

**QATAR INSURANCE COMPANY S.A.Q.**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE SIX MONTH PERIOD ENDED**  
**JUNE 30, 2017**

**QATAR INSURANCE COMPANY S.A.Q.**

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

For the six month period ended June 30, 2017

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<b>INDEX</b>	<b>Page</b>
Independent auditor's review report	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 to 16

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF QATAR INSURANCE COMPANY S.A.Q. AND SUBSIDIARIES**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Insurance Company S.A.Q. (the "Parent Company") and its subsidiaries (collectively "the Group") as at June 30, 2017, and the related interim condensed consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended. The Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Financial Reporting Standard, IAS 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with International Standards on Review Engagements 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### *Other Matters*

The interim condensed consolidated financial statements of the Group as at June 30, 2016 were reviewed and the consolidated financial statements as of December 31, 2016 were audited by another auditor, whose reports dated July 19, 2016 and February 16, 2017, respectively, expressed an unmodified review conclusion and audit opinion on those financial statements.



Liad Kader  
of Ernst and Young  
Auditor's Registration No: 258  
of Ernst & Young

Date: 25 July 2017  
Doha



**QATAR INSURANCE COMPANY S.A.Q.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2017

	Notes	June 30, 2017 QR ('000) (Reviewed)	December 31, 2016 QR ('000) (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	3	8,173,539	6,962,310
Insurance and other receivables		8,212,521	6,652,577
Reinsurance contract assets	4	2,926,077	2,493,439
Equity accounted investments		141,038	138,841
Financial investments	5	12,139,361	11,435,065
Investment properties	6	574,182	575,818
Property and equipment		45,747	40,300
Goodwill and intangible assets		416,391	417,114
<b>TOTAL ASSETS</b>		<b>32,628,856</b>	<b>28,715,464</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Short term borrowings		3,797,903	4,065,311
Provisions, reinsurance and other payables		3,025,760	2,471,451
Insurance contract liabilities	4	15,649,644	13,583,283
Long term borrowings		131,385	127,196
<b>Total liabilities</b>		<b>22,604,692</b>	<b>20,247,241</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	2,773,095	2,411,387
Share premium		2,554,492	2,554,492
Legal reserve	12	695,974	591,131
General reserve		287,000	287,000
Fair value (loss) reserve		(109,648)	110,870
Catastrophe special reserve		381,227	329,526
Foreign currency translation reserve		(12,174)	(15,133)
Retained earnings		1,591,777	1,966,833
<b>Equity attributable to shareholders of the Parent Company</b>		<b>8,161,743</b>	<b>8,236,106</b>
Non-controlling interests		243,140	232,117
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>8,404,883</b>	<b>8,468,223</b>
Subordinated perpetual debt	13	1,619,281	-
<b>Total equity</b>		<b>10,024,164</b>	<b>8,468,223</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>32,628,856</b>	<b>28,715,464</b>

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following on July 25, 2017.

  
H.E. Sheikh Khalid Bin Mohammed Bin Ali Al-Thani  
Chairman and Managing Director

  
Khalifa Abdulla Taha Al Subaey  
Group President and Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**QATAR INSURANCE COMPANY S.A.Q.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the six month period ended June 30, 2017

	Notes	For the six month period ended	
		June 30, 2017 QR ('000) (Reviewed)	June 30, 2016 QR ('000) (Reviewed)
Gross premiums	8	6,239,181	5,481,678
Premium ceded to reinsurers	8	(1,256,413)	(821,534)
<b>Net premiums</b>		<b>4,982,768</b>	<b>4,660,144</b>
Movement in unexpired risk reserve	8	(901,303)	(754,176)
<b>Net earned premiums</b>		<b>4,081,465</b>	<b>3,905,968</b>
Gross claims paid	8	(3,140,909)	(1,890,446)
Reinsurance recoveries	8	614,924	366,095
Movement in outstanding claims	8	(403,253)	(1,085,617)
Net commissions	8	(892,952)	(862,161)
Other insurance income	8	3,540	3,973
<b>Net underwriting results</b>	8	<b>262,815</b>	<b>437,812</b>
Investment income		602,584	499,781
Finance costs		(39,544)	(19,391)
<b>Net investment income</b>		<b>563,040</b>	<b>480,390</b>
Advisory fees		4,739	6,587
Rental income		25,824	12,852
Other income		2,333	1,628
<b>Total income</b>		<b>858,751</b>	<b>939,269</b>
Operating and administrative expenses		(331,002)	(323,030)
Depreciation and amortisation		(16,688)	(12,447)
<b>PROFIT BEFORE SHARE OF PROFIT FROM EQUITY ACCOUNTED INVESTMENTS</b>		<b>511,061</b>	<b>603,792</b>
Share of profit from equity accounted investments		8,274	9,749
<b>Profit for the period</b>		<b>519,335</b>	<b>613,541</b>
<b>Attributable to:</b>			
Owners of the Parent Company		504,904	602,156
Non-controlling interests		14,431	11,385
<b>Profit for the period</b>		<b>519,335</b>	<b>613,541</b>
Basic and diluted earnings per share in Qatari Riyal (2016: Restated as a result of bonus shares)	9	1.89	2.25

