Doha Insurance Group Q.P.S.C.
Doha - Qatar

Consolidated Financial Statements and Independent Auditor's Report

For the year ended December 31, 2022

Doha Insurance Group Q.P.S.C.

Consolidated Financial Statements and Independent Auditor's Report
For the year ended December 31, 2022

Index

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Independent auditor's report

To the Shareholders of Doha Insurance Group Q.P.S.C,
Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Doha Insurance Group Q.S.P.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 Group's consolidated 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.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 10 March 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report (continued)

To the Shareholders of Doha Insurance Group Q.P.S.C,

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Estimation of insurance contract liabilities	
Insurance technical reserves include Outstanding Claims reserve ("OCR"), Unearned Premiums Reserve ("UPR") and Incurred But Not Reported reserve ("IBNR"). As at 31 December 2022, the insurance technical reserves are significant to the Group's total liabilities. As disclosed in Note 20 to the consolidated financial statements, the determination of these reserves involves significant judgment over uncertain future outcomes related to loss payments and changing risk exposure of the businesses, including ultimate full settlement of long-term policyholder liabilities. The Group uses several valuation models to support the calculations of the insurance technical reserves. The complexity of the models may give rise to errors as a result of inadequate/incomplete data, inappropriate methods and assumptions, or the design or application of the models. Economic assumptions such as investment return, inflation rates and interest rates and actuarial assumptions such as claims reported patterns, loss payment patterns, frequency and severity trends, customer behavior, along with Group's historical loss data are key inputs used to estimate these long-term liabilities.	Our audit procedures focused on analyzing the rationale for economic and actuarial assumptions used by management along with comparison to applicable industry benchmarks in estimating insurance contract liabilities and evaluating the competence, capabilities and objectivity of the experts used by management in estimation. We involved internal actuarial experts to assist us in evaluating the reasonableness of key inputs and assumptions. We assessed the validity of management's liability adequacy testing. Our work on the liability adequacy tests included assessing the accuracy of the historical data used, and reasonableness of the projected cash flows and assumptions adopted and recalculating the insurance technical reserves on a sample basis, in the context of both the Group and industry experience and specific product features.

Independent auditor's report (continued)

To the Shareholders of Doha Insurance Group Q.P.S.C,

Report on the audit of the consolidated financial statements (continued)

Responsibilities of the Board of Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continuing as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Boar of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

objectives are to obtain reasonable assurance about whether the consolidated 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 ISA 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 consolidated financial statements.

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

– Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Independent auditor's report (continued)

To the Shareholders of Doha Insurance Group Q.P.S.C,

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

– Conclude on the appropriateness of the Board of Directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

From the matters communicated with those charged with governance, we determine those matters that were most of significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent auditor's report (continued)

To the Shareholders of Doha Insurance Group Q.P.S.C,

Report on the audit of the consolidated financial statements (continued)

Report on legal and other regulatory matters

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"), 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 have read the Chairman's report to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company

i) Except for what mentioned in Note 23 to the consolidated financial statements, 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.

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Doha – Qatar
February 9, 2023

For KPMG Qatar
Yacoub Hobeika
Qatar Auditors' Registry Number 298
Licensed by QFMA: External
Auditors' License No. 120153

Doha Insurance Group Q.P.S.C.

Consolidated statement of financial position
As at December 31, 2022

In Qatari Riyals

	Notes	2022	2021
ASSETS			
Cash and bank balances	8	**586,611,954**	432,541,053
Financial investments	9	**752,753,963**	881,566,709
Reinsurance contract assets	20	**1,233,362,901**	900,914,325
Insurance and other receivables	10	**412,945,920**	449,857,537
Investments in associates	11	**21,825,263**	18,171,070
Investment properties	12	**284,312,852**	298,466,405
Property and equipment	13	**17,201,481**	19,827,403
Right-of-use assets	26	**4,589,833**	6,743,796
Total assets		**3,313,604,167**	3,008,088,298
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**500,000,000**	500,000,000
Legal reserve	15	**393,707,277**	383,496,726
Fair value reserve	16	**(68,910,845)**	2,572,387
Foreign currency translation reserve		**(5,054,170)**	(2,328,694)
Retained earnings		**337,079,555**	305,600,359
Total equity		**1,156,821,817**	1,189,340,778
Liabilities			
Insurance contract liabilities	20	**1,668,176,614**	1,319,513,932
Borrowings	17	**135,219,769**	205,675,302
Provisions, insurance and other payables	21	**332,421,915**	272,324,923
Employees' end of service benefits	22	**13,583,576**	11,910,852
Lease liabilities	26	**7,380,476**	9,322,511
Total liabilities		**2,156,782,350**	1,818,747,520
Total equity and liabilities		**3,313,604,167**	3,008,088,298

Nawaf Bin Nasser Bin Khaled Al Thani
Chairman

Jassim Ali A. Al-Moftah
Chief Executive Officer

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This statement has been prepared by the Group and stamped by the Auditors for identification purposes only

The attached notes form an integral part of these consolidated financial statements.

Doha Insurance Group Q.P.S.C.

Consolidated statement of profit or loss
For the year ended December 31, 2022

In Qatari Riyals

	Notes	2022	2021
Gross premiums		**1,486,034,078**	1,120,996,679
Reinsurers' share of gross premiums		**(1,005,288,694)**	(651,302,939)
Net premiums written		**480,745,384**	469,693,740
Change in unearned premium reserve		**(22,352,549)**	(43,229,496)
Net premiums earned		**458,392,835**	426,464,244
Commission income		**45,448,935**	51,345,581
Total underwriting revenues		**503,841,770**	477,809,825
Gross claims paid		**(343,700,806)**	(349,425,690)
Reinsurers' share of claims paid		**125,870,367**	138,984,063
Change in outstanding claims reserve		**4,929,144**	(39,792,053)
Commission expenses		**(81,766,542)**	(69,978,198)
Other technical expenses		**(10,056,911)**	(7,535,509)
Net underwriting results	24	**199,117,022**	150,062,438
Investment income	5	**50,303,216**	37,905,795
Share of results of associates	11	**4,215,533**	2,013,693
Unrealized fair value loss of the financial investments	9	**(13,338,006)**	(373,779)
Net impairment (loss) / gain on financial investments	9	**(2,433,613)**	4,923,212
Other income		**986,630**	493,269
Investments and other income		**39,733,760**	44,962,190
General and administrative expenses	6	**(114,240,305)**	(94,002,111)
Depreciation of property and equipment	13	**(3,508,768)**	(2,746,343)
Net impairment loss on investment properties	12	**(5,324,128)**	--
Impairment charge on insurance receivables	10	**(1,352,000)**	(8,607,000)
Depreciation of investment properties	12	**(7,252,756)**	(7,332,174)
Amortization on Leases – investment properties	26	**(125,462)**	13,492
Finance cost		**(2,569,089)**	(1,821,161)
Amortisation of right-of-use assets	26	**(2,313,160)**	(2,035,621)
Total expenses		**(136,685,668)**	(116,530,918)
PROFIT FOR THE YEAR BEFORE ALLOCATION TO DOHA TAKAFUL L.L.C.'s POLICYHOLDERS		**102,165,114**	78,493,710
Net surplus attributable to Doha Takaful L.L.C.'s policyholders	28	**(35,002)**	(5,197,603)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT BEFORE INCOME TAX		**102,130,112**	73,296,107
Income tax	27	**(24,598)**	(26,412)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT AFTER INCOME TAX		**102,105,514**	73,269,695
Basic and diluted earnings per share	7	**0.20**	0.15

This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.

The attached notes on pages 12 to 66 form an integral part of these consolidated financial statements.

Doha Insurance Group Q.P.S.C.

Consolidated statement of other comprehensive income
For the year ended December 31, 2022

In Qatari Riyals

	Notes	2022	2021
Profit for the year		**102,105,514**	73,269,695
Other comprehensive income			
Items that may be subsequently reclassified to statement of profit or loss			
Net change in fair value of debt instruments at fair value through other comprehensive income		**(8,401,267)**	(1,765,599)
Share of other comprehensive profit / (loss) of associates	11	**321,704**	(281,152)
Exchange differences on translating foreign operations		**(2,725,476)**	(4,098,674)
Items that will not be subsequently reclassified to statement of profit or loss			
Net change in fair value of equity instruments designated at fair value through other comprehensive income		**(61,266,797)**	64,346,808
Other comprehensive income for the year		**(72,071,836)**	58,201,383
Total comprehensive income attributable to shareholders of Parent		**30,033,678**	131,471,078

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Consolidated statement of changes in equity
For the year ended December 31, 2022

In Qatari Riyals

	Share capital	Legal Reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2021	500,000,000	376,169,757	(59,174,490)	1,769,980	290,936,195	1,109,701,442
Profit attributable to shareholders	--	--	--		73,269,695	73,269,695
Other comprehensive income for the year	--	--	62,300,057	(4,098,674)	--	58,201,383
Total comprehensive income for the year	--	--	62,300,057	(4,098,674)	73,269,695	131,471,078
Transfer to legal reserve (Note 15)	--	7,326,969	--	--	(7,326,969)	--
Social and sports activities fund (Note 18)	--	--	--	--	(1,831,742)	(1,831,742)
Gain on sale of financial investments (Note 5)	--	--	(553,180)	--	553,180	--
Dividends paid (Note 19)	--	--	--	--	(50,000,000)	(50,000,000)
Balance at December 31, 2021	500,000,000	383,496,726	2,572,387	(2,328,694)	305,600,359	1,189,340,778
Profit attributable to shareholders	--	--	--	--	**102,105,514**	**102,105,514**
Other comprehensive loss for the year	--	--	**(69,346,360)**	**(2,725,476)**	--	**(72,071,836)**
Total comprehensive loss for the year	--	--	**(69,346,360)**	**(2,725,476)**	**102,105,514**	**30,033,678**
Transfer to legal reserve (Note 15)	--	**10,210,551**	--	--	**(10,210,551)**	--
Social and sports activities fund (Note 18)	--	--	--	--	**(2,552,639)**	**(2,552,639)**
Gain on sale of financial investments	--	--	**(2,136,872)**	--	**2,136,872**	--
Dividends paid (Note 19)	--	--	--	--	**(60,000,000)**	**(60,000,000)**
Balance at December 31, 2022	**500,000,000**	**393,707,277**	**(68,910,845)**	**(5,054,170)**	**337,079,555**	**1,156,821,817**

This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.

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The attached notes on pages 12 to 66 form an integral part of these consolidated financial statements.

Doha Insurance Group Q.P.S.C.

