i) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

i) Financial instruments (continued)

ii. Classification and subsequent measurement

Financial assets (continued)

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

i) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

i) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

j) Impairment (continued)

i. Non-derivative financial assets (continued)

The Company also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per standards and poors.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

j) Impairment (continued)

i. Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recove1y procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

i. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

j) Impairment (continued)

i. Non-derivative financial assets (continued)

Write-off (continued)

i) Non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprise cash in hand, cash at bank and term deposits with bank.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

l) Property and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Furniture and fixture	- 4 years
Office equipment	- 4 years
Computers	- 4 years
Vehicles	- 4 years
Building	25 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Significant judgements and estimates

Provision for income tax

The Company calculates its provision for income tax based on the provisions of the applicable laws and regulations in the State of Qatar. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and/or liabilities in the period in which such determination is made.

Income Tax

Income tax expense comprises taxes due calculated as per the Memorandum of Understanding (MOU) signed between Qatar Petroleum, General Tax Authority and Ministry of Finance dated 4 February 2020 regarding settlement of income tax applicable to some public shareholding companies listed on Qatar Stock Exchange. It is recognised in profit or loss.

Income tax expense comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustments to the tax payable or receivable in respect of previous years. It is calculated on the basis of the tax laws enacted (Income Tax Law No. 24 of 2018) or substantively enacted at the reporting date in the State of Qatar. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

n) Employees' end of service benefits

End of service gratuity plans

The Company provides end of service benefits to its expatriate employees in accordance with employment contracts and the Qatar Labour Law No. 14 of 2004. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, and are payable to the employees on termination of their employment with the Company. The expected cost of these benefits are accrued over the period of employment. The Company does not perform the actuarial valuation as required by International accounting standard 19 'Employee Benefits" as it estimated that such valuation does not result to a significantly different level of provision. The calculation of the provision is performed by the management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in profit or loss.

The Company has no expectation of settling its employees' end of service benefits obligation within 12 months from the reporting date and, therefore, it has classified the obligation within non-current liabilities in the statement of financial position. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

Pension plan

Under Law No. 24 of 2002 on Retirement and Pension, the Company is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries.

3. Basis of accounting (continued)

3.1 Significant accounting policies (continued)

n) Employees' end of service benefit (continued)

Pension plan (continued)

The Company's obligations are limited to these contributions, which are expensed when due.

o) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4. Key sources of estimation uncertainty

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for outstanding claims

Considerable judgement by management is required in the estimation of amounts due to policyholders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the

4. Key sources of estimation uncertainty (continued)

Estimation uncertainty (continued)

Provision for outstanding claims (continued)

end of the reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends and loss ratios to predict future claims settlement trends with the support of external activities for certain line of business.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported (IBNR) on a half yearly basis.

Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The Company has been profitable and it has positive net asset and working capital positions. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Unearned premiums

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Unearned premiums are calculated on a daily pro rata basis.

Impairment of receivable

The Company assess loss allowance for the insurance receivable using the lifetime ECL model. At each reporting date, the Company assesses whether the Company's insurance receivables are credit-impaired. While assessing whether the receivables are 'credit-impaired' the Company assesses whether one or more events that have a detrimental impact on the estimated future cash flows of the receivable balances have occurred.

As at the reporting date, the management's assessment has concluded that amounted to QR 12,945,535 (2021: QR 10,707,057) as of 31 December 2022 of the receivable balances were credit impaired.

Useful life of asset

The Company's estimate of useful economic lives of its property and equipment takes into account the renovation frequency of the asset and the future plans of the Company.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cashflows from the asset and choose a suitable discount rate in order to calculate the present values of those cash flows.

Allowance for impairment of financial assets

The Company has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment. This has resulted in staging downgrade of certain exposures and recognition of relevant ECLs and impairment allowances as disclosed in note 20.

5. Cash and cash equivalents

	2022	2021
Cash in hand	15,000	15,000
Cash at bank- current accounts (i)	30,345,822	5,786,105
Cash at bank - call account	17,106,828	54,354,981
Cash and bank balances as presented in the cash flow statement	47,467,650	60,156,086
Less: Allowance for impairment of cash at bank (Note 20)	(66)	(8,934)
Cash and cash equivalent	**47,467,584**	60,147,152

(i) Cash held in bank current accounts earn no interest.