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**QATAR INSURANCE COMPANY S.A.Q.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the six month period ended June 30, 2017

	<b>For the six month period ended</b>	
	<b>June 30,</b>	<b>June 30,</b>
	<b>2017</b>	<b>2016</b>
	<b>QR ('000)</b>	<b>QR ('000)</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>Profit for the period</b>	<b>519,335</b>	<b>613,541</b>
<b>Other comprehensive income</b>		
Net changes in fair value of available-for sale investments	<b>(223,926)</b>	<b>(48,577)</b>
Exchange differences on translation of foreign operations	<b>2,959</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>298,368</b>	<b>564,964</b>
<i>Attributable to:</i>		
Owners of the Parent Company	<b>287,345</b>	<b>551,121</b>
Non-controlling interests	<b>11,023</b>	<b>13,843</b>
<b>Total comprehensive income for the period</b>	<b>298,368</b>	<b>564,964</b>

**QATAR INSURANCE COMPANY S.A.Q.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six month period ended June 30, 2017

	Share capital QR ('000)	Share premium QR ('000)	Legal reserve QR ('000)	General reserve QR ('000)	Fair value reserve (loss) QR ('000)	Catastrophe special reserve QR ('000)	Foreign currency translation reserve QR ('000)	Retained earnings QR ('000)	Attributable to shareholders of the Parent Company QR ('000)	Non-controlling interests QR ('000)	Total equity QR ('000)
Balance at January 1, 2016 (Audited)	1,846,214	1,033,061	481,082	287,000	139,198	277,344	-	1,748,389	5,812,288	181,785	5,994,073
Profit for the period	-	-	-	-	-	-	-	602,156	602,156	11,385	613,541
Net change in fair value of available-for-sale investments	-	-	-	-	(51,035)	-	-	-	(51,035)	2,458	(48,577)
<i>Total comprehensive income for the period</i>	-	-	-	-	(51,035)	-	-	602,156	551,121	13,843	564,964
Dividend for the year 2015 (Note 10)	-	-	-	-	-	-	-	(461,554)	(461,554)	-	(461,554)
Issuance of bonus shares (Note 10)	184,621	-	-	-	-	-	-	(184,621)	-	-	-
Issuance of right shares	380,552	1,521,431	-	-	-	-	-	-	1,901,983	-	1,901,983
Net movement in non-controlling interest and others	-	-	1,158	-	2,786	-	-	(778)	3,166	(1,868)	1,298
Transfer to legal reserve (Note 12)	-	-	104,363	-	-	-	-	(104,363)	-	-	-
Transfer to catastrophe special reserve	-	-	-	-	-	52,182	-	(52,182)	-	-	-
Balance at June 30, 2016 (Reviewed)	2,411,387	2,554,492	586,603	287,000	90,949	329,526	-	1,547,047	7,807,004	193,760	8,000,764
Balance at January 1, 2017 (Audited)	2,411,387	2,554,492	591,131	287,000	110,870	329,526	(15,133)	1,966,833	8,236,106	232,117	8,468,223
Profit for the period	-	-	-	-	-	-	-	504,904	504,904	14,431	519,335
Foreign currency translation	-	-	-	-	-	-	2,959	-	2,959	-	2,959
Net change in fair value of available-for-sale investments	-	-	-	-	(220,518)	-	-	-	(220,518)	(3,408)	(223,926)
<i>Total comprehensive income for the period</i>	-	-	-	-	(220,518)	-	2,959	504,904	287,345	11,023	298,368
Dividend for the year 2016 (Note 10)	-	-	-	-	-	-	-	(361,708)	(361,708)	-	(361,708)
Issuance of bonus shares (Note 10)	361,708	-	-	-	-	-	-	(361,708)	-	-	-
Transfer to legal reserve (Note 12)	-	-	104,843	-	-	-	-	(104,843)	-	-	-
Transfer to catastrophe special reserve	-	-	-	-	-	51,701	-	(51,701)	-	-	-
<b>Balance at June 30, 2017 (Reviewed)</b>	<b>2,773,095</b>	<b>2,554,492</b>	<b>695,974</b>	<b>287,000</b>	<b>(109,648)</b>	<b>381,227</b>	<b>(12,174)</b>	<b>1,591,777</b>	<b>8,161,743</b>	<b>243,140</b>	<b>8,404,883</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**QATAR INSURANCE COMPANY S.A.Q.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the six month period ended June 30, 2017