Statement of cash flows
For the year ended December 31, 2022

In Qatari Riyals

	Notes	2022	2021
OPERATING ACTIVITIES			
Profit after tax attributable to shareholders		**102,105,514**	73,269,695
Adjustments for:			
Net impairment loss / (gain) n financial instruments		**2,433,613**	(382,147)
Net change in fair value of investments at fair value		**13,338,006**	(373,779)
Provision for insurance and other receivable	10	**1,352,000**	8,607,000
Depreciation of investment properties	12	**7,252,756**	7,318,682
Provision for employees' end of service benefits	22	**1,860,568**	810,929
Amortisation of right-of-use assets	26	**2,438,622**	2,049,113
Impact of remeasurement of lease	26	**230,822**	(288,048)
Impairment of investment properties	12	**5,324,128**	--
Depreciation of property and equipment	13	**3,508,768**	2,746,343
Finance cost		**2,569,089**	2,344,103
Share in results of associates	11	**(4,215,533)**	(2,013,693)
Interest income	5	**(16,680,903)**	(10,187,110)
Dividends income	5	**(19,113,121)**	(13,042,191)
Net gain on sale of financial investments	9	**(2,136,871)**	(4,923,212)
Operating profit before changes in operating assets and liabilities		**100,267,458**	65,935,685
Decrease / (Increase) in insurance and other receivables		**36,911,617**	(94,942,388)
Decrease in insurance reserves, net		**16,214,105**	81,960,971
Increase in provisions, insurance and other payables		**62,998,371**	63,402,947
Cash generated from operations		**216,391,551**	116,357,215
Employees' end of service benefits paid	22	**(187,844)**	(6,291,103)
Interest paid on lease liabilities	26	**(495,948)**	(522,941)
Net cash flows generated from operating activities		**215,707,759**	109,543,171
INVESTING ACTIVITIES			
Purchase of financial investments		**(137,844,512)**	(315,874,240)
Proceeds from disposal of financial investments		**181,217,575**	125,688,743
Dividends received		**19,113,121**	13,042,191
Interest received		**16,680,903**	10,187,110
Movement in deposits		**(121,297,581)**	(55,144,959)
Additions to investment properties	12	**(3,554,991)**	(13,455)
Additions to property and equipment	13	**(1,064,148)**	(10,644,440)
Dividends received from associates	12	**1,000,000**	716,176
Proceeds from disposal of property and equipment		**181,300**	720
Net cash used in investing activities		**(45,568,333)**	(232,042,154)
FINANCING ACTIVITIES			
Payment of contribution to Social and Sports Activities Fund		**(1,831,742)**	(1,501,203)
Repayment of principal of lease liability		**(2,509,742)**	(2,085,678)
Interest expense on borrowings		**(2,569,089)**	(1,821,162)
(Repayment) / Proceed from of borrowings		**(70,455,533)**	156,412,968
Dividends paid		**(60,000,000)**	(49,360,485)
Net cash flows (used in) / from financing activities		**(137,366,106)**	101,644,440
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**32,773,320**	(20,854,543)
Cash and cash equivalents at January 1	8	**141,124,151**	161,978,694
CASH AND CASH EQUIVALENTS AT DECEMBER 31	8	**173,897,471**	141,124,151

For Identification Purposes Only

The attached notes on pages 12 to 66 form an integral part of these consolidated financial statements.

1. Status and operation

Doha Insurance Group Q.P.S.C. (the "Company and the Parent") (previously known as "Doha Insurance Company Q.S.C"), is a Qatari public shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on October 2, 1999 and governed by the provisions of the Qatar Commercial Companies' Law No. 11 of 2015 and the applicable provisions of Qatar Central Bank Law No. 13 of 2012.. It is engaged in the business of general insurance and reinsurance including islamic takaful insurance in State of Qatar. The shares of the Company are listed on Qatar Exchange in Doha.

The consolidated financial statements of the Group consolidates the assets, liabilities and operational performance of the Company and its subsidiaries (collectively referred as "the Group") detailed below.

Name of the subsidiary	Ownership	Country of incorporation	Principal activities
Mena Re Underwriters Limted	100% (direct)	Dubai	Insurance intermediation and management
Doha Takaful L.L.C	100% (direct)	Qatar	Islamic insurance and reinsurance
Barzan Technology Solution	100% (direct)	Jordan	Information technology solutions
Schwenke Zentrum S.a.r.l,	100% (direct)	Luxembourg	Real estate holding and leasing operations
Logistics Centre S.a.r.l	100% (direct)	Luxembourg	Real estate holding and leasing operations
Mena Re Life	100% (direct)	Lebanon	Insurance intermediation and management
Mena Re Specialty	100% (direct)	England	Dormant and no operation commenced yet
Tamina Technology Solutions	100% (direct)	State of Qatar	Trade in computer network devices and computer software

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on February 8, 2023.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New standards, interpretations and amendments adopted by the Group

Standard / Interpretation	*Effective date*
Amendment to IFRS 16:Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37: Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022

However, these amendments had no/or material impact on the consolidated financial statements of the Group.

2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

Nature of change
Measurement, presentation and disclosures of insurance and reinsurance contracts, ensuring an entity provides relevant information that faithfully represents those contracts. There are specific scope exemptions detailed within IFRS 17. The Group does not intend to apply any scope exemptions from the application of the standard.

Effective date
The effective date is for financial periods beginning on or after 1 January 2023, with early application permitted.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Standards issued but not yet effective

Impact

IFRS 17 prescribes the transition approaches that must be applied. On transition to IFRS 17, entities must apply the fully retrospective approach (FRA), unless impracticable. The Group will apply the FRA to contracts issued on or after 1 January 2019. The fair value approach (FVA) will be applied to contracts which were issued before 1 January 2019, as it was considered impracticable to apply the FRA prior to this date due to material changes to cash flow models.

Contracts within the scope of IFRS 17 must now apply the prescribed measurement models. IFRS 17 permits three possible measurement models namely the General Measurement Model (GMM), the Premium Allocation Approach (PAA) and the Variable Fee Approach (VFA). The GMM is the default measurement model in IFRS 17 and the PAA is a simplified model, which may be applied where certain criteria are met. The VFA must be applied to contracts with direct participation features.

As permitted by IFRS 17, the Group also plans to elect the following accounting policies:

Changes in the risk adjustment for non-financial risk between the insurance services result and the insurance finance income or expenses (IFIE) will be disaggregated. The IFIE will not be disaggregated between amounts included in profit or loss and amounts included in other comprehensive income; and the financial performance of groups of reinsurance contracts held will be presented on a net basis in net income (expense) from reinsurance contracts held.

IFRS 17 introduces new measurement models, presentation and disclosure requirements. As part of the on-going transition effort the Group have identified the following key accounting policies which will be impacted by transitioning to IFRS 17:

Investment components

IFRS 17 requires the identification and separation of distinct investment components from contracts within the scope of IFRS 17, unless it is an investment contract with discretionary participation features. For contracts that includes both insurance coverage and investment-related service the Group will separate distinct investment components
that are not closely related to the insurance component. The distinct investment components will be measured in accordance with IFRS 9.

Contract boundary

The measurement of a group of insurance contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. The Group has determined that expected future single premium injections and regular premium increases for unit-linked life and pensions contracts, even though at the discretion of policyholders, are within the contract boundaries as the Group may not adjust the terms and conditions for such increases.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Standards issued but not yet effective (continued)

IFRS 17 'Insurance Contracts' (continued)

Level of aggregation (LoA)

IFRS 17 requires an entity to determine the LoA for applying its requirements. The LoA for the Group will be determined firstly by dividing the business written into portfolios. Portfolios in accordance with IFRS 17 comprise groups of contracts with similar risks which are managed together. Portfolios will be further divided based on expected profitability at inception into three categories namely, onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. Contracts issued more than one year apart will not be allocated to the same group, except for contracts measured using the FVA at transition to IFRS 17. This also applies with the necessary changes for reinsurance contracts held.

Measurement

IFRS 17 requires the increased use of current observable market values in the measurement of insurance assets and liabilities.

General measurement model

Changes in liability for incurred claims (LIC) and liability for remaining coverage (LfRC) will be reflected in insurance revenue, insurance service expense, IFIE, or adjust the contractual service margin (CSM). The amount of CSM recognised in profit or loss for services in the period will be determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. Services provided will be estimated using coverage units, which reflect the quantity of benefits and the coverage duration.

Variable fee approach

For insurance contracts under the VFA there will be adjustments that relate to future service thus changing the CSM. These are expected to include changes in the group's share of the fair value of underlying items and changes in the fulfilment cashflows (FCF) that would not vary based on the returns of underlying items and relate to future service. Other changes in cashflows are reflected in profit or loss. The Group determines coverage units applying equal weights to the expected benefits resulting from insurance coverage, investment-return service and investment-related service. Coverage units for future years are discounted at rates determined at the inception of a group of contracts (locked-in rates), except for the unit-linked life and pension's portfolio, where current discount rates are used.

Reinsurance

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

Measurement of the cash flows will include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including allowing for the effects of collateral and losses from disputes.

The Group will determine the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.

The Group will recognise both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and this will be released to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition. The amount of the CSM recognised in profit or loss for services in the period will be determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units, representing the proportion of insurance coverage and investment-return service of underlying contracts that will be reinsured. Equal weights are expected to be applied to insurance coverage and investment-return service.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Standards issued but not yet effective (continued)

IFRS 17 'Insurance Contracts' (continued)

Reinsurance (continued)

Changes in the fulfilment cash flows will be recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM. The VFA does not apply to reinsurance contracts.

Risk adjustment for non-financial risks

The risk adjustment reflects the compensation that the Group requires to compensate for the risk in the level and timing of future cash flows arising from non-financial risks. The Group plans to determine the risk adjustment for non-financial risks as follows:

a value at risk approach (also referred to as a confidence interval approach) will be applied at a confidence interval of 90% over one year, which reflects the Group's risk appetite for insurance business;

the effect of assumed adverse experience will be determined as a one-off sensitivity at the reporting date that persists for the duration of contracts; the Group will allow for diversification of non-financial risks with financial risks and with investment contracts, based on the Solvency II standard formula diversification factors;

the risk adjustment for contracts issued will allow for the effect of sensitivities net of reinsurance plus the expected cost of reinsurance; and the risk adjustment for reinsurance contracts held will be based on the reinsured proportions of risks included in the risk adjustment for contracts issued.

Value of in Force (VIF)

In accordance with IFRS 17 there will be no VIF asset recognised and as a result the estimated future profits will now be included in the measurement of the insurance contract liability as the CSM, representing unearned profit, which will be gradually recognised over the duration of the contract. The removal of the VIF asset and the recognition of the CSM, which is a liability, will reduce equity.

Discount rates

Discount rates will be based on market information where available and will be determined using the top-down approach for the annuity portfolios and the bottom-up approach for other contracts. For long durations where there are no observable market information interest rates will be estimated based on a small excess return of between 0.5% and 1% above expected long-term inflation rates. An illiquidity premium, depending on the nature of contracts, will be included in discount rates, except for contracts in the unit-linked life and pensions portfolio, as these contracts are considered to be liquid. The reference portfolios for the top-down approach are based on suitable assets backing the liabilities. The implied investment returns on these assets are adjusted to allow for credit risk based on the Solvency II fundamental spreads.

Directly Attributable Expenses (DAE)

DAE in accordance with IFRS 17 will be incorporated in the CSM and recognised in the result of insurance services as a reduction in reported insurance revenue, as CSM is recognised over the duration of insurance contracts. Costs that are not directly attributable will remain in operating expenses. This will result in a reduction in reported operating expenses compared to the current accounting treatment.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Standards issued but not yet effective (continued)

IFRS 17 'Insurance Contracts' (continued)

Presentation and disclosure

IFRS 17 requires amendments to the Financial Statement Line Items (FSLI) that will be presented in the primary statements. In the Group consolidated primary statements currently in accordance with IFRS 4 net insurance premium income, insurance contract liabilities, claims paid and total operating income net of insurance claims are presented as FSLI. These IFRS 4 FSLI's will be replaced with an insurance service result (which comprises insurance revenue, insurance service expense and net income/expense from reinsurance contracts held). The Insurance finance income or expense (IFIE) will be recognised within net insurance investment and finance result.