6. Financial investments

The carrying amounts of the Company's financial investments as at year end were as follows:

	2022	2021
Investments measured at fair value through profit or loss (FVTPL)		
- Quoted debt and equity securities held with banks (i)	294,581,178	282,315,775
- Quoted equity shares	116,802,587	138,370,382
	411,383,765	420,686,157
Investments measured at fair value through other comprehensive income (FVOCI)		
- Quoted debt securities (ii)	284,370,470	334,871,049
- Managed funds	22,222,200	55,601,000
- Unquoted shares	2,495	2,495
	306,595,165	390,474,544
Total Financial investments	**717,978,930**	811,160,701

(i) These represent financial assets held with banks. These are acquired and incurred principally for the purpose of selling or repurchasing it in the near term or to take advantage of short term market movements.

(ii) Debt securities at FVTOCI have stated interest rate of 1.38% to 10.75% (2021: 1.625% to 10.5%) and matured in one to nine years.

7. Insurance and other receivables

	2022	2021
Insurance contract receivables	341,644,469	283,191,732
Less: Allowance for impairment on insurance contract receivables (Note 20)	(12,945,535)	(10,707,057)
	328,698,934	272,484,675
Accrued interest income	5,731,788	3,924,309
Staff advances	956,123	816,944
Others	5,124,050	4,628,088
	340,510,895	281,854,016

In Qatari Riyals

8. Insurance contract liabilities and reinsurance contract assets

	2022			2021		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
At January 1,						
Reported claims	551,849,522	(366,092,847)	185,756,675	586,352,915	(424,311,543)	162,041,372
Unearned premiums	256,624,375	(144,546,872)	112,077,503	267,687,618	(154,208,714)	113,478,904
IBNR and other technical reserves	406,102,122	(246,742,303)	159,359,819	374,612,086	(227,609,372)	147,002,714
Total	1,214,576,019	(757,382,022)	457,193,997	1,228,652,619	(806,129,629)	422,522,990
Movements during the year						
Reported claims	175,789,352	(184,030,271)	(8,240,919)	(34,503,393)	58,218,696	23,715,303
Unearned premiums	233,678,054	(123,151,241)	110,526,813	(11,063,243)	9,661,842	(1,401,401)
IBNR and other technical reserves	43,965,998	(26,713,161)	17,252,837	31,490,036	(19,132,931)	12,357,105
Total	453,433,404	(333,894,673)	119,538,731	(14,076,600)	48,747,607	34,671,007
At December 31,						
Reported claims	727,638,874	(550,123,118)	177,515,756	551,849,522	(366,092,847)	185,756,675
Unearned premiums	490,302,429	(267,698,113)	222,604,316	256,624,375	(144,546,872)	112,077,503
IBNR and other technical reserves	450,068,120	(273,455,464)	176,612,656	406,102,122	(246,742,303)	159,359,819
Total	**1,668,009,423**	**(1,091,276,695)**	**576,732,728**	1,214,576,019	(757,382,022)	457,193,997

In Qatari Riyals

8. Insurance contract liabilities and reinsurance contract assets (continued)

Claims development 2022

The following table shows the estimated cumulative incurred claims, including claims notified for each successive accident year at the end of each reporting period, together with cumulative payments to date:

	Accident year					
	2018 and before	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of cumulative claims						
At end of the accident year	2,930,226,443	427,219,485	161,346,233	54,967,138	577,413,708	-
One year later	3,304,718,104	729,570,840	567,564,887	558,929,716	-	-
Two years later	3,193,298,198	854,598,290	568,566,320	-	-	-
Three years later	2,995,933,779	884,764,150	-	-	-	-
Four years later	3,309,955,926	-	-	-	-	-
Current estimate of cumulative claims	3,309,955,926	884,764,150	568,566,320	558,929,716	568,132,827	5,890,348,939
Cumulative payments to date	(3,233,580,448)	(677,058,853)	(532,481,128)	(527,843,553)	(191,746,083)	(5,162,710,065)
Total cumulative claims recognized in the statement of financial position as of December 31, 2022	**76,375,478**	**207,705,297**	**36,085,192**	**31,086,163**	**376,386,744**	**727,638,874**

8. Insurance contract liabilities and reinsurance contract assets (continued)

Claims development 2021

The following table shows the estimated cumulative incurred claims, including claims notified for each successive accident year at the end of each reporting period, together with cumulative payments to date:

	Accident year					
	2017 and before	2018	2019	2020	2021	Total
Estimate of cumulative claims						
At end of the accident year	2,719,937,603	214,267,373	448,246,973	80,327,811	550,476,827	-
One year later	3,080,397,123	499,174,155	729,570,840	567,564,887	-	-
Two years later	3,100,002,692	550,269,170	854,598,290	-	-	-
Three years later	2,954,242,956	512,860,312	-	-	-	-
Four years later	2,825,263,245	-	-	-	-	-
Current estimate of cumulative claims	2,825,263,245	512,860,312	854,598,290	567,564,887	550,476,828	5,310,763,560
Cumulative payments to date	(2,719,973,688)	(471,169,489)	(646,892,993)	(521,650,110)	(399,227,758)	(4,758,914,038)
Total cumulative claims recognized in the statement of financial position as of December 31, 2021	105,289,557	41,690,823	207,705,297	45,914,776	151,249,070	551,849,522

9. Related party disclosures

Related parties represent associated companies, shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The significant related party transactions during the year were mainly in respect of insurance arrangements.

Related party transactions

Transactions with related parties included in the statement of income are as follows:

	2022	2021
Qatar Petroleum and its affiliates:		
Direct premium	**318,051,536**	498,877,930
Direct claims paid	**31,208,315**	78,690,750
Expenses incurred by Qatar Petroleum on behalf of the Company	**5,105,780**	4,949,755

Related party balances

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

	2022		2021	
	Receivables	**Payables**	Receivables	Payables
Qatar Petroleum and its affiliates	91,034,879	6,917,397	9,023,731	11,663,623
Less: Allowance on impairment of related party balances (Note 20)	(2,314,070)	-	(185,046)	-
	88,720,809	**6,917,397**	8,838,685	11,663,623

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2022	2021
Short-term benefits	10,902,940	10,228,180
Board member sitting fees (Note 17)	830,000	830,000
End of service and other benefits	326,190	273,788
	12,059,130	11,331,968

In Qatari Riyals

10. Property and equipment

	Freehold Land	Building	Furniture and fixture	Office equipment	Computers	Vehicles	Total
Cost							
At January 1, 2021	88,529,983	65,332,166	254,579	511,321	20,877,435	585,200	176,090,684
Additions	-	-	59,077	77,726	813,454	386,800	1,337,057
At December 31, 2021 / 1 January 2022	88,529,983	65,332,166	313,656	589,047	21,690,889	972,000	177,427,741
Additions	-	-	83,840	22,269	1,302,550	90,000	1,498,659
Disposals	-	-	-	-	-	(362,500)	(362,500)
At December 31, 2022	**88,529,983**	**65,332,166**	**397,496**	**611,316**	**22,993,439**	**699,500**	**178,563,900**
Accumulated depreciation							
At January 1, 2021	-	3,001,168	126,606	134,132	12,209,868	489,622	15,961,396
Depreciation charge for the year	-	2,615,287	81,770	59,289	646,426	63,724	3,466,497
At December 31, 2021 / 1 January 2022	-	5,616,455	208,376	193,421	12,856,294	553,347	19,427,893
Depreciation charge for the year	-	2,615,633	67,321	52,028	725,935	149,375	3,610,292
Disposals	-	-	-	-	-	(362,500)	(362,500)
At December 31, 2022	-	**8,232,088**	**275,697**	**245,449**	**13,582,229**	**340,222**	**22,675,685**
Net carrying value:							
December 31, 2022	**88,529,983**	**57,100,078**	**121,799**	**365,867**	**9,411,210**	**359,278**	**155,888,215**
December 31, 2021	88,529,983	59,715,711	105,280	395,626	8,834,595	418,653	157,999,848

11. Share capital

	Authorised Capital	Issued and fully paid up 2022	Issued and fully paid up 2021
Share capital (QR)	**500,000,000**	**218,600,000**	218,600,000
Number of shares of QR 10 each	**50,000,000**	**21,860,000**	21,860,000

During the year, the Company has declared and paid the annual dividend of QR 37,286,967 relating to profit for the year ended December 31, 2021. During the previous year, dividend of QR 35,500,000 were declared and paid from 2020 profits.

12. Legal reserve

As required by Qatar Commercial Companies' Law and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. However, according to Qatar Central Bank (QCB) regulations, the reserve should be equal to 100% of the issued share capital.

This reserve is not available for distribution except in circumstances stipulated in the law.