	Notes	For the six month period ended	
		June 30, 2017	June 30, 2016
		QR ('000) (Reviewed)	QR ('000) (Reviewed)
<b>OPERATING ACTIVITIES</b>			
Profit for the period		519,335	613,541
<i>Adjustments for:</i>			
Depreciation and amortisation		16,688	12,447
Share of profit from equity accounted investments		(8,274)	(9,749)
Investment income and other finance income		(565,373)	(466,267)
Impairment loss on doubtful receivables		3,404	5,749
Provision for employees' end of service benefits		3,911	4,383
Gain on sale of investment properties		-	(152,539)
Loss on disposal of property and equipment, net		-	334
		<b>(30,309)</b>	<b>7,899</b>
<b>Working capital adjustments</b>			
Change in insurance and other receivables		(1,563,348)	(1,135,240)
Change in insurance reserves – net		1,633,723	1,399,164
Change in provisions, reinsurance and other payables		553,458	147,196
		<b>593,524</b>	<b>419,019</b>
<b>Cash generated from operations</b>		<b>593,524</b>	<b>419,019</b>
Employees' end of service benefits paid		(3,060)	(3,244)
		<b>590,464</b>	<b>415,775</b>
<b>Net cash flow generated from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Net cash movements in investments		(928,222)	(850,349)
Investment income and other finance income		565,373	427,675
Purchase of property and equipment		(12,924)	(5,351)
Dividend received from equity accounted investments		6,077	5,000
Proceeds from sale of investment properties		-	360,000
Purchase of investment properties		-	(11,036)
Additions to equity accounted investment		-	(20,000)
		<b>(369,696)</b>	<b>(94,061)</b>
<b>Net cash flow used in investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Proceeds from subordinated perpetual debt	13	1,619,281	-
Dividends paid		(361,708)	(451,521)
Net (repayment) proceeds of borrowings		(263,219)	200,000
Issuance of right shares		-	1,901,983
Increase in non-controlling interests and dividends paid		-	1,298
		<b>994,354</b>	<b>1,651,760</b>
<b>Net cash flow generated from financing activities</b>			
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Effect of foreign currency exchange difference		(3,893)	-
Cash and cash equivalents at January 1		6,962,310	3,518,760
		<b>8,173,539</b>	<b>5,492,234</b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30</b>	3	<b>8,173,539</b>	<b>5,492,234</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six month period ended June 30, 2017

#### 1 STATUS AND OPERATIONS

Qatar Insurance Company S.A.Q. (the "Parent Company") is a public shareholding company incorporated in the State of Qatar in 1964 under Commercial Registration No. 20 and governed by the provisions of the Qatar Commercial Companies' Law. The Parent Company and its subsidiaries (collectively "the Group") are engaged in business of insurance, re-insurance, real estate and financial advisory services.