The presentation of the IFIE and the financial performance of the groups of reinsurance contracts held will be in line with the Group's planned accounting policy election as set out in the impact of IFRS 17 section above. IFRS 17 also requires increased disclosures with more granular information in relation to the amounts recognised from insurance contracts; significant judgements and their changes; and the nature and extent of risks that arise from insurance contracts.

Implementation progress and anticipated impact

The Group's IFRS 17 implementation programme has focused on interpreting the requirements of the standard and developing systems and data requirements to enable IFRS 17 readiness. The development of methodologies and accounting policies has been largely completed. The data sourcing work has been completed on all administration systems and the build phase of the development is largely completed subject to testing and implementation of a number of controls. Continued work is being performed to validate the IFRS 17 end to end solution and migrate to the new IFRS 17 valuation process.

The Group will adopt IFRS 17 from 1 January 2023 and must provide 2022 comparatives along with an opening balance sheet. Currently it is anticipated that the following will create an impact on either profit or equity:

IFRS 17 will have a significant impact on the accounting for insurance contracts. The Group expects that profits pertaining to insurance contracts, within the Wealth and Insurance operating segment of the Group, will be gradually recognised over the life of the contract, rather than being accelerated at the inception. The Group is expecting to apply the PAA model for insurance contracts and this would not create any material impact on the retained earnings of the Group.

Other new and amended standards and interpretations that are issued, but not yet effective.

The Group is currently evaluating the impact of following new and amended standards and interpretations.

Standard / Interpretation	*Effective date*
Amendments to IAS 12: Deferred tax asset and liability arising from a single transaction	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1: Classification of liabilities as Current and Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

3. Basis of preparation and summary of significant accounting policies

Basis of preparation

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

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, except for certain financial investments which are carried at fair value. The methods used to measure fair values are discussed further in this note below.

Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's functional and presentational currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealised gains / losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the reporting date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in Note 4.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Gross premium written

Gross premiums comprise the total premiums receivable for the whole period of cover provided by insurance contracts entered into during the accounting period. They are recognised on the date on which the policy commences and becomes effective. Premiums are taken into income over the terms of the policies to which they relate. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage calculated principally on the basis of actual number of days' method (daily pro-rata basis).

Premiums ceded to reinsurers

Reinsurance premiums comprise the total premiums paid/payable for the reinsurance cover provided by contracts entered into during the period and are recognized on the date on which the policy incepts. Reinsurance premiums also include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of reinsurance premiums in a year that relate to periods of cover after the reporting date.

Commission earned and paid

Commissions earned and paid are recognised into profit or loss during the relevant period over the terms of underlying policies to which they relate similar to premiums.

Claims

Claims consist of amount payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries are charged to profit or loss as incurred.

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 not paid as at the end of the reporting period are made on the basis of individual case estimates. In addition, a provision based on the Group's prior experience is maintained for the cost of settling claims incurred but not reported at the end of the reporting period.

The Group does not discount its liability for unpaid claims as substantially all claims are expected to be paid within 12 months of the end of the reporting period.

Liabilities adequacy test

At each consolidated statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the consolidated statement of profit or loss.

Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses. 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.

Reinsurance assets are reviewed for impairment at each reporting date 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 Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is immediately recognised in the profit or loss during the relevant period of impairment.

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

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Reinsurance (continued)

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

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.

Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, provision for claims incurred but not reported and the provision for unearned premium and deferred commissions.

Amounts payable for insurance claims reported up to the reporting period end and the amount payable to reinsurance companies are accrued as a liability payable. The insurance claims are accrued on the basis of the actual losses reported against the policies underwritten by the Group during the year.

Provision for claims incurred but not reported are computed based on past claim settlement trends to predict future claims settlement trends.

Unearned premiums represent the portion of net premiums written relating to the unexpired period of risk coverage after considering the unexpired period of underlying insurance contract and any unexpired risk. The change in the provision for unearned premium is taken to the profit or loss during that period in order that revenue is recognised over the period of risk.

Unallocated loss adjustment expenses (ULAE)

Unallocated loss adjustment expenses represents an estimate of ultimate payments of losses and related settlement expenses from claims that have been reported but not paid. The loss reserve estimates are expectations of what ultimate settlement and administration of claims will cost upon final resolution. These estimated are based on facts and circumstances then known to us, review of historical settlement patterns, estimates of trends in claims frequency and severity, projections of loss costs, expected interpretations of legal theories of liability and other factors.

Premium deficiency reserves (PDR)

Premium deficiency reserves (PDR) is recognised when the ultimate expected loss which includes expected claims, claim settlement cost, deferred amortised cost and related expenses exceeds unearned premiums.

Islamic insurance operations

One of the Group's subsidiaries, Doha Takaful Company L.L.C. is an operator of Islamic insurance business operating under Islamic Shari'a principles. In accordance with applicable Shari'a principles, participants' (policyholders') funds are maintained separately from the operator's (Shareholders') funds. The Takaful insurance participants' results for the year are presented in supplementary information of the consolidated financial statement.

The subsidiary has adopted a Hybrid Model that uses the principles of both Wakala and Mudaraba whereby the Shareholders receives a fixed Wakala fee of 25% (2021: 25%) of gross takaful contributions in addition to a 70% (2021: 70%) share in the recognized investment gains of the Policyholders. This is done after approval from Shari'a Supervisory Board on Wakala fee and percentage of gains in Mudaraba. All administrative costs of Takaful operations are covered by the Wakala fees and borne by the Shareholders.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Investment income

Interest income

Interest income is recognised in the consolidated income statement as it accrues and is calculated by using the effective interest rate method, except for short-term receivables when the effect of discounting is immaterial.

Dividend income

Dividend income from equity investments are recognized in profit or loss when the Group's right to receive the dividend is established, unless the dividend clearly represent a recovery of part of the cost of the investment.

Rental income

Rental income from investment properties is recognised in the consolidated income startement on a straight line basis over the term of operating lease and the advances and unearned portion of the rental income is recognised as a liability.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the relevant period in which they are incurred. Free hold land is not depreciated and carried at cost.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Building	20 years
Furniture and fixtures	5 years
Computers	5 years
Vehicles	5 years
Office equipment	5 years

The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss during the relevant period they are incurred.

Investment properties

Freehold land and building are considered as investment properties only when they are being held to earn rentals or capital appreciation or both.

Investment properties are carried at cost less accumulated depreciation calculated on a straight line basis over a period of 20-40 years and impairment if any. Land held as investment properties is not depreciated but tested for impairment.

Investment properties are derecognised when they have been disposed of. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the period of derecognition.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in associates is accounted for under the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost including transaction cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment..

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, any gains or losses resulting from those transactions with the associate are recognised in the Group's consolidated financial statements based on the proportionate interests / shareholding.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the profit or loss during the year in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Insurance and other receivables (continued)

Assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss during the period unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Foreign operations

The individual financial statements of the Group entities are presented in the currency of the primary economic environment in which they operate (functional currency). For the purpose of these consolidated financial statements, the results and financial position of each subsidiary are expressed in the functional currency of the Parent Company.

The assets and liabilities of foreign operations are translated to Qatari Riyal using exchange rates prevailing at the reporting date. Income and expenses are also translated to Qatari Riyal at the average exchange rates for the period, unless exchange rate fluctuate significantly during the priod, in which case exchange rates at the date of transactions are used.. The exchange differences arising on the translation for consolidation are recognised in OCI.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

Taxation

Taxes are calculated based on tax laws and regulations in jurisdictions in which the Group operates. The amount of the taxpayable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. The parent company operations inside Qatar are not subject to income tax. The Group records the taxation due to non Qatari shareholders of Doha Takaful L.L.C (a subsidiary) which comprise around 2% of total shareholders of shareholder fund of Doha Takaful L.L.C (a subsidiary).

Insurance and other receivables

Insurance and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss during that period when there is objective evidence of that the asset is impaired. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

Reinsurance and other payables

Reinsurance and other payables are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequently, reinsurance and other payables are measured at amortised cost, as deemed appropriate.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Financial assets

Financial instruments - initial recognition and subsequent measurement

i. Initial recognition and measurement

Financial assets are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group 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 fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is not discounted and measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt security, FVOCI – equity security or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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 security 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 security that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on a security-by-security basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group 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.

Business model assessment

The Group makes an assessment of the objective of a business model in which an 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:

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Financial assets (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

ii. Classification and subsequent measurement (continued)

Business model assessment (continued)

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, realising cash flows through the sale of the assets and holding it for liquidity purposes;
- 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; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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 profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 the assessment, the Group 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 Group'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 additional 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 additional 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 are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Financial assets (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

ii. Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

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

The Group recognises loss allowances for expected credit losses (ECLs) on::

- financial assets measured at amortised cost except for insurance and reinsurance receivables (refer Note 4)
- debt securities measured at FVOCI; and

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

Loss allowances for financial instruments at amortised cost 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 when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Financial assets (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

ii. Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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 Group is exposed to credit risk.

Measurement of ECL

The Group calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate effective interest rate ("EIR"). 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 Group expects to receive).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group utilises the general approach to calculate ECL against its due from banks and for its investment in debt securities which is depedent on the rating of the Bond as determined by an External credit rating agency and the simplified approach to calculate ECL against its other financial assets carried at amortised cost and which is dependent on the Group's historical default rates related these assets.

The key elements used to calculate ECL are as follows:

- The Probability of Default ("PD") which is an estimate of the likelihood of default over a given time horizon. The PDs used for due from banks and investment in debt instruments are derived from a market assessment and is reliant on the type of exposure (i.e. corporate, bank, sovereign) and the rating of the counterparty. For other assets carried at amortised cost, this is calculated based on the Group's historical rate of default. PDs are estimated with consideration of economic scenarios and forward-looking information.
- The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the asset where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to be recovered from the counterparty taking into account the potential recovery from the realisation of any collateral. LGD is usually expressed as percentage of the EAD.

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

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Financial assets (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

ii. Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

The Group allocates its assets subject to ELC calculations into one of these categories, determined as follows:

12 Month ECL	The 12 month ECL is calculated as the portion of lifetime ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR.
Life time ECL	When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the Life time ECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.
Impairment	For financial instruments considered credit-impaired, the Group recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

Forward looking information

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Credit-impaired financial assets

At each reporting date, the Group 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 borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower 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.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is more than 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss.

Financial liabilities

Loans and borrowings are recognized when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in the consolidated statement of profit or loss in finance costs (Note 36). Loans and borrowings expose the Group to liquidity risk and interest rate risk.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Leases (continued)

The Group as lessee (continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are expense out.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not. The financial liabilities are subsequently measured at amortised cost using the EIR method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the consolidated statement of financial position. The cash equivalents are readily convertible to cash.

Employees' end of service benefits

The Group provides for end of service benefits to its employees as per the Qatar Labour Law. 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. The expected costs of these benefits are accrued over the period of employment.