13. General reserve

The amended Articles of Association of the Company requires that the balance of profit to be available, after the above mentioned transfer to the legal reserve, can be appropriated to a general reserve. Distributions to shareholders can only be made once the total of the legal and the general reserve reach QR 150,000,000. The balance under this reserve is not available for distribution, except in circumstances specified in the Articles of Association of the Company.

14. Due to insurance and reinsurance companies

	2022	2021
Payable to reinsurers	278,083,415	204,597,923
Deferred reinsurance commissions	19,184,082	17,098,821
	297,267,497	221,696,744

15. Employees' end of service benefits

Movements in the provision for Employees' end of service benefits are as follows:

	2022	2021
As at January 1	7,840,148	6,905,473
Provided during the year	1,689,028	1,249,878
Paid during the year	(1,303,638)	(315,203)
As at December 31	**8,225,538**	7,840,148

16. Net claims incurred

	2022			2021		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
Claims paid	403,796,027	(212,664,440)	191,131,587	694,363,411	(412,044,800)	282,318,611
Change in outstanding claims (Note 8)	175,789,352	(184,030,271)	(8,240,919)	(34,503,393)	58,218,696	23,715,303
Change in IBNR and other technical reserve (Note 8)	43,965,998	(26,713,161)	17,252,837	31,490,036	(19,132,931)	12,357,105
Net claims incurred	**623,551,377**	**(423,407,872)**	**200,143,505**	691,350,054	(372,959,035)	318,391,019

17. General and administrative expenses

	2022	2021
Salaries and other benefits	44,034,802	39,285,584
Professional and other fees	5,351,374	4,120,786
Office expenses	4,491,590	3,877,783
Depreciation (Note 10)	3,610,292	3,466,497
Board member sitting fees (Note 9)	830,000	830,000
Travel expenses	534,413	4,138
Advertisement and public relations	121,660	65,205
Investment management fees	1,844,806	4,031,821
Other expenses	2,963,255	1,422,827
	63,782,192	57,104,641

18. Income taxes

Current tax expense

	2022	2021
Current year	1,078,414	1,087,608
Changes in estimates relating to prior year	(211,903)	154,142
	866,511	1,241,750

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2022	2021
Profit before tax	**71,173,487**	60,427,412
The applicable income tax rates	**1.51%**	1.71%
Tax calculated at the applicable income tax rates	1,074,720	1,033,913
Tax effect of exempt income for tax purposes	(38,194)	-
Tax effect of expenses not deductible for tax purposes	41,888	53,695
Changes in estimates related to prior year	(211,903)	154,142
Income tax expense	**866,511**	1,241,750

The movement in the income tax provision were as follow

	2022	2021
As at 1 January	1,241,750	1,074,371
Provision made	866,511	1,241,750
Provision used	(1,241,750)	(1,074,371)
As at 31 December (1)	**866,511**	1,241,750

(1) As per the Memorandum of Understanding (MOU) signed between Qatar Petroleum, General Tax Authority and Ministry of Finance dated 4 February 2020 regarding settlement of income tax applicable to some public shareholding companies listed on Qatar Stock Exchange amount calculated as above is payable to Gulf International Services Q.P.S.C. (Parent Company).

19. Fair values of financial instruments

Financial instruments include deposits, cash, investment securities, receivables, payables and certain other assets and liabilities.

The fair values of the financial assets and liabilities, with the exception of certain financial investments are not materially different from their carrying values.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

19. Fair values of financial instruments (continued)

The Following table shows analyses of the fair values of the financial instruments by level of the fair value hierarchy

During the year ending 31 December 2022, there were no transfers between Level 1 and Level 2 in fair value measurements, and no transfers in and out of Level 3 fair value measurements.

