

QIC Group H1 profit rises to USD 169 million

Doha, 20 July 2016:

Qatar Insurance Company (**QIC**), the largest insurer in the MENA region, today announced the financial results of the second quarter ended 30 June 2016. Presided by Sheikh Khalid bin Mohammed bin Ali Al-Thani, Chairman & Managing Director, the Board approved the financial results of Q2 2016 during its meeting.

In Q2 2016, global and regional market conditions remained fragile. Even though oil prices recovered from their 12 year low seen in February this year, they are still below the near-term fiscal break-even levels in most oil-exporting countries which, as a result, experience a protracted economic slowdown. The GCC countries, including Qatar, are no exception. Globally, a strong recovery of the US economy remains elusive and most Euro zone economies appear to be anemic whilst doubts about the prospects of the Chinese economy continue to weigh on sentiment. In addition, Britain's decision to leave the European Union has sent additional shockwaves through global financial markets. Against this backdrop, a normalisation of global monetary policies has further receded into the distance.

- Despite these headwinds, QIC Group's gross premiums written (GPW) grew significantly at a rate of 44% quarter on quarter to USD 1.5 billion.
- The Group reported robust net income of USD 169 million, up by 3% quarter- on-quarter.

Overview of key financial results

Figures, in USD million	Q2 2016	Q2 2015
Gross premiums written	1,506	1,048
Net premiums written	1,280	865
Net underwriting result	120	117
Non-life combined ratio	96.9%	93.6%
Investment income	132	112
Return on investment	7.2%	9.4%
Net income	169	163

Figures, in USD million	Q2 2016	Q4 2015
Total assets	6,935	5,690
Shareholders' equity	2,198	1,647
Market capitalization	5,432	4,159

Robust underwriting performance

The continued growth in GPW is reflective of the Group's strong diversification and innovation capabilities which, to some extent, allow QIC to brave the twin challenges of difficult global and regional economic and financial market conditions on the one hand and very soft global reinsurance and specialty insurance markets on the other. On the back of QIC's continued commitment to technical discipline and prudence, the net underwriting result in Q2 2016 came in at USD 120 million, a slight increase of 3% over Q2 of the previous year. The Combined Ratio, i.e. all claims and expenses as a share of net premiums earned, amounted to 97%, as compared with 94% during the same period last year. This is a strong result given the fact that the second quarter was characterised by a series of headline losses across the globe. According to Morgan Stanley total insured losses in the second quarter of 2016 were more than 50% higher than the ten-year historical catastrophe loss average.

Reinsurance premiums, generated through the Group's dedicated global reinsurance subsidiary Qatar Re, grew at a rate of 41% to USD 654 million and accounted for 43% of the Group's total premium income. QIC's Lloyd's insurance platform Antares recorded growth of 16% to USD 233 million which is 15% of QIC's total business.

The Group's administrative expense ratio remained virtually unchanged, despite continued investments in expanding its international and regional operations. The stable expense ratio testifies to QIC's operational efficiency and the effectiveness of various cost containment measures.

Resilient investment performance

The second quarter of 2016 was characterised by a continued volatility in global and regional financial markets. Against this backdrop, investment income of QIC Group came in at USD 132 million in Q2 2016, compared with USD 112 million in the same period of the previous year. The return on investment amounted to 7.2%, against 9.4%, significantly in excess of the global industry average.

Mr. Khalifa Al Subaey, Group President & CEO of QIC Group stated: “In the second quarter of 2016 we further progressed in our transformation into a globally diversified composite insurer and reinsurer. Capitalising on our strong technical capabilities and robust operating platform, we managed to defend the Group’s bottom line against the many pressures from volatile financial markets and fiercely competitive insurance and reinsurance marketplaces.”

Mr. Al Subaey continued: “The Group witnesses renewed buoyancy in its regional home markets. In Qatar, we are benefiting from changes to the regulation. Across the Middle Eastern region, we have been successful in digitising our products and services, pioneering innovations such as smart cards for our personal insurance offerings. Internationally, we have firmly cemented the position of our global carriers Qatar Re and Antares for further growth. These major achievements are also reflected in S&P’s recent confirmation of our A/Stable credit rating.

Outlook

In the second quarter of 2016 QIC has successfully completed a rights issue, with shareholders’ equity increasing to USD 2.2 billion. The increase in capital further strengthens the Group’s capital adequacy ratio and underpins its anticipated future growth.

Commenting on QIC’s near-term prospects, Mr. Al Subaey remarked: “The global and regional business environment is set to remain demanding for the foreseeable future. However, our outlook continues to be cautiously optimistic. Thanks to our innovative skills in personal lines and acknowledged strengths in global reinsurance and specialty insurance we are confident in our ability to continue expanding the Group’s footprint whilst maintaining a clear focus on the bottom line.”

About Qatar Insurance Company

Qatar Insurance Company (QIC) is a publicly listed composite insurer with a consistent performance history of over 50 years and an underwriting footprint across the Middle East, Africa and Asia. Founded in 1964, QIC was the first domestic insurance company in the State of Qatar. Today, QIC is the market leader in Qatar and the largest insurer in the MENA and Gulf region, in terms of premium income, profitability and market capitalisation. QIC is one of the highest rated insurers in the MENA and Gulf region with a rating of A/Stable from Standard & Poor’s and A

(Excellent) from A.M. Best. It is listed on the Qatar Exchange and has a market capitalization of over USD 5 billion. For further information on QIC, please visit: www.qatarinsurance.com.

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