Pension plan

The Group is also required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

3. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

Contribution to social and sports fund

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, which is applicable for all Qatari listed shareholding companies with publicly traded shares, the Group has made appropriation of 2.5% of its net profit for the year, after excluding unrealized fair value gains or losses on investment properties of the Group as well as on the investment properties of its associates.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to profit or loss during that period except when it relates to items where gains or losses are recognized directly in equity, where the gain or loss is then recognized net of the exchange component in equity.

Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effect of any dilutive instruments.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. Significant accounting judgments, estimates and assumptions

Critical judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

4. Significant accounting judgments, estimates and assumptions (continued)

Critical judgments and estimates (continued)

Critical judgements (coninued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have been included in the lease liability because it is reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

Impairment of financial investments

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

The Group exercises its judgement in assessing whether there has been a significant increase in credit risk in relation to a specific counterparty based on qualitative factors.

The Group also exercises its judgement in determining the relevant scenarios, the related weight of each scenario and the relevant macro-economic factors while calculating the ECL.

4. Significant accounting judgments, estimates and assumptions (continued)

Critical judgments and estimates (continued)

Critical judgements (coninued)

Classification of investment property

When determining whether property, plant and equipment should be classified as investment property, the Group assesses whether the property is held to earn rentals for capital appreciation or both. The Group follows the guidance of IAS 40 on classifying its investment property. If the property meets the definition, the Group assesses the suitable basis for allocation for the ratio of leased out area in proportion to the total area of the property, either on the basis of floors or square meter area rented out.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date 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.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR").

Provision for outstanding claims

Considerable judgment by management is required in the estimation of amounts due to claimants 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 judgment and uncertainly 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 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 to predict future claims settlement trends and by using certain actuarial assumptions.

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, on a quarterly basis.

Unallocated loss adjustment expenses (ULAE)

The Group applies paid to paid methodology to determine ULAE reserve at the year end. ULAE represents expenses not attributable to any specific claim.

Unearned premium reserve

The Group's estimate of the unearned premium reserve is based on current insurance industry practices in Qatar and other analysis. The Group monitors its premium growth periodically and ascertains that difference between the estimate calculation based on the actual number of days method (daily pro-rata basis) is not materially different had the Group calculated the reserve on an actual basis.

Premium deficiency reserves (PDR)

Premium deficiency reserves (PDR) is calculated with reference to ultimate loss ratio and is applied to the unexpired period of the policies inforce at the reporting date. During the year, the Group has adopted a PDR methodology which is now computed at entity level rather than per line of business level. This change in methodology is not considered significant to the preparation of the financial statements.

4. Significant accounting judgments, estimates and assumptions (continued)

Critical judgments and estimates (continued)

Estimates (continued)

Impairment of reinsurance and policyholders' receivable

Group has adopted deferral approach on application of IFRS 9 on the IFRS 4 generated financial assets and therefore, ECL has not been applied to reinsurance and policyholder receivable instead incurred loss model under IAS 39 has been applied.

An estimate of the collectible amount of policyholders' receivable is made when collection of the full amount is no longer probable. For individually significant amounts, the estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

The Group is exposed to disputes with, and possibility of defaults by, its reinsurers. The Group monitors on a quarterly basis the evolution of disputes with credit ratings and solvency strength of its reinsurers. Any significant credit risk increase could result in impairment of reinsurance balances from reinsurers.

Impairment of investment in associates

At each reporting date, the Group determines whether there is objective evidence based on the investee's profitability, liquidity and solvency that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense.

Impairment of investment properties

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market price less incremental costs for disposing the asset.

Estimated useful lives of property, plant and equipment and investment properties

The costs of items of property, plant and equipment and investment properties are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has not made estimates of residual values for any items of property, plant and equipment and investment property at the end of their useful lives as these have been deemed to be insignificant.

5. Investment income

	2022	2021
Dividends income	**19,113,121**	13,042,191
Interest income	**16,680,903**	10,187,110
Rental income from investment properties	**14,509,192**	14,676,494
	50,303,216	37,905,795

6. General and administrative expenses

	2022	2021
Salaries and other staff costs	**76,862,516**	70,327,629
Rent, maintenance and office expenses	**4,323,003**	5,283,377
Legal and consultation fees	**3,589,612**	2,642,162
Advertisement and business promotion	**1,430,821**	1,730,886
Business travel	**474,996**	290,488
Board of Directors' remuneration (Note 23)	**14,000,000**	6,000,000
Communication expenses	**1,374,066**	1,066,827
Training expenses	**2,006,147**	1,510,336
Government fees	**966,463**	1,035,002
Contributions	**110,000**	150,000
Printing and stationery	**254,715**	182,314
Miscellaneous expenses	**8,847,966**	3,783,090
	114,240,305	94,002,111

7. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Profit for the year attributable to the shareholders (QR.)	**102,105,514**	73,269,695
Weighted average number of shares outstanding during the year	**500,000,000**	500,000,000
Basic and diluted earnings per share (QR.)	**0.20**	0.15

There are no dilutive potential ordinary shares for the years ended 2022 and 2021.

8. Cash and cash equivalents

	2022	2021
Bank balances and short term deposits	**586,380,565**	432,259,448
Cash on hand	**537,649**	587,865
Loss allowance	**(306,260)**	(306,260)
Cash and bank balances	**586,611,954**	432,541,053

Short-term deposits consist of fixed deposits amounting to QR 413,020,743 (2021: QR 236,583,350) bearing interest at the rate of 1.4% to 5.15% per annum (2021: 0% to 2.4% per annum).

Reconciliation to gross cash and cash equivalents:

	2022	2021
Cash and bank balances	**586,611,954**	432,541,053
Short term deposits maturing more than 3 months	**(413,020,743)**	(291,723,162)
Add: Loss allowance	**306,260**	306,260
Gross cash and cash equivalents	**173,897,471**	141,124,151

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Management of the Group has assessed loss allowance as at reporting date and have adjusted the loss allowance accordingly.

9. Financial investments

	2022	2021
Investments measured at FVTPL		
Quoted shares	-	3,115,794
Mutual funds	139,594,577	159,149,198
Debt securities with fixed interest rate	-	92,267,411
	139,594,577	254,532,403
Investment Held at Amortized Cost		
Debt securities with fixed interest rate	90,744,853	-
Investments measured at FVOCI		
Quoted shares	340,954,874	404,749,838
Private equity funds and unquoted shares	35,613,294	49,291,512
Debt securities with fixed interest rate	144,966,138	173,937,783
Financial Deravtives Held at Fair Value	1,825,054	-
Allowance for impairment (ECL)	(944,827)	(944,827)
	522,414,533	627,034,306
Total	752,753,963	881,566,709

The debt securities carry interest/profit rate at 1.4% to 8.6% (2021: 1.3% to 13.87%) per annum and have maturity periods of less than 10 years except for a debt security amounting to QR. 6,132,957 (2021: QR. 763,778) which has a maturity period of more than 10 years. During the year on 31 May 2022 debt securities with fixed interest rate amounting to QAR 90,314,133 were reclassified from fair value through profit or loss to amortized cost due to change in business model of the Group.

Investments in quoted shares measured at FVOCI amounting to QR. 806,794 are frozen and therefore not immediately available to dispose.

Allowance for impairment against debt investments:

	December 31, 2022			
	Stage 1: 12-month ECL	**Stage 2: Lifetime ECL not credit-impaired**	**Stage 3: Lifetime ECL credit-impaired**	**Total ECL**
Balance at the beginning of the year	**944,827**	--	--	**944,827**
Changes due to financial assets recognised in opening balance that have:				
Net remeasurement of loss allowance	--	--	--	--
Balance at the end of the year	**944,827**			**944,827**

	December 31, 2021			
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Total ECL
Balance at the beginning of the year	1,461,596	--	--	1,461,596
Changes due to financial assets recognised in opening balance that have:				
Net remeasurement of loss allowance	(516,769)	--	--	(516,769)
Balance at the end of the year	944,827			944,827

9. Financial investments (continued)

The movement in the financial investments is shown below:

	FVOCI	FVTPL	Total
At January 1, 2022	**627,034,306**	**254,532,403**	**881,566,709**
Purchases	**83,434,886**	**54,409,626**	**137,844,512**
Disposals	**(118,386,596)**	**(62,830,981)**	**(181,217,575)**
Fair value movements recorded in OCI / profit or loss	**(69,668,064)**	**(15,771,618)**	**(85,439,682)**
Impairment charge	**--**	**--**	**--**
At December 31, 2022	**522,414,533**	**230,339,430**	**752,753 ,963**

	FVOCI	FVTPL	Total
At January 1, 2021	469,386,651	153,599,592	622,986,243
Purchases	178,812,949	137,061,291	315,874,240
Disposals	(82,676,554)	(35,754,701)	(118,431,255)
Fair value movements recorded in OCI / profit or loss	62,028,029	(373,779)	61,654,250
Impairment charge	(516,769)	--	(516,769)
At December 31, 2021	627,034,306	254,532,403	881,566,709

The denomination of investment in respective currencies in Qatari Riyals is as follows,

December 31, 2022	**US$**	**QAR**	**Others**	**Total**
Fair value through profit or loss (FVTPL)				
Mutual funds	**134,987,857**	**--**	**4,606,720**	**139,594,577**
Investments held at amortized cost				
Debt securities	**90,744,853**	**--**	**--**	**90,744,853**
Fair value through other comprehensive income (FVOCI)				
Quoted shares	**2,304,043**	**334,216,911**	**4,433,920**	**340,954,874**
Unquoted shares	**18,751,413**	**--**	**16,861,881**	**35,613,294**
Debt securities	**143,340,865**	**--**	**680,446**	**144,021,311**
Financial derivatives	**1,825,054**	**--**	**--**	**1,825,054**
	391,805,275	**334,365,721**	**26,582,967**	**752,753,963**

December 31, 2021	US$	QAR	Others	Total
Fair value through profit or loss (FVTPL)				
Quoted shares	--	3,115,794	--	3,115,794
Mutual funds	155,833,265	--	3,315,933	159,149,198
Debt securities	92,267,411	--	--	92,267,411
Fair value through other comprehensive income (FVOCI)				
Quoted shares	103,830	404,646,008	--	404,749,838
Unquoted shares	31,148,862	18,142,650	--	49,291,512
Debt securities	172,134,180	--	858,776	172,992,956
Financial derivatives	--	--	--	--
	451,487,548	425,904,452	4,174,709	881,566,709

10. Insurance and other receivables

	2022	2021
Premiums and insurance receivables	**355,325,983**	393,542,473
Due from employees	**2,477,168**	2,358,621
Prepayments and others	**19,275,627**	20,003,892
Deferred acquisition cost	**35,867,142**	33,952,551
	412,945,920	449,857,537

The Group's terms of business require amounts to be paid within the underwriting year and as such these receivables are measured at cost. Arrangements with the reinsurance companies normally require settlement on a quarterly basis.

Due from policyholders comprise a large number of customers mainly within Qatar. Due from policyholders is net of provision for impairment of QR 10,480,676 (2021: QR 10,427,856). Insurance and other receivables are stated net of any impairment provision and are short term in nature. The reinsurer's shares of claims not paid by the Group at the end of the reporting period are disclosed in Note 20.