The Group operates in the State of Qatar, United Arab Emirates, Sultanate of Oman, State of Kuwait, United Kingdom, Switzerland, Bermuda, Singapore, Malaysia and Malta. The interim condensed consolidated financial statements incorporates the financial information of the Parent Company and its subsidiaries all of which having December 31<sup>st</sup> as their financial year end. The details of subsidiaries are given below:

<u>Name of the subsidiary</u>	<u>Ownership</u>	<u>Country of incorporation</u>	<u>Principal activities</u>
QIC Capital L.L.C. ("QICC")	95.74 %	State of Qatar	Incorporated as a holding company to hold equity interest in the Group's international and regional insurance entities.
QIC International L.L.C. ("QICI")	100% (owned through QICC)	State of Qatar	Primarily engaged in insurance and reinsurance. QICI manages the regional operations of the Group and has 2 overseas branches in Dubai (United Arab Emirates), and Abu Dhabi (United Arab Emirates).
Oman Qatar Insurance Company ("OQIC")	70% (owned through QICI)	Sultanate of Oman	Primarily engaged in insurance and reinsurance.
Kuwait Qatar Insurance Company ("KQIC")	82.04% (owned through QICI)	State of Kuwait	Primarily engaged in insurance and reinsurance.
Qatar Reinsurance Company Limited ("Qatar Re")	100% (owned through QICC)	Bermuda	Primarily engaged in reinsurance. Qatar Re manages the reinsurance operations of the Group and has a branch office in Switzerland, Dubai, and Singapore, and a representative office in United Kingdom.
Qatar Reinsurance Services LLC	100% (owned through Qatar Re)	State of Qatar	Primarily engaged in providing services to Qatar Re.
Qatar Re Underwriting Limited	100% (owned through QICC)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity at Lloyds.
Q Life & Medical Insurance Co LLC	85%	State of Qatar	Primarily engaged in life and medical insurance business and has a branch office in Labuan, Malaysia.
Antares Group Holdings Limited ("AGHL")	100% (owned through QICC)	United Kingdom	Incorporated as a holding company.
Antares Underwriting Limited	100% (owned through AGHL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274.
Antares Managing Agency Limited ("AMAL")	100% (owned through AGHL)	United Kingdom	Incorporated to act as a managing agent for Antares Syndicate 1274.
Antares Underwriting Asia Pte. Limited	100% (owned through AMAL)	Singapore	Incorporated to participate in Lloyds Asia Scheme.
Antares Underwriting Services Limited	100% (owned through AGHL)	United Kingdom	Incorporated as a services company to provide services to AMAL and Antares Syndicate 1274.

## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six month period ended June 30, 2017

#### 1 STATUS AND OPERATIONS (CONTINUED)

<u>Name of the subsidiary</u>	<u>Ownership</u>	<u>Country of incorporation</u>	<u>Principal activities</u>
Antares Capital I Limited	100% (owned through AGHL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274.
Antares Capital III Limited	100% (owned through AGHL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274.
Antares Capital IV Limited	100% (owned through AGHL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274.
Antares Holding Limited	100%	Bermuda	Incorporated holding company.
QIC Europe Limited (QEL)	100%	Malta	Primarily engaged in insurance business and reinsurance.
QANIT Ltd.	100% (owned through QICI)	UAE	Primarily engaged in Real Estate activities in the UAE.
Qatar Insurance Company Real Estate W.L.L.	100%	State of Qatar	Primarily engaged in Real Estate activities in the State of Qatar.
Qatar Economic Advisors W.L.L. ("QEA")	100%	State of Qatar	Primarily engaged in financial and other advisory services.
Qatar Insurance Group W.L.L.	100%	State of Qatar	Primarily engaged in the management of QIC Group entities.
CATCo Investment Management Ltd. ("CATCO-IM")	100%	Bermuda	Primarily engaged in providing investment management services.
CATCo-Re Ltd.	100% (owned through CATCO-IM)	Bermuda	Primarily engaged in issuance of fully collateralized reinsurance contracts for CATCO Re Fund.
QIC Asset Management Ltd ("QICAM")	100% (owned through QEA)	Cayman Islands	Primarily engaged in financial and other advisory services.
Education Company 2 Ltd.	100%	Cayman Islands	Primarily engaged in financial and other advisory services.
Epicure Managers Qatar Ltd.	100%	B.V.I.	Primarily engaged in providing investment management services.
Taleem Advisory Ltd.	100% (owned through QEA)	Cayman Islands	Primarily engaged in financial and other advisory services.
Arneb Real Estate Limited	100%	Jersey	Primarily engaged in real estate activities.
Synergy Frimley Limited	100% (owned through Arneb Real Estate Limited)	Jersey	Primarily engaged in real estate activities.