As at 31 December 2022	FVOCI – debt instruments	FVPL – equity instruments	Amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Financial assets at FVOCI								
Quoted debt securities and equities	284,370,470	-	-	-	284,370,470	284,370,470	-	-
Managed funds	22,222,200	-	-	-	22,222,200	22,222,200	-	-
Unquoted shares	2,495	-	-	-	2,495	-	-	2,495
Financial assets at FVTPL								
Equity instruments								
Quoted debt and equity securities held with banks	-	294,581,178	-	-	294,581,178	294,581,178	-	-
Quoted equity securities	-	116,802,587	-	-	116,802,587	116,802,587	-	-
Financial assets not measured at fair value								
Cash and cash equivalents	-	-	47,467,584	-	47,467,584			
Term deposits with maturities in excess of 3 months	-	-	248,093,985	-	248,093,985			
Insurance and other receivables	-	-	340,510,895	-	340,510,895			
Reinsurance contract assets	-	-	1,091,276,695	-	1,091,276,695			
Due from related parties	-	-	88,720,809	-	88,720,809			
Financial liabilities not measured at fair value								
Insurance contract liabilities	-	-	(1668,009,423)	-	(1668,009,423)			
Due to insurance and reinsurance companies	-	-	(297,267,497)	-	(297,267,497)			
Other liabilities	-	-	-	(17,838,518)	(17,838,518)			
Due to related parties	-	-	(6,917,397)	-	(6,917,397)			
	306,595,165	**411,383,765**	**(156,124,349)**	**(17,838,518)**	**544,016,063**			

19. Fair values of financial instruments (continued)

As at 31 December 2021	FVOCI – debt instruments	FVPL – equity instruments	Amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Financial assets at FVOCI								
Quoted debt securities and equities	334,871,049	-	-	-	334,871,049	334,871,049	-	-
Managed funds	55,601,000	-	-	-	55,601,000	55,601,000	-	-
Unquoted shares	2,495	-	-	-	2,495	-	-	2,495
Financial assets at FVTPL								
Equity instruments								
Quoted debt and equity securities held with banks	-	282,315,775	-	-	282,315,775	282,315,775	-	-
Quoted equity securities	-	138,370,382	-	-	138,370,382	138,370,382	-	-
Financial assets not measured at fair value								
Cash and cash equivalents	-	-	60,147,152	-	60,147,152			
Term deposits with maturities in excess of 3 months	-	-	85,638,070	-	85,638,070			
Insurance and other receivables	-	-	281,854,016	-	281,854,016			
Reinsurance contract assets	-	-	757,382,022	-	757,382,022			
Due from related parties	-	-	8,838,685	-	8,838,685			
Financial liabilities not measured at fair value								
Insurance contract liabilities	-	-	(1,214,576,019)	-	(1,214,576,019)			
Due to insurance and reinsurance companies	-	-	(221,696,744)	-	(221,696,744)			
Other liabilities	-	-	-	(17,153,495)	(17,153,495)			
Due to related parties	-	-	(11,663,623)	-	(11,663,623)			
	390,474,544	420,686,157	(254,076,441)	(17,153,495)	539,930,765			

20. Risk management

The risks faced by the Company and the way these risks are mitigated by management are summarised below.

Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Company underwrites mainly energy, fire and general accident, marine and medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident - Property

Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property insurance contracts the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Health

Health insurances is insurance against the risk of incurring medical expenses among individuals or the employees of corporate bodies. The strategy for the health class of business is to ensure that policies are written within the group and by proper cession.

Reinsurance risk

In common with other insurance companies, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

20. Risk management (continued)

Insurance risk (continued)

Reinsurance risk (continued)

To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Concentration of risks

The Company's insurance risk relates to policies written in the State of Qatar only.

Sources of uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts, these mainly relate to the inherent risks of the business activities carried out by individual policyholders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policy holders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise of provision for IBNR, provision for reported claims not yet paid and a provision for unexpired risks as at the reporting date. In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

Sensitivity of changes in assumption

The Company does not have any single insurance contract or a small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Company to multiple insurance risks. The Company has adequately reinsured for insurance risks that may involve significant litigation. A +/- 10% change in the net claims incurred will have an increase/decrease of QR 20,014,350 on the statement of income (2021: QR 31,839,102).

20. Risk management (continued)

Insurance risk (continued)

Claims development

The Company maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Financial risk

The Company's principal instruments are investments at fair value through profit or loss, fair value through other comprehensive income, amortised cost investments, receivables arising from insurance and reinsurance contracts and cash and cash equivalents.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, market price risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below:

Regulatory framework risk

Regulators are primarily interested in protecting the rights of the policyholders and monitor these rights closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic disasters.

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitor the activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimize the risk of default and insolvency on the part of the reinsurance companies to meet unforeseen liabilities as these arise.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Company does not hedge its foreign currency exposure.

Other than balances in United States Dollars, to which the Qatari Riyal is pegged, there is no significant foreign currency assets or liabilities due in foreign currencies included in the financial statement.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company is exposed to interest rate risk on certain of its financial investment and deposits. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest bearing investments are denominated.