	2022	2021
Policy holders' receivables		
Policy holders' receivables	**198,115,223**	212,579,858
Provision for doubtful debts	**(10,480,676)**	(10,427,856)
Net policy holders' receivables	**187,634,547**	202,152,002
Insurance and reinsurers' receivables		
Reinsurers receivables	**180,117,760**	202,517,615
Provision for doubtful debts	**(12,426,324)**	(11,127,144)
Net insurance and reinsurers' receivables	**167,691,436**	191,390,471
Policy holders and insurance receivables	**355,325,983**	393,542,473

Movements in the allowance for impairment of policy holders' receivables were as follows:

	2022	2021
At January 1	**10,427,856**	11,444,921
Charge / reversed for the year	**52,820**	(1,017,065)
At December 31	**10,480,676**	10,427,856

Movements in the allowance for insurance and reinsurers' receivable were as follows:

	2022	2021
At January 1,	**11,127,144**	1,503,079
Charge for the year	**1,299,180**	9,624,065
At December 31	**12,426,324**	11,127,144

10. Insurance and other receivables (continued)

The following table provides an age analysis of insurance and other receivables as at December 31:

			Past due but not impaired		
	Total	*Neither past due nor impaired*	> 3-6 months	7-12 months	> 1 year
2022	**355,325,983**	**196,379,164**	**114,809,780**	**42,242,560**	**1,894,479**
2021	393,542,473	251,643,038	73,842,521	48,062,504	19,994,410

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

11. Investments in associates

The Group has the following investment in associates:

	Country of incorporation	*Percentage of ownership*		*Principal activity*
		2022	2021	
Yemeni Qatari Insurance Company	Republic of Yemen	40%	40%	Insurance
Qatar unified Insurance Bureau W.L.L.	State of Qatar	25%	25%	Insurance

Movements in the investment in associates are as follows:

	2022	2021
At January 1,	**18,171,070**	17,185,813
Equity share in net earnings	**4,215,533**	2,013,693
Cash dividends received	**(1,000,000)**	(716,176)
Share of other comprehensive income / (loss)	**321,704**	(281,152)
Foreign currency translation difference	**116,956**	(31,108)
At December 31,	**21,825,263**	18,171,070

The summarized financial information of the Group's investments in associates are as follows:

	2022	2021
Share in the associates' statement of financial position:		
Total assets	**18,585,625**	15,571,191
Total liabilities	**(3,026,323)**	(3,666,082)
Net assets	**15,559,302**	11,905,109
Additional consideration paid in excess of share in net assets	**6,265,961**	6,265,961
	21,825,263	18,171,070

	2022	2021
Share in the associates' revenue and results		
Revenues	**6,339,150**	7,268,357
Share of results	**4,215,533**	2,013,693

The carrying amounts of these investments are as follows:

	2022	2021
Yemeni Qatari Insurance Company	**8,964,151**	8,317,863
Qatar Unified Insurance Bureau W.L.L.	**12,861,112**	9,853,207
	21,825,263	18,171,070

12. Investment properties

	2022	2021
Cost:		
At January 1	**328,257,934**	337,271,650
Additions	**3,554,991**	13,456
Impairment loss	**(5,324,128)**	--
Translation reserve	**(5,603,692)**	(9,027,172)
	320,885,105	328,257,934
Accumulated depreciation:		
At January 1	**(29,791,529)**	(23,123,311)
Charge during the year	**(7,252,756)**	(7,318,682)
Translation reserve	**472,032**	650,464
	(36,572,253)	(29,791,529)
Net carrying value	**284,312,852**	298,466,405

(i) Investment properties include an amount of QR 43,557,274, which represents the net book value as of December 31, 2022 of a property in Germany acquired in 2017 by a subsidiary, Schwenke Zentrum S.a.r.l. The fair value of the investment properties as at December 31, 2022 amounted to QR 53,693,075 and has been arrived at, on the basis of a valuation carried out by an independent valuer not related to the Group during the year. This property is acquired from a loan obtained by subsidiary, Schwenke Zentrum S.a.r.l which bears interest of 2.65%. It is repayable over a period of 256 months starting from May 30, 2017.

(ii) Investment properties include an amount of QR 38,281,946, which represents the net book value as of December 31, 2022 of a property in Germany acquired in 2018 by a subsidiary, Logistics Centre S.a.r.l. The fair value of the investment properties as at December 31, 2021 amounted to QR 54,593,416 and has been arrived at, on the basis of a valuation carried out by an independent valuer not related to the Group during the year. This property is acquired from a loan obtained by subsidiary, Logistics Centre S.a.r.l with the rate of 1.73% annually payable in monthly installments until July 31, 2028.

(iii) In addition to the investment properties mentioned in (i) and (ii) above, the Group has investment properties in the State of Qatar with carrying value of QR 202,473,632 (2021: QR 209,179,977) as of December 31, 2022. The fair value of the investment properties as at December 31, 2022 amounted to QR 225,400,000 (2021: QR 250,708,431) and has been arrived at, on the basis of a valuation carried out by an independent valuer not related to the Group during the year.

(iv) The independent valuer is a qualified consultant and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The basis used in determining the fair value of investment properties reflects actual market state and circumstances as of the reporting date. The fair value estimate usually reflects, amongst other things, rental income from current leases and reasonable and supportable assumptions that represent the market view of what knowledgeable, willing parties would assume about rental income from future leases in light of current market conditions.

(v) The Group earned rental income amounting to QR 14,509,192 during 2022 (2021: QR 14,676,494) and this has been reflected in the consolidated statement of profit or loss. Direct operating expenses of these investment properties amounting to QR 3,791,285 (2021: QR 3,874,302) have been reflected as part of rent, maintenance and office expenses.

13. Property and equipment

	Freehold land	Buildings	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
Cost							
At January 1, 2022	**2,350,000**	**24,731,856**	**4,823,045**	**14,344,606**	**1,965,524**	**3,075,152**	**51,290,183**
Additions	--	**45,699**	**199,735**	**565,704**	**36,500**	**216,510**	**1,064,148**
Disposals	--	--	--	--	**(472,000)**	--	**(472,000)**
At December 31, 2022	**2,350,000**	**24,777,555**	**5,022,780**	**14,910,310**	**1,530,024**	**3,291,662**	**51,882,331**
Accumulated depreciation							
At January 1, 2022	--	**12,700,445**	**4,222,939**	**11,172,762**	**896,350**	**2,470,284**	**31,462,780**
Depreciation for the year	--	**1,582,863**	**290,046**	**1,208,599**	**217,852**	**209,408**	**3,508,768**
Disposals	--	--	--	--	**(290,700)**	--	**(290,700)**
At December 31, 2022	--	**14,283,308**	**4,512,985**	**12,381,361**	**823,502**	**2,679,692**	**34,680,848**
Net carrying amounts							
At December 31, 2022	**2,350,000**	**10,494,247**	**509,795**	**2,528,949**	**706,522**	**611,970**	**17,201,483**

	Freehold land	Buildings	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
Cost							
At January 1, 2021	2,350,000	16,426,643	4,540,544	13,552,460	1,143,001	2,744,595	40,757,243
Additions	--	8,305,213	282,501	792,146	934,023	330,557	10,644,440
Disposals	--	--	--	--	(111,500)	--	(111,500)
At December 31, 2021	2,350,000	24,731,856	4,823,045	14,344,606	1,965,524	3,075,152	51,290,183
Accumulated depreciation							
At January 1, 2021	--	11,872,756	3,907,135	9,993,039	782,353	2,271,934	28,827,217
Depreciation for the year	--	827,689	315,804	1,179,723	224,777	198,350	2,746,343
Disposals	--	--	--	--	(110,780)	--	(110,780)
At December 31, 2021	--	12,700,445	4,222,939	11,172,762	896,350	2,470,284	31,462,780
Net carrying amounts							
At December 31, 2021	2,350,000	12,031,411	600,106	3,171,844	1,069,174	604,868	19,827,403

14. Share capital

	2022	2021
Authorized, issued and fully paid up ordinary share capital 500,000,000 shares of QR. 1 each	**500,000,000**	500,000,000

15. Legal reserve

In accordance with Qatar Commercial Companies' Law No. 11 of 2015, 10% of net profit is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. This reserve is not available for distribution, except in the circumstances specified in the above law and after taking necessary regulatory approval.

The Board of Directors resolved to transfer 10% of the net profits for the year amounting to QR 10,210,551 (2021: 10% of the net profits, amounting to QR 7,236,969) to legal reserve.

16. Fair value reserve

This reserve comprises the fair value changes recognised on financial assets.

	2022	2021
Balance as at 1 January	**2,572,387**	(59,174,490)
Change in fair value of investments measured at FVOCI	**(69,668,064)**	62,581,209
Share in other comprehensive income of investment in associate	**321,704**	(281,152)
Net gain on sale of equity instruments transferred to retained earnings for investment measured at FVOCI	**(2,136,870)**	(553,180)
Balance at the end of the year	**(68,910,843)**	2,572,387

17. BORROWINGS

	2022	2021
Loan (i)	**22,779,630**	25,363,149
Loan (ii)	**18,470,277**	21,269,152
Loan (iii)	**51,534,300**	105,307,611
Loan (iv)	**42,435,562**	53,735,390
	135,219,769	205,675,302

(i) In 2017, a loan was taken to purchase an investment property in Germany, by a subsidiary, Schwenke Zentrum S.a.r.l. which bears interest of 2.65%. It is repayable over a period of 256 months starting from May 30, 2017. The non-current portion of the loan as at year end amounted to QR 21,587,043. The loan is secured by a mortgage on investment property having net book value of QR 43,557,274 as at 31 December 2022.

(ii) Additional loan in 2018 was taken also to purchase an investment property in Germany, by a new subsidiary, Logistic Centre S.a.r.l with the rate of 1.73% annually payable in monthly installments until July 31, 2028. The non current portion of the loan is QR 16,835,930. The loan is secured by a mortgage on investment property having net book value of QR 38,281,946 as at 31 December 2022.

(iii) During the year ended December 31, 2022, the Group has availed credit facility amounting to USD 30 million from an investment management company to finance various investments. The facility bears interest at the rate of LIBOR + 0.8% and is repayable within one year. The facility is collateralized against investments amounting to USD 14.15 million as of reporting date (2021: USD 28.9).

(iv) During the year ended December 31, 2022, the Group has availed Murabaha facility through a subsidiary, Doha Takaful L.L.C. amounting to USD 30 million from an investment management company to finance various investments. The expected profit pay-out rate is LIBOR + 0.85% and is repayable within one year. The facility is collateralized against investments amounting to USD 11.7 million as of reporting date (2021: USD 14.75).

18. Social and sports activities fund

During the year, the Group made an appropriation from retained earnings of QR. 2,552,639 (2021: QR. 1,831,742) to the Social and Sports Activities Fund of Qatar. This amount represents 2.5% of the net profit attributable to shareholders for the year ended December 31, 2022. The appropriation for the year ended December 31, 2021 has been remitted to the Public Revenues and Taxes Department during the year.

19. Proposed cash dividends

The Board of Directors held a meeting on February 8, 2022 and approved a cash dividend of 15% of the share capital amounting to QR 0.15 per share totaling to QR 75,000,000 for the year ended December 31, 2022 which are subject to the approval by the General Assembly of the Company's Shareholders (2021: QR 0.12 per share totalling to QR 60,000,000).