In 2016, the Parent Company transferred its investment in subsidiary, Antares Group Holding (UK) to QIC Capital L.L.C. at book value against additional equity shares of QIC Capital L.L.C. The transaction is considered as transaction under common control and there is no gain or loss recognised in the profit or loss of the Group.

## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six month period ended June 30, 2017

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## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six month period ended June 30, 2017 have been prepared in accordance with IAS 34 - "Interim Financial Reporting" and the applicable provisions of the Qatar Central Bank regulations, under the historical cost convention except for certain financial instruments which are stated at fair value.

These interim condensed consolidated financial statements are presented in Qatari Riyal ("QAR"), which is the Group's functional currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousand.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2016. In addition, results for the six months period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2017.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2016.

### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2016, except for the adoption of new standards effective as of January 1, 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

<i>Standard</i>	<i>Content</i>
Amendments to IAS 7	Statement of Cash Flows: Disclosure Initiatives
Amendments to IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
Annual Improvements Cycle 2014-2016	Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

### 2.3 Standards issued but not yet effective

The following new accounting standards and interpretations have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards.

<i>Standard</i>	<i>Content</i>
IFRS 9	Financial Instruments (Effective 1 January 2018)
IFRS15	Revenue from Contracts with Customers (Effective 1 January 2018)
IFRS16	Leases (Effective 1 January 2018)
IFRS2	Classification and Measurement of Share-based Payment Transactions (Effective 1 January 2018)
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration

### 2.4 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six month period ended June 30, 2017

#### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.4 Use of estimates and judgments (continued)

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2016.

#### 3 CASH AND CASH EQUIVALENTS

	<b>June 30, 2017</b>	December 31, 2016
	<b>QR ('000)</b> <i>(Reviewed)</i>	QR ('000) <i>(Audited)</i>
Cash in banks	<b>1,756,015</b>	1,051,817
Short-term deposits (including time deposits)	<b>6,417,524</b>	5,910,493
Total cash and cash equivalents	<b>8,173,539</b>	6,962,310

#### 4 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<b>June 30, 2017</b>	December 31, 2016
	<b>QR ('000)</b> <i>(Reviewed)</i>	QR ('000) <i>(Audited)</i>
<b>Gross insurance contract liabilities</b>		
Claims reported and unsettled	<b>5,990,151</b>	5,082,920
Claims incurred but not reported	<b>3,597,890</b>	3,621,709
Unearned premiums	<b>6,061,603</b>	4,878,654
	<b>15,649,644</b>	13,583,283
<b>Reinsurers' share of insurance contract liabilities</b>		
Claims reported and unsettled	<b>1,443,947</b>	1,129,879
Claims incurred but not reported	<b>676,419</b>	723,609
Unearned premiums	<b>805,711</b>	639,951
	<b>2,926,077</b>	2,493,439
<b>Net insurance contract liabilities</b>		
Claims reported and unsettled	<b>4,546,204</b>	3,953,041
Claims incurred but not reported	<b>2,921,471</b>	2,898,100
Unearned premiums	<b>5,255,892</b>	4,238,703
	<b>12,723,567</b>	11,089,844

**QATAR INSURANCE COMPANY S.A.Q.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the six month period ended June 30, 2017

**5 FINANCIAL INVESTMENTS**

	<b>June 30, 2017</b>	December 31, 2016
	<b>QR ('000)</b> <i>(Reviewed)</i>	QR ('000) <i>(Audited)</i>
<b>Held for trading investments</b>		
Managed funds and shares	964,491	926,879
Bonds	<u>1,960,251</u>	<u>1,942,882</u>
<b>Total held for trading investments</b>	<u>2,924,742</u>	<u>2,869,761</u>
<b>Available-for-sale investments</b>		
Qatari public shareholding companies	993,082	1,468,750
Bonds	7,462,503	6,347,007
International quoted shares	112,068	213,553
Unquoted shares and private equity investments	<u>646,966</u>	<u>535,994</u>
<b>Total available-for-sale investments</b>	<u>9,214,619</u>	<u>8,565,304</u>
<b>Total financial investments</b>	<u>12,139,361</u>	<u>11,435,065</u>