The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for the year, based on the floating rate financial assets and financial liabilities held at December 31, 2022.

20. Risk management (continued)

Financial risk (continued)

Interest rate risk (continued)

	Increase / decrease in basis points	Effect on profit for the year
2022	**± 25**	**427,671**
2021	± 25	1,358,875

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The Company seeks to limit its credit risk with respect to customers by monitoring outstanding receivables. On the other hand, three reinsurance companies account for 65% of the reinsurance balances receivable as of December 31, 2022 (2021: 65%).

The Company manages credit risk on its investments by ensuring that investments are only made with counter-parties that have a good credit rating. The Company does not have an internal credit rating of counter-parties and considers all counter-parties to be of the same credit quality.

The table below shows the maximum exposure to credit for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting.

	2022	2021
Cash at banks	47,452,650	60,141,086
Time deposits with maturities in excess of 3 months	248,093,985	85,638,070
Financial investments	717,978,930	811,160,701
Due from related parties	88,720,809	8,838,685
Reinsurance contract assets	1,091,276,695	757,382,022
Insurance contract receivables (Note 7)	341,644,469	283,191,732
	2,535,167,538	2,006,352,296

Credit Quality

The credit quality of financial assets is managed by the Company using external credit risk ratings. The Company follows external credit mechanism of Moody's and Fitch Group rating agencies for grading relationships across its investment portfolio and other financial instruments.

20. Risk management (continued)

Financial risk (continued)

Credit risk (continued)

Credit Quality (continued)

All investments are assigned a rating in accordance with the defined criteria.

Investment Securities

	2022				2021			
Investment securities at FVOCI – Debt	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not impaired (AAA to B- and NR)	258,219,292	26,151,178	-	284,370,470	262,801,370	72,069,679	-	334,871,049
Loss allowance	(2,712,352)	(1,563,426)	-	(4,275,778)	(2,152,950)	(5,746,375)	-	(7,899,325)
Carrying amount	**255,506,940**	**24,587,752**		**280,094,692**	260,648,420	66,323,304	-	326,971,724

Insurance receivables and related parties balances

The Company uses an allowance matrix to measure the ECLs on insurance receivables and related party balances

Past Due	2022			2021		
	Loss Rate	**Gross Carrying amount**	**Loss allowance**	Loss Rate	Gross Carrying amount	Loss allowance
Current	1.74%	297,873,168	2,422,627	1.79%	174,402,144	2,480,283
1 - 30 days	5.89%	89,698,053	2,059,066	6.19%	11,137,551	722,644
31 – 60 days	7.95%	11,417,680	1,098,281	10.07%	5,962,886	778,193
61 – 90 days	12.36%	19,724,195	2,383,638	13.15%	3,214,335	596,900
91 – 180 days	16.17%	7,763,617	1,291,841	24.81%	4,433,356	1,070,012
181 – 365 days	60.00%	1,772,219	814,059	54.23%	2,845,165	1,569,076
Above 365 days	100.00%	4,430,416	4,430,416	100.00%	3,674,995	3,674,995
		432,679,348	**14,499,928**		205,670,432	10,892,103

Loss rates are based on the actual credit loss experience over the past three years. The rates are multiplied by forward looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company view of economic conditions over the expected lives of the receivables. Forward looking factors are based on actual and forecast macro-economic factors (primarily GDP) and is considered to be positive.

20. Risk management (continued)

Financial risk (continued)

Credit risk (continued)

Credit Quality (continued)

Movement of expected credit losses

	2022			2021		
	Stage 1: 12-month ECL	**Stage 2: Lifetime ECL**	**Total ECL**	Stage 1: 12-month ECL	Stage 2: Lifetime ECL	Total ECL
Balance at January 1						
Debt securities – FVOCI	2,152,960	5,746,375	7,899,335	163,422	9,216,395	9,379,817
Bank balances and deposits	156,303	-	156,303	2,353	-	2,353
Due from related parties	185,046	-	185,046	445,874	-	445,874
Insurance contract receivables	10,707,057	-	10,707,057	5,630,501	-	5,630,501
	13,201,366	5,746,375	18,947,741	6,242,150	9,216,395	15,458,545
Net re-measurement of loss allowance						
Debt securities – FVOCI	559,392	(4,182,949)	(3,623,557)	1,989,538	(3,470,020)	(1,480,482)
Bank balances and deposits	270,695	-	270,695	153,950	-	153,950
Due from related parties	1,369,348	-	1,369,348	(260,828)	-	(260,828)
Insurance contract receivables	2,238,478	-	2,238,478	5,076,556	-	5,076,556
	4,437,913	(4,182,949)	254,964	6,959,216	(3,470,020)	3,489,196
Balance at 31 December						
Debt securities – FVOCI	2,712,352	1,563,426	4,275,778	2,152,960	5,746,375	7,899,335
Bank balances and deposits	426,999	-	426,999	156,303	-	156,303
Due from related parties	1,554,393	-	1,554,393	185,046	-	185,046
Insurance contract receivables	12,945,535	-	12,945,535	10,707,057	-	10,707,057
	17,549,279	**1,563,426**	**19,202,705**	13,201,366	5,746,375	18,947,741