20. Insurance contract liabilities and reinsurance contract assets

	2022	2021
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**854,692,006**	754,351,920
Claims incurred but not reported	**127,595,288**	113,895,848
Unearned premiums	**675,986,820**	440,154,370
Deferred commissions	**9,902,500**	11,111,794
	1,668,176,614	1,319,513,932
Recoverable from reinsurers:		
Claims reported unsettled	**714,816,631**	611,918,541
Claims incurred but not reported	**63,344,760**	47,274,177
Unearned premiums	**455,201,510**	241,721,607
Total reinsurance contract assets	**1,233,362,901**	900,914,325
Net		
Claims reported unsettled	**139,875,375**	142,433,379
Claims incurred but not reported	**64,250,528**	66,621,671
Unearned premiums	**220,785,310**	198,432,763
Deferred commissions	**9,902,500**	11,111,794
	434,813,713	418,599,607

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

Analysis of outstanding claims

	2022			2021		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
At January 1						
Claims	**754,351,920**	**(611,918,541)**	**142,433,379**	741,887,961	(614,951,811)	126,936,150
Claims incurred but not reported	**113,895,848**	**(47,274,177)**	**66,621,671**	91,914,366	(49,587,516)	42,326,850
	868,247,768	**(659,192,718)**	**209,055,050**	833,802,327	(664,539,327)	169,263,000
Insurance claims paid during the year	**(343,700,807)**	**125,870,369**	**(217,830,439)**	(349,425,690)	138,984,063	(210,441,627)
Incurred during the year	**457,740,333**	**(244,839,042)**	**212,901,294**	383,871,131	(133,637,454)	250,233,677
At December 31	**982,287,294**	**(778,161,391)**	**204,125,905**	868,247,768	(659,192,718)	209,055,050

Analysis of outstanding claims

	2022			2021		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
Claims	**854,692,006**	**(714,816,631)**	**139,875,376**	754,351,920	(611,918,541)	142,433,379
Claims incurred but not reported	**127,595,288**	**(63,344,760)**	**64,250,527**	113,895,848	(47,274,177)	66,621,671
At December 31	**982,287,294**	**(778,161,391)**	**204,125,903**	868,247,768	(659,192,718)	209,055,050

The amounts due from reinsurers are contractually due within a maximum of three months from the date of payment of the claims.

Amounts due from reinsurers relating to claims already paid by the Group are included in insurance and other receivables (Note 10).

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

Analysis of unearned premium risk

	2022			2021		
	Insurance contract liabilities	**Reinsurance of liabilities**	**Net**	Insurance contract liabilities	Reinsurance of liabilities	Net
At January 1	**440,154,370**	**(241,721,607)**	**198,432,763**	365,349,550	(210,146,283)	155,203,267
Premiums written during the year	**1,486,034,078**	**(1,005,288,694)**	**480,745,384**	1,120,996,679	(651,302,939)	469,693,740
Premiums earned during the year	**(1,250,201,628)**	**791,808,791**	**(458,392,837)**	(1,046,191,859)	619,727,615	(426,464,244)
At December 31	**675,986,820**	**(455,201,510)**	**220,785,310**	440,154,370	(241,721,607)	198,432,763

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

Claims development 2022

	Accident years					
	Before 2018	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of cumulative claims						
At end of the accident year	**336,436,186**	**861,485,622**	**108,275,355**	**129,370,605**	**256,981,080**	**1,692,548,848**
One year later	**254,599,112**	**467,062,265**	**66,696,422**	**225,656,809**	--	**1,014,014,608**
Two years later	**128,423,575**	**433,170,106**	**247,461,552**	--	--	**809,055,232**
Three years later	**84,378,266**	**307,960,405**	--	--	--	**392,338,671**
Four years later	**160,332,967**	--	--	--	--	**160,332,967**
Current estimate of cumulative claims	**160,332,967**	**307,960,405**	**247,461,552**	**225,656,809**	**256,981,080**	**1,198,392,813**
Cumulative payments to date	**(73,846,068)**	**(85,418,079)**	**(63,592,684)**	**(59,422,307)**	**(61,421,669)**	**(343,700,807)**
Total cumulative claims recognised in the consolidated statement of financial position as of December 31, 2022	**86,486,899**	**222,542,326**	**183,868,868**	**166,234,503**	**195,559,411**	**854,692,006**

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

Claims development 2021

	Accident years					
	Before 2017	2018	2019	2020	2021	Total
Estimate of cumulative claims						
At end of the accident year	274,019,941	181,097,746	861,495,561	108,348,446	294,341,349	1,719,303,043
One year later	156,382,503	187,662,224	467,072,421	148,870,929	--	959,988,077
Two years later	65,014,192	91,904,788	433,180,255	--	--	590,099,235
Three years later	37,537,118	108,565,322	--	--	--	146,102,440
Four years later	118,819,754	--	--	--	--	118,819,754
Current estimate of cumulative claims	118,819,754	108,565,322	433,180,255	148,870,929	294,341,349	1,103,777,609
Cumulative payments to date	(13,500,872)	(31,970,251)	(133,716,981)	(62,855,346)	(107,382,239)	(349,425,689)
Total cumulative claims recognised in the consolidated statement of financial position as of December 31, 2021	105,318,882	76,595,071	299,463,274	86,015,583	186,959,110	754,351,920

21. Provisions, insurance and other payables

	2022	2021
Due to insurance and reinsurance companies	**236,334,740**	165,712,950
Trade payable	**25,847,928**	47,274,125
Dividends payable	**10,540,328**	8,706,376
Staff related accruals	**15,554,324**	12,009,949
Net surplus attributable to Islamic Takaful policyholders	**23,481,737**	23,446,733
Provision for Social and Sports Activities Fund	**2,552,638**	1,831,742
Accrued expenses and other payable	**18,110,220**	13,343,050
	332,421,915	272,324,925

22. Employees' end of service benefits

Movements in the provision recognized in the consolidated statement of financial position are as follows:

	2022	2021
As at January 1,	**11,910,852**	17,391,026
Provided during the year	**1,860,568**	810,929
End of service benefits paid	**(187,844)**	(6,291,103)
As at December 31,	**13,583,576**	11,910,852

23. Board of directors' remuneration

During the year, the Group has recognized QR 14,000,000, of which QR 7,000,000 was settled as Board of Directors remuneration for the year 2021, which was approved by the shareholders in their annual general meeting held on March 12, 2022, and the remaining QR 7,000,000 accrued against the Board fo Directors remuneration for 2022.

The Board of Directors remunearion was determined according to the circulation of the Qatar Central Bank No. (1) for 2016 dated on January 31, 2016 about the remunerations for the Board and Charimen members for the national insurance companies in the State of Qatar, and not in accordance with Article No. (119) from the Commercial Companies Law No. (11) for 2015, where the Company is subject to the superviosn of the Qatar Central Bank.

24. Segment information

For management purposes, the Group is organized into three business segments, marine and aviation, motor, and fire and general accidents. These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise investment and treasury for the Group's own account. There are no transactions between segments. The data with respect to segment information are as follows.

	Motor		Marine and Aviation		Fire and General Accidents		Life and Health		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Gross premiums	**231,575,207**	215,214,465	**998,404,936**	202,910,606	**787,822,704**	516,530,730	**210,582,232**	186,340,878	**1,486,034,078**	1,120,996,679
Reinsurers' share of gross premiums	**(14,536,838)**	(20,091,514)	**(745,573,633)**	(176,958,706)	**(659,031,839)**	(405,157,887)	**(86,541,794)**	(49,094,833)	**(1,005,288,694)**	(651,302,939)
Net premiums written	**217,038,369**	195,122,951	**252,831,303**	25,951,900	**128,790,865**	111,372,843	**124,040,438**	137,246,045	**480,745,384**	469,693,740
Change in unearned premium reserve	**(6,109,179)**	(8,263,612)	**(21,650,092)**	(8,158,812)	**(8,775,386)**	(18,795,651)	**(12,874,706)**	(8,011,420)	**(22,352,549)**	(43,229,496)
Net premiums earned	**210,929,190**	186,859,339	**231,181,211**	17,793,088	**120,015,479**	92,577,192	**111,165,732**	129,234,625	**458,392,835**	426,464,244
Commissions received on ceded nsurance	**2,853,889**	3,972,257	**30,837,081**	11,874,816	**28,238,797**	34,295,939	**2,598,284**	1,202,568	**45,448,935**	51,345,581
Total underwriting revenues	**213,783,079**	190,831,596	**262,018,292**	29,667,904	**148,254,276**	126,873,132	**113,764,016**	130,437,193	**503,841,770**	477,809,825
Gross claims paid	**(112,844,299)**	(94,868,081)	**(222,902,514)**	(46,593,078)	**(67,553,451)**	(65,779,688)	**(155,349,063)**	(142,184,843)	**(343,700,806)**	(349,425,690)
Reinsurers' share of claims paid	**2,461,309**	7,480,282	**115,805,716**	44,736,052	**61,658,119**	51,278,173	**54,147,597**	35,489,556	**125,870,367**	141,020,063
Change in outstanding claims reserve	**(13,517,129)**	(3,288,300)	**11,160,223**	877,392	**11,404,407**	1,429,283	**4,943,350**	(40,041,908)	**(3,202,560)**	(39,792,053)
Commissions paid	**(25,177,571)**	(23,259,251)	**(50,169,804)**	(4,536,875)	**(42,878,502)**	(38,221,385)	**(7,291,301)**	(4,644,610)	**(81,766,543)**	(69,978,198)
Other technical expenses	**(7,788,086)**	(5,025,465)	**(2,390,154)**	(16,470)	**(224,980)**	(348,547)	**(2,165,174)**	(2,145,027)	**(10,056,911)**	(7,535,509)
ULAE reserve movement	**--**	--	**--**	--	**--**	--	**--**	--	**(45,753)**	(2,036,000)
Net underwriting results	**56,917,303**	71,870,781	**113,521,759**	24,134,925	**110,659,869**	75,230,967	**8,049,425**	(23,089,639)	**190,939,564**	150,062,438
Investment and other income									**29,742,915**	44,962,190
Total expenses									**(121,414,234)**	(116,530,918)
Net surplus attributable to Takaful branch policyholders									**1,435,728**	(5,197,603)
Net profit before income tax									**100,703,973**	73,296,107

24. Segment information (continued)

The Group operates in the State of Qatar, UAE, Lebanon, Germany and Jordan. The associate companies operate in the State of Qatar and the Republic of Yemen.

	2022			2021		
	Qatar	**International**	**Total**	Qatar	International	Total
Assets						
Total assets	**3,149,443,036**	**164,161,130**	**3,313,604,167**	2,834,231,371	173,856,927	3,008,088,298
Liabilities						
Insurance contract liabilities	**1,599,726,567**	**68,450,047**	**1,668,176,614**	1,237,332,686	82,181,246	1,319,513,932
Net surplus attributable to Islamic Takaful policyholders	**23,481,737**	**--**	**23,481,737**	23,446,735	--	23,446,735
Liabilities (other than insurance funds)	**405,397,451**	**59,726,548**	**465,123,999**	348,482,327	127,304,525	475,786,853
Net assets	**1,120,837,281**	**35,984,535**	**1,156,821,817**	1,224,969,623	35,628,844	1,189,340,778

The Group chief operating decision makers do not allocate the Group assets and liabilities to business segments, nor they allocate profit and loss items geographically.