**6 INVESTMENT PROPERTIES**

	<b>June 30, 2017</b>	December 31, 2016
	<b>QR ('000)</b> <i>(Reviewed)</i>	QR ('000) <i>(Audited)</i>
Net book value at January 1	575,818	407,988
Effect of foreign currency exchange difference	6,852	(36,622)
Additions	-	268,886
Disposal	-	(50,163)
Depreciation	<u>(8,488)</u>	<u>(14,271)</u>
<b>Net book value at June 30/December 31</b>	<u>574,182</u>	<u>575,818</u>

The rental income arising during the period amounted to QR 25,824 thousand (2016: QR 12,852 thousand) and direct operating expenses (included within general and administrative expenses) arising in respect of such properties during the period was QR 5,345 thousand (2016: QR 2,920 thousand).

Investment properties were fair valued by Management, by reference to market evidence of recent transactions for similar properties. The estimated fair value of the above investment properties as at December 31, 2016 were QR 1,354.46 million. Management believes that the fair value as at June 30, 2017 does not materially differ from the fair value on December 31, 2016 had the fair valuation been carried out on that date.

During 2016, the Group has sold an investment property to a related party (Associate) for a consideration of QR 360,000 thousand.

## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

#### 7 RELATED PARTY DISCLOSURES

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

##### Related party transactions

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

	<b>June 30, 2017</b>	June 30, 2016
	<b>QR ('000)</b> <i>(Reviewed)</i>	QR ('000) <i>(Reviewed)</i>
Premium	<u>12,162</u>	<u>10,319</u>
Purchase of services	<u>441</u>	<u>112</u>
Claims	<u>13,860</u>	<u>10,020</u>
Sale of investment property to an associate (Note 6)	<u>-</u>	<u>360,000</u>

##### Related party balances

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

	<b>June 30, 2017</b>	June 30, 2016
	<b>QR ('000)</b> <i>(Reviewed)</i>	QR ('000) <i>(Audited)</i>
<b>(a) Due from related parties</b>	<u>6,258</u>	<u>2,356</u>
<b>(b) Due to related parties</b>	<u>7,529</u>	<u>11,969</u>

Outstanding related party balances at the reporting date are unsecured and interest free and no impairment losses relating to these balances were recognised during the period (2016: Nil).

##### Compensation of key management personnel

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

	<b>June 30, 2017</b>	June 30, 2016
	<b>QR ('000)</b> <i>(Reviewed)</i>	QR ('000) <i>(Reviewed)</i>
Salaries and other short term benefits	<u>28,293</u>	<u>27,347</u>
End of service benefits	<u>745</u>	<u>745</u>
	<u>29,038</u>	<u>28,092</u>

## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

#### 8 SEGMENT INFORMATION

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

##### Segment income statement for the period ended June 30, 2017

	Marine & Aviation	Property & Casualty	Health & Life	Total Insurance	Real Estate	Advisory	Investments	Unallocated income (expenses)	Total
	QR ('000)	QR ('000)	QR ('000)	QR ('000)	QR ('000)	QR ('000)	QR ('000)	QR ('000)	QR ('000)
Gross premiums	651,949	4,708,308	878,924	6,239,181	-	-	-	-	6,239,181
Premiums ceded to reinsurers	(212,170)	(1,037,857)	(6,386)	(1,256,413)	-	-	-	-	(1,256,413)
Net premiums	439,779	3,670,451	872,538	4,982,768	-	-	-	-	4,982,768
Movement in unexpired risk reserve	(37,940)	(633,501)	(229,862)	(901,303)	-	-	-	-	(901,303)
Net earned premiums	401,839	3,036,950	642,676	4,081,465	-	-	-	-	4,081,465
Gross claims paid	(331,579)	(2,184,902)	(624,428)	(3,140,909)	-	-	-	-	(3,140,909)
Reinsurance recoveries	112,065	358,949	143,910	614,924	-	-	-	-	614,924
Movement in outstanding claims	(42,067)	(293,111)	(68,075)	(403,253)	-	-	-	-	(403,253)
Net commissions	(65,080)	(773,597)	(54,275)	(892,952)	-	-	-	-	(892,952)
Other insurance income (unallocated)	-	-	-	3,540	-	-	-	-	3,540
<b>Net underwriting results</b>	<b>75,178</b>	<b>144,289</b>	<b>39,808</b>	<b>262,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262,815</b>
Rental income	-	-	-	-	25,824	-	-	-	25,824
Advisory fees	-	-	-	-	-	4,739	-	-	4,739
Investment income and other income	-	-	-	-	-	-	604,917	-	604,917
Finance cost	-	-	-	-	-	-	(39,544)	-	(39,544)
<b>Total income</b>	<b>262,815</b>	<b>25,824</b>	<b>4,739</b>	<b>262,815</b>	<b>25,824</b>	<b>4,739</b>	<b>565,373</b>	<b>-</b>	<b>858,751</b>
Operating and administrative expenses	-	(5,345)	(10,686)	(314,971)	(5,345)	(10,686)	-	(314,971)	(331,002)
Depreciation and amortisation	-	(8,488)	(91)	(8,488)	(8,488)	(91)	-	(8,109)	(16,688)
<b>Profit before share of profit from equity accounted investments</b>	<b>262,815</b>	<b>11,991</b>	<b>(6,038)</b>	<b>262,815</b>	<b>11,991</b>	<b>(6,038)</b>	<b>565,373</b>	<b>(323,080)</b>	<b>511,061</b>
Share of profit from equity accounted investments	-	-	-	-	-	-	-	8,274	8,274
<b>Segment results</b>	<b>262,815</b>	<b>11,991</b>	<b>(6,038)</b>	<b>262,815</b>	<b>11,991</b>	<b>(6,038)</b>	<b>565,373</b>	<b>(314,806)</b>	<b>519,335</b>

**QATAR INSURANCE COMPANY S.A.Q.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2017

**8 SEGMENT INFORMATION (CONTINUED)**

Segment income statement for the period ended June 30, 2016

	Marine & Aviation QR ('000)	Property & Casualty QR ('000)	Health & Life QR ('000)	Total Insurance QR ('000)	Real Estate QR ('000)	Advisory QR ('000)	Investments QR ('000)	Unallocated income/ (expenses) QR ('000)	Total QR ('000)
Gross premiums	614,938	4,110,017	756,723	5,481,678	-	-	-	-	5,481,678
Premiums ceded to reinsurers	(144,069)	(654,060)	(23,405)	(821,534)	-	-	-	-	(821,534)
Net premiums	470,869	3,455,957	733,318	4,660,144	-	-	-	-	4,660,144
Movement in unexpired risk reserve	(97,563)	(528,309)	(128,304)	(754,176)	-	-	-	-	(754,176)
Net earned premiums	373,306	2,927,648	605,014	3,905,968	-	-	-	-	3,905,968
Gross claims paid	(191,532)	(1,183,431)	(515,483)	(1,890,446)	-	-	-	-	(1,890,446)
Reinsurance recoveries	44,728	171,896	149,471	366,095	-	-	-	-	366,095
Movement in outstanding claims	(79,996)	(862,267)	(143,354)	(1,085,617)	-	-	-	-	(1,085,617)
Net commissions	(66,889)	(755,135)	(40,137)	(862,161)	-	-	-	-	(862,161)
Other insurance income (unallocated)	-	-	-	3,973	-	-	-	-	3,973
Net underwriting results	79,617	298,711	55,511	437,812	-	-	-	-	437,812
Rental income	-	-	-	-	12,852	-	-	-	12,852
Advisory fees	-	-	-	-	-	6,587	-	-	6,587
Investment income and other income	-	-	-	-	-	-	501,409	-	501,409
Finance Cost	-	-	-	-	-	-	(19,391)	-	(19,391)
Total income	437,812	298,711	55,511	437,812	12,852	6,587	482,018	-	939,269
Operating and administrative expenses	-	-	-	-	(2,920)	(13,061)	-	(307,049)	(323,030)
Depreciation and amortisation	-	-	-	-	(4,028)	(79)	-	(8,340)	(12,447)
Profit before share of profit from equity accounted investments	437,812	298,711	55,511	437,812	5,904	(6,553)	482,018	(315,389)	603,792
Share of profit from equity accounted investments	-	-	-	-	-	-	-	9,749	9,749
Segment results	437,812	298,711	55,511	437,812	5,904	(6,553)	482,018	(305,640)	613,541

**Segment assets and liabilities**

Assets and liabilities of the Group are commonly used across the primary segments.



## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six month period ended June 30, 2017

#### 9 BASIC AND DILUTED EARNINGS PER SHARE

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

	<b>June 30, 2017</b>	June 30, 2016
	<b>QR ('000) (Reviewed)</b>	QR ('000) (Reviewed)
Net profit attributable to owners of the Parent Company (QR '000)	<b>504,904</b>	602,156
Weighted average number of ordinary shares ('000)	<b>267,517</b>	267,517
<b>Basic and diluted earnings per share (QR)</b>	<b>1.89</b>	2.25

The Group has restated the calculations of the comparative earnings per share as a result of the effect of bonus shares of 15% (i.e. 3 for every 20 shares) issued during the period. The bonus and rights share issue was approved in the Annual General Meeting held on February 19, 2017.

#### 10 DIVIDEND, RIGHTS AND BONUS SHARES

A final cash dividend distribution of QR 1.50 per share (2016: Dividend of QR 2.50 per share) and bonus share of 15% (i.e. 3 shares for every 20 shares) (2016: 10% i.e. 1 share for every 10 shares) was approved at the Annual General Meeting held on February 19, 2017 and distributed by the Parent Company during the six month period ended June 30, 2017.

#### 11 SHARE CAPITAL

	<i>Authorised, issued and fully paid up 30 June 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Share capital (QR'000)	<b>2,773,095</b>	2,411,387
Number of shares of QR 10 each	<b>277,309,457</b>	241,138,659

#### 12 LEGAL RESERVE

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

## QATAR INSURANCE COMPANY S.A.Q.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

#### 13 SUBORDINATED PERPETUAL DEBT

In an effort to strengthen the capital base of Qatar Re (the "Issuer"), the group subsidiary registered in Bermuda, subordinated Tier 2 qualifying capital notes net amounting to QR 1,619,281 were issued through the Irish Stock Exchange, and the Parent Company acts as the guarantor to the notes. The notes were issued in registered form at par value, in denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof. The notes do not have a stated maturity date and are perpetual in nature, and do not obligate the Issuer to repay or settle by delivery of cash or another financial asset. The distributions are at the discretion of the Issuer subject to a dividend pusher and are cumulative.

#### 14 COMMITMENTS AND CONTINGENT LIABILITIES

	<b>June 30, 2017</b>	December 31, 2016
	<b>QR ('000) (Reviewed)</b>	QR ('000) (Audited)
Bank guarantees	<b>1,940,230</b>	2,165,700
Authorised future investment commitments	<b>137,131</b>	123,656
	<b>2,077,361</b>	2,289,356

##### Operating leases

Future minimum lease rentals payable under non-cancellable operating leases as at period/year end are as follows:

	<b>June 30, 2017</b>	December 31, 2016
	<b>QR ('000) (Reviewed)</b>	QR ('000) (Audited)
Within one year	<b>14,514</b>	13,734
After one year but not more than five years	<b>40,831</b>	48,391
More than five years	<b>5,885</b>	5,038
	<b>61,230</b>	67,163

#### 15 REGULATORY FRAMEWORK

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group's solvency position is strong and robust given its risk profile, risk appetite and risk tolerance, and whether its solvency position is likely to remain adequate in the foreseeable future.

As required by Qatar Central Bank, the Group carries out an Own Risk and Solvency Assessment (ORSA) annually. ORSA must include Group's own assessment of the capital resources needed to manage its business prudently and to continue to meet its insurance liabilities as they fall due. The Group also considers its overall solvency needs, including its own view of whether its capital resources are adequately strong and robust to comply with the Qatar Central Bank's requirements.

Group ensures that it maintains the minimum capital requirement and solvency ratio at all times as per Qatar Central Bank's requirements. Based on the latest submitted regulatory returns the solvency ratio for the Group stood at 182 %.