20. Risk management (continued)

Financial risk (continued)

Credit risk (continued)

Credit Quality (continued)

The following table provides an age analysis of unimpaired insurance receivables as at year end:

			Past due but not impaired		
	Total	*Neither past due nor impaired*	*< 4 months*	*5 –8 months*	*>9 months*
2022	**341,644,469**	**204,329,593**	**108,626,563**	**16,052,892**	**12,635,421**
2021	283,191,732	78,064,579	118,042,831	43,542,161	43,542,161

Unimpaired financial assets are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over financial assets and all are, therefore, unsecured.

At 31 December 2022, the exposure to credit risk for insurance receivables by geographic region was as follows.

	Carrying Amount	
	2022	2021
Qatar	288,820,353	145,626,495
Other GCC	22,177,433	16,158,603
Europe	22,556,592	111,995,198
Asia	8,090,091	9,411,436
	341,644,469	283,191,732

The exposure to credit risk for debt securities at amortised cost, FVOCI and FVTPL at the reporting date by geographic region was as follows.

	Carrying Amount	
	2022	2021
Qatar	213,923,634	265,317,075
Other GCC	120,778,123	182,892,656
Europe	54,547,098	59,426,052
Asia	40,386,294	8,364,523
	429,635,149	516,000,306

20. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on regular basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. A significant amount of funds are invested in local quoted securities.

The majority of time deposits held by the Company at the end of the reporting period had original maturity periods not exceeding one year.

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

	2022				2021			
	Less than one year	**More than one year**	**No term**	**Total**	Less than one year	More than one year	No term	Total
Insurance contract liabilities	-	-	1,668,009,423	1,668,009,423	-	-	1,214,576,019	1,214,576,019
Reinsurance balances payable	297,267,497	-	-	297,267,497	221,696,744	-	-	221,696,744
Other liabilities	17,838,518	-	-	17,838,518	17,153,495	-	-	17,153,495
Due to related parties	6,917,397	-	-	6,917,397	11,663,623	-	-	11,663,623
	322,023,412	**-**	**1,668,009,423**	**1,990,032,835**	250,513,862	-	1,214,576,019	1,465,089,881

20. Risk management (continued)

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company's equity price risk exposure relates to financial assets whose value will fluctuate as a result of changes in market prices.

The Company limits equity price risk by maintaining a diversified portfolio and by continuous monitoring of its investments. The majority of the Company's equity investments comprise securities quoted on the Qatar Exchange.

A 10% change in the prices of equities, with all other variables held constant, would impact equity and statement of income by QR 11.68 million (2021: QR 13.83 million).

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' interest. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2022 and 2021. Capital comprises share capital, legal reserve, general reserve, investment revaluation reserve and retained earnings, and is measured at QR 691,678,740 (2021: QR 690,090,465).

21. Commitments and contingencies

a) Guarantees

The Company had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 3,424,251 (2021: QR 5,893,147). As at the end of reporting period, time deposits amounting to QR 24,170,260 (2021: QR 23,904,086) have been provided as security for the guarantees.

b) Legal Claims

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. As of the end of the reporting period, the result of the pending or threatened legal proceeding is unpredictable. No further disclosures are made to avoid prejudicing the position of the parties involved in the dispute.

22. Comparative information

The comparative figures presented have been reclassified where necessary to preserve consistency with the current period figures. However, such reclassification did not have any effect on the net profit or the total equity for the comparative period.

23. Subsequent events

There were no significant events after the reporting date, which have bearing on the understanding of these financial statements.

Independent Auditor's Report on page 1,2 and 3.