25. Related party transactions

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

Transactions with related parties

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2022		2021	
	Premiums	**Claims**	Premiums	Claims
Major shareholders	**42,984,871**	**11,482,702**	28,194,977	8,182,649

Related parties balances

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

	2022		2021	
	Receivables	**Claims and payables**	Receivables	Claims and payables
Major shareholders	**10,250,593**	**1,257,879**	·10,973,830	1,010,110

Compensation of key management personnel

The compensation of key management personnel during the year is as follows:

	2022	2021
Board of Directors' remuneration (refer to Note 23)	**7,000,000**	6,000,000
Short-term benefits of key management personnel	**9,120,000**	8,620,000
End of service and other benefits	**175,000**	116667
	16,295,000	14,736,667

26. Leases

Group as a Lessee

The Group leases several assets including land and buildings. The average lease term is 5 years.

	Right-of-use assets		
	Total	**Land Classified as investment properties**	**Buildings**
January 1, 2022	**8,946,322**	**2,202,526**	**6,743,796**
Remeasurement	**(19,552)**	**(178,748)**	**159,197**
Amortization expense	**(2,438,622)**	**(125,462)**	**(2,313,160)**
December 31, 2022	**6,488,148**	**1,898,316**	**4,589,833**

26. Leases (continued)

Group as a Lessee (continued)

	Right-of-use assets		
	Total	Land Classified as investment properties	Buildings
January 1, 2021	12,234,026	2,413,100	9,820,926
Disposals	(635,821)	--	(635,821)
Remeasurement	(602,770)	(197,082)	(405,688)
Amortization expense	(2,049,113)	(13,492)	(2,035,621)
December 31, 2021	8,946,322	2,202,526	6,743,796

Amounts recognised in consolidated statement of profit and loss

	December 31, 2022	December 31, 2021
Amortisation expense on right-of-use assets	**2,438,622**	2,035,621
Interest expense on lease liabilities	**495,948**	522,941
Expense relating to short-term leases	**719,556**	659,205

Lease Liabilities	**December 31, 2022**	December 31, 2021
Opening balance	**9,322,511**	12,724,254
Disposals	**--**	(648,153)
Remeasurement	**71,759**	(667,912)
Interest expense	**495,948**	522,941
Payments	**(2,509,742)**	(2,608,619)
Balance as at	**7,380,476**	9,322,511

	December 31, 2022	December 31, 2021
Maturity analysis		
Not later than 1 year	**2,467,630**	2,335,955
Later than 1 year	**4,912,846**	6,986,556
	7,380,476	9,322,511

The Group does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Group's treasury function.

27. Income Tax

Based on the New Executive Regulations to the Income Tax Law No.24 of 2018, subsidiaries and companies owned by listed entities shall now be taxable to the extent of non-Qatari shareholding in the listed company.

Therefore, the Group has recognized income tax expense in respect of the non-Qatari shareholders of Doha Takaful L.L.C (a subsidiary). The income tax is only recorded for the non-Qatari shareholders in the shareholder fund of the said subsidiary.

27. Income Tax (continued)

The income tax expenses during the year are as follow:

	2022	2021
Income tax for the year	**24,598**	26,412

28. Net surplus attributable to Doha Takaful L.L.C's

Policy holders	**2022**	2021
Net underwriting loss	**(229,241)**	5,235,529
Other income	**1,700,371**	1,112,714
General and administrative expense	**(1,436,121)**	(1,150,643)
Net surplus for the year	**35,009**	5,197,600

29. Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group 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
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. For unquoted securities estimated internally using the instruments' price-to-earnings ratio in which the value of unquoted security is related to the earnings attributable to each share rather than the dividend payable on such share.

As at year end the Group held the following financial instruments measured at fair value.

	December 31, 2022	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial investments	**752,753 ,963**	**717,140,669**	**17,371,967**	**18,241,327**

	December 31, 2021	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial investments	881,566,709	832,275,197	31,148,861	18,142,651

During the year ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

30. Risk management

The Group, in the normal course of business derives its revenue mainly from underwriting and managing its insurance business and managing its liquid assets in investments. The Group's lines of business are exposed to the following risks:

- Insurance risk
- Reinsurance risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors approves the Group's risk management policies and meets regularly. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Regulatory framework

The Qatar Central Bank Executive Insurance Instructions provide the regulatory framework for the insurance industry in Qatar. All insurance companies operating in Qatar are required to follow these rules and regulations.

The following are the key regulations governing the operation of the Group:

- Internal systems and controls;
- Risk management;
- Accounting, auditing and actuarial reporting; and
- Prudential requirement.

The Group's Board of directors is responsible for monitoring compliance with the above regulations and has delegated authorities and responsibilities from the board of directors to ensure compliance.

The principal risk the Group 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 Group is to ensure that sufficient reserves are available to cover these liabilities.

Insurance risk

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

The majority of insurance business ceded is placed on a reinsurance program covering the Group to benefit from high commission income derived from economy of scale in a portfolio which is well balanced and to spread the risk in which the Group is exposed.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists

30. Risk management (continued)

Insurance risk (continued)

with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group principally issues the following types of general insurance contracts: Marine & Aviation, Fire, Property & Casualty, Motor, and General Accidents. Risks under non-life insurance policies usually cover twelve-month duration.

For general insurance contracts the most significant risks arise from climate changes, natural disasters and terrorist activities which are only covered in fire line of business.

Insurance contracts at times also cover risk for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risk that may involve significant litigation.

These risks vary in relation to the type of risk insured, location of the risk insured and by industry.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The below risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group.

The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (i.e. fire line of business). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a pre-determined maximum amount based on the Group's risk appetite as decided by management. In addition, the Group also have an excess of loss agreements which cover both of the catastrophic and risk excess of loss.

Property and Casualty (Fire & General Accidents)

Property and casualty insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holder 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. In recent years, the Group has only underwritten policies for properties containing fire detection equipment and relevant regulatory certification.

Motor

Motor insurance is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising though accidents. Contract holders could receive compensation for the fire or theft of their vehicles.

The blood money for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

30. Risk management (continued)

Insurance risk (continued)

Marine & Aviation

Marine & Aviation 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. The Group has facultative arrangement to cede significant aviation related risks.

For marine insurance, the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

Reinsurance risk

In common with other insurance companies, in order to minimize the financial exposure arising from large claims, the Group 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 effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk.

30. Risk management (continued)

Reinsurance risk (continued)

Reinsurance ceded contracts do not relieve the Group from its obligation to policyholders and as a result, the Group 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 Group's insurance risk relates to policies directly written in the State of Qatar Only. The segmental concentration of insurance contract liabilities is shown below:

	2022			2021		
Concentration of insurance contract liabilities by type of contract:	**Gross liabilities**	**Reinsurers' share of liabilities**	**Net liabilities**	Gross liabilities	Reinsurers' share of liabilities	Net liabilities
Marine and Aviation	**490,860,185**	**(480,925,958)**	**9,934,227**	460,207,265	(445,550,704)	14,656,561
Motor	**204,009,287**	**(19,640,622)**	**184,368,665**	183,123,148	(15,405,570)	167,717,578
Fire, General Accidents, Health and Life	**972,228,135**	**(732,796,321)**	**239,431,814**	675,273,147	(439,958,051)	235,315,096
ULAE	**1,079,007**	**--**	**1,079,007**	910,372	--	910,372
Total	**1,668,176,614**	**(1,233,362,902)**	**434,813,713**	1,319,513,932	(900,914,325)	418,599,607

Key assumptions

The principal assumption underlying the estimates is the Group's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example once-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The Group 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 Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that may involve significant litigation.

30. Risk management (continued)

Financial risk (continued)

Sensitivities (continued)

The analysis below is performed for possible movements in key assumptions with all other assumptions held constant showing the impact on gross and net liabilities and net profit.

	Change in assumptions	Impact on liabilities	Impact on net profit
December 31, 2022			
Claims cost	**+10%**	**21,290,129**	**(21,290,129)**
Claims cost	**-10%**	**(21,290,129)**	**21,290,129**
December 31, 2021			
Claims cost	+10%	25,023,368	(25,023,368)
Claims cost	-10%	(25,023,368)	25,023,368

Financial risk

The Group's principal instruments are financial investments, receivables arising from insurance and reinsurance contracts and cash and cash equivalents. The Group does not enter into derivative transactions.

The main risks arising from the Group'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 which are summarized as follows.

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 Group does not hedge its foreign currency exposure.

Other than balances in United States Dollars, United Arab Emirate Dinar (AED) and Euro (EUR), there are no significant foreign currency financial assets due in foreign currencies included under reinsurance balances receivable.

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.

The Group is exposed to interest rate risk on its certain bank deposits. The Group 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 consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. There is no impact on the Group's equity.

30. Risk management (continued)

Financial risk (continued)

Interest rate risk (continued)

	Increase/ decrease in basis basis points	Effect on profit / loss for the year
2022	**+25**	**797,627**
	-50	**(1,595,254)**
2021	+25	742,783
	-50	(1,485,566)

Credit risk

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

Reinsurance arrangements are effected with reinsurers whose creditworthiness is assessed on the basis of satisfying minimum rating and financial strength criteria. Reinsurance is made with different reinsurance companies' in order to reduce the risk of concentration.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the statement of financial position date. Premium receivables comprise a large number of customers mainly within the State of Qatar.

The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outstide the range of AAA to BBB are classified as speculative grade.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information) and applying experienced credit judgement.

Exposures within each credit risk grade are segmented by industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of forward-looking economic conditions over the expected lives

30. Risk management (continued)

Financial risk (continued)

Credit risk (continued)

	AAA	AA	BBB	BB	Unrated	2022
December 31, 2022						
Bank balances	**8,174,972**	**457,432,557**	**35,703,641**	**54,168,087**	**31,132,967**	**586,611,954**
Debt securities	**30,877,566**	**70,870,725**	**29,079,864**	**102,263,365**	**31,699,335**	**235,710,991**
Reinsurance contract assets	--	**1,233,362,901**	--	--	--	**1,233,362,901**
Policyholders' accounts receivable	--	**32,791,985**	--	--	**154,842,562**	**187,634,547**
Insurance and reinsurers' accounts receivable	--	**122,710,745**	**15,690,325**	**29,290,366**	--	**167,691,436**

	AAA	AA	BBB	BB	Unrated	20201
December 31, 2021						
Bank balances	--	312,511,660	38,567,368	74,666,335	6,514,085	432,259,448
Debt securities	743,567	123,296,946	42,102,503	94,025,288	6,036,890	266,205,194
Reinsurance contract assets	--	900,914,325	--	--	--	900,914,325
Policyholders' accounts receivable	--	56,748,184	--	--	145,403,818	202,152,002
Insurance and reinsurers' accounts receivable	--	53,724,839	--	33,110,862	104,554,770	191,390,471

30. Risk management (continued)

Financial risk (continued)

Credit risk (continued)

Cash and cash equivalents

The Group held cash and cash equivalents of QR 586,611,954 at December 31, 2022 (2021: QR 432,541,053). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated *AA to BB-*, based on Standard and Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to that used for debt securities.

The Group has not recognised an impairment allowance for 2022 (2021: QR. 134,621) during the year and the cumulative impairment allowance as at December 31, 2022 and 2021 is QR. 306,260..

30. Risk management (continued)

Financial risk (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet obligation as they fall due. The Group's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's operations.

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sales require amounts to be paid within 30-120 days of the date of issuance of policy.

The table below summarises the maturities of the Group's undiscounted financial liabilities at year end based on contractual payment dates and current market interest rates.

2022	**Less than 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	**No term***	**Total**
Insurance contract liabilities	**685,889,320**	**--**	**--**	**--**	**982,287,294**	**1,668,176,614**
Borrowings	**95,375,851**	**1,420,945**	**30,196,340**	**8,226,633**	**--**	**135,219,769**
Provisions, insurance and other payables	**332,421,915**	**--**	**--**	**--**	**--**	**332,421,915**
Total	**1,113,687,085**	**1,420,945**	**30,196,340**	**8,226,633**	**982,287,294**	**2,135,818,298**

2021	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	No term*	Total
Insurance contract liabilities	451,266,164	--	--	--	868,247,768	1,319,513,932
Borrowings	1,971,964	161,014,965	19,719,642	22,968,731	--	205,675,302
Provisions, insurance and other payables	272,353,463	--	--	--	--	272,353,463
Total	725,591,591	161,014,965	19,719,642	22,968,731	868,247,768	1,797,542,697

** These liabilities does not have fixed settlement date and can be due at any point in normal course of business.*

30. Risk management (continued)

Financial risk (continued)

Liquidity risk

The table below summarises the maturities of the Group's financial assets at year end based on contractual payment dates and current market interest rates.

2022	**Less than 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	**No term***	**Total**
Cash and bank balances	**396,512,712**	**190,099,242**	**--**	**--**	**--**	**586,611,954**
Financial investments	**24,064,179**	**182,040,669**	**1,825,054**	**28,661,316**	**516,168,745**	**752,753,963**
Insurance and other receivables	**412,945,920**	--	--	--	--	**412,945,920**
Reinsurance contract assets	**1,233,362,901**	--	--	--	--	**1,233,362,901**
Total	**2,066,885,712**	**372,139,911**	**1,825,054**	**28,661,316**	**516,168,745**	**2,985,674,738**

2021	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	No term*	Total
Cash and bank balances	292,370,493	140,170,560	--	--	--	432,541,053
Financial investments	28,182,089	213,191,828	2,137,361	33,565,897	604,496,561	881,573,736
Insurance and other receivables	449,857,537	--	--	--	--	449,857,537
Reinsurance contract assets	900,914,325	--	--	--	--	900,914,325
Total	1,671,324,444	353,362,388	2,137,361	33,565,897	604,496,561	2,664,886,651

** These assets does not have fixed settlement date and can be received at any point in normal course of business.*

30. Risk management (continued)

Equity price risks

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to other market price risk in respect of its listed equity securities and bonds. Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices by (+/-) 10%, with all other variables held constant is as follows:

		2022		2021	
	Changes in variables	**Impact on profit**	**Impact on other comprehensive income**	Impact on profit	Impact on other comprehensive income
Fair value through profit and loss	+10%	--	--	311,579	--
Fair value through other comprehensive income	+10%	--	**34,095,487**	--	40,474,984
Fair value through profit and loss	-10%	--		(311,579)	--
Fair value through other comprehensive income	-10%	--	**(34,095,487)**	--	(40,474,984)

30. Risk management (continued)

Capital management

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position.

The capital management objectives are:

- To maintain the required level of financial stability of the Group thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and shareholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.
- To allocate capital towards the regional expansion where the ultimate goal is to spread the risk and maximize the shareholders returns through obtaining the best return on capital.

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

In reporting financial strength, capital and solvency is measured using the rules prescribed by the Qatar Central Bank Executive Insurance Instructions. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written.

Capital management policies

The Group's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the Qatar Central Bank, including any additional amounts required by the regulator as well as keeping a capital buffer above the minimum regulatory requirements, where the Group operates to maintain a high economic capital for the unforeseen risks.

Capital management approach

The Group seeks to optimize the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and secure the policyholders fund.

The Group's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders. The process is ultimately subject to approval by the board.

31. Financial assets and liabilities

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	FVTPL	**Mandatorily measured as at FVTPL**	**FVOCI – debt instruments**	**FVOCI – equity instruments**	**Amortised cost**	**Total carrying amount**	**Fair value**
December 31, 2022							
Cash and bank balances	--	--	--	--	**586,611,954**	**586,611,954**	--
Financial investments	**139,594,577**	--	**144,021,311**	**376,568,168**	**92,569,906**	**752,753,963**	**752,753,963**
Reinsurance contract assets	--	--	--	--	**1,233,362,901**	**1,233,362,901**	--
Insurance and other receivables	--	--	--	--	**412,945,920**	**412,945,920**	--
	139,594,577	--	**144,021,311**	**376,568,168**	**2,325,490,681**	**2,985,674,737**	
Insurance contract liabilities	--	--	--	--	**1,668,176,614**	**1,668,176,614**	--
Borrowings	--	--	--	--	**135,219,769**	**135,219,769**	--
	--	--	--	--	**1,803,396,383**	**1,803,396,383**	--

	FVTPL	Mandatorily measured as at FVTPL	FVOCI – debt instruments	FVOCI – equity instruments	Amortised cost	Total carrying amount	Fair value
December 31, 2021							
Cash and bank balances	--	--	--	--	432,541,053	432,541,053	--
Financial investments	251,416,609	3,115,794	172,992,956	454,041,350	--	881,566,709	881,566,709
Reinsurance contract assets	--	--	--	--	900,914,325	900,914,325	--
Insurance and other receivables	--	--	--	--	449,857,537	449,857,537	--
	251,416,609	3,115,794	172,992,956	454,041,350	1,783,312,915	2,664,879,624	
Insurance contract liabilities	--	--	--	--	1,319,513,932	1,319,513,932	--
Borrowings	--	--	--	--	205,675,302	205,675,302	--
	--	--	--	--	1,525,189,234	1,525,189,234	--

* Carrying amount of remaining financial instrument approximates their fair value.

32. Reconciliation of liabilities arising from financing activities

The below table details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	At January 1, 2022	**Financing cash flows**	**Other changes**	**At December 31, 2021**
Payment of contribution to Social and Sports Activities Fund	**1,831,742**	**(1,831,742)**	**2,552,638**	**2,552,638**
Repayment of principal of lease liability	**9,322,511**	**(2,437,983)**	**495,948**	**7,380,476**
Interest expense on borrowings	**--**	**(2,569,089)**	**2,569,089**	**--**
Proceeds from borrowings	**205,675,302**	**(67,840,908)**	**(2,614,625)**	**135,219,769**
Dividends paid	**8,706,376**	**(58,166,048)**	**60,000,000**	**10,540,328**
	225,535,931	**(132,845,770)**	**63,003,050**	**155,693,211**

	At January 1, 2021	Financing cash flows	Other changes	At December 31, 2020
Payment of contribution to Social and Sports Activities Fund	1,501,203	(1,501,203)	1,831,742	1,831,742
Repayment of principal of lease liability	12,724,254	(2,085,678)	(1,316,065)	9,322,511
Interest expense on borrowings	--	(1,821,162)	1,821,162	--
Borrowings repaid	53,571,475	156,412,968	(4,309,141)	205,675,302
Dividends paid	9,250,504	(49,360,485)	50,000,000	9,890,019
	77,047,436	101,644,440	48,027,698	226,719,574

33. Commitments and contingencies

Guarantees

At December 31, 2022, the Group had contingent liabilities in respect of tender guarantees, other guarantees and commitments from which it is anticipated that no material liabilities will arise, amounting to QR 16,330,464 (2021: QR 14,534,714).

Legal claims

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

Financial Information: Doha Takaful L.L.C. (Islamic Takaful)

The statement of financial position and statement of profit or loss of the Doha Takaful L.L.C. are presented below:

(i) Statement of financial position as at 31 December 2022 and 2021

	2022	2021
Policyholders' assets		
Cash on hand	7,100	2,729
Bank balances (Islamic banks)	80,032,020	80,568,594
Reinsurance contract assets	28,493,910	18,822,771
Due from policyholders, insurance and reinsurance companies	38,838,412	28,305,932
Due from shareholder	--	312,730
Investment securities	2,458,350	1,821,000
Prepayments and other assets	7,059,873	4,658,917
Total participants' assets	156,889,665	134,492,673
SHAREHOLDER'S ASSETS		
Cash on Hand	11,484	--
Bank balances	64,752,533	63,420,281
Fixed asset, net	1,510,201	370,026
Other Assets	1,763,903	1,420,829
Due from policyholder	5,036,682	--
Investment securities	146,665,381	155,704,868
Total shareholder's assets	219,740,183	220,916,004
TOTAL ASSETS	376,629,849	355,408,677
PARTICIPANTS' FUNDS AND LIABILITIES		
Participants' fund		
Participants' account	23,481,737	23,446,727
Participants' liabilities		
Insurance contract liabilities	99,207,259	76,362,869
Provisions, insurance and other payables	29,163,988	34,683,077
Due to shareholders	5,036,682	--
Total participants' liabilities	133,407,929	111,045,946
Total participants' funds and liabilities	156,889,665	134,492,673
Shareholder's equity		
Capital	150,000,000	150,000,000
Legal reserve	5,241,114	3,612,190
Retained Earnings	14,660,319	9,418,667
Total shareholder's equity	169,901,432	163,030,857
Shareholders' Liabilities		
Accrued Expenses	3,003,663	1,867,960
Borrowings	42,435,562	53,735,390
Due to parent	2,931,837	757,582
Due to policyholder	--	312,730
Employees' end of services benefits	1,467,689	1,211,485
Total shareholder's' liabilities	49,838,751	57,885,147
Total shareholder's equity and liabilities	219,740,183	220,916,004
TOTAL PARTICIPANTS' FUND AND LIABILITIES AND SHAREHOLDER'S EQUITY	376,629,849	355,408,677

Financial Information: Doha Takaful L.L.C. (Islamic Takaful) (continued)

(i) Statement of profit or loss for the year ended 31 December 2022 and 2021

	2022	2021
PARTICIPANTS' REVENUE AND EXPENSES		
REVENUE		
Net takaful revenue	(229,240)	5,235,529
Other income	1,704,396	1,112,714
General and administrative expenses	(1,440,154)	(1,150,643)
NET SURPLUS FOR THE YEAR TRANSFERRED TO PARTICIPANTS' FUND	35,002	5,197,600
SHAREHOLDERS' REVENUE AND EXPENSES		
REVENUE		
Wakala fees	28,956,533	19,531,346
Mudarabah Fees	1,193,077	818,643
Unrealized gain (loss) on financial investments	(3,316,921)	702,897
Investment income	5,936,250	4,564,605
Other income	3,569	3,015
	32,772,508	25,620,506
EXPENSES		
General and administrative expenses	(16,458,667)	(15,129,678)
Income tax	(24,598)	(25,642)
NET INCOME TO SHAREHOLDERS	16,289,243	10,465,186