

INVITATION TO ATTEND THE EXTRA ORDINARY AND ORDINARY GENERAL MEETING

QIC Board of Directors are pleased to invite the shareholders to attend the annual general meeting, which will be held at the Four Seasons Hotel on Sunday, 19 February 2017, at 4:00 PM.

FIRST: THE EXTRAORDINARY GENERAL ASSEMBLY MEETING:

- 1) Approving the increase in the number of members of the Board of Directors with effect from the next session (2017-2019) to be (11) members, and amend Article 36 of the article of association of the company, to read as follows:

The company shall be managed by the Board of Directors composed of eleven members, the government of the State of Qatar will appoint one of them representing its shareholding and ten others elected by the Ordinary General Assembly through secret ballot.
The member nominated by the government of the State of Qatar shall not have the right to participate in the election of the other members of the Board of Directors.

- 2) Approving the increase in the company's capital post the effect of bonus issue of (15%) , i.e. (three shares for every twenty shares). The bonus shares will be issued after approving this increase in capital and obtaining the necessary approvals from the respective governing bodies, authorizing the board of directors to act accordingly with the share's fraction in addition to amending article (7) of the company's articles of association to reflect the effect of the increase in capital.
3) Approving the amendment of the company's articles of association adding the following paragraph to the preamble:

By considering the provisions of the Commercial Companies Law No. (11) for the year 2015, the company shall apply the provisions of the law of Qatar Central Bank and the regulation of financial institutions promulgated by Law No. (13) for the year 2012 to the financial services offered by the company, as well as the case of merger or liquidation,

- 4) Authorizes the Chairman or his deputy signing solo on all documents needed to amend the article of association of the company.

SECOND: THE GENERAL ASSEMBLY MEETING:

- 1) Hearing and approving the Directors Report on the activities of the Company, its financial position for the year ended 31st Dec. 2016, and the future plan.
2) Hearing and approving the auditor's report for the financial statements 2016.
3) Discussing and approving the company's balance sheet, and its profit & loss account for the year 2016.
4) Approving the recommended profits distribution, being cash dividend of (15%) , i.e. QR. (1.5) one and half QR. for each share and determine the date of payment, in addition to bonus issue of (15%) , i.e. (3) three shares for every twenty shares. The bonus shares will be issued after approving this increase in capital and obtaining the necessary approvals from the respective governing bodies, in addition authorizing the board of directors to act accordingly with the share's fraction)
5) To consider discharging the members of the Board of Directors, and approving their remuneration.
6) Approving the Corporate Governance Report for the year 2016.
7) Appointing the auditors for the Financial Year 2017 and determine their fees.
8) Electing the members of the Board of Directors for the period (2017 - 2019).

Notes

Shareholders are requested to attend the meeting one hour before the specified time, carrying the proxy forms if available, along with their ID cards in order to facilitate the registration procedures.

- A shareholder who cannot attend the meeting in person may appoint another shareholder in writing to represent him.
- The notice for the annual general meeting and the related information attached to it, together with the corporate governance report, proxy form and nomination form is also published in the company web site (www.qatarinsurance.com) and on the Qatar Exchange web site (Company News @www.qe.com.qa).
- Dividends will be distributed after being approved at the AGM.
- If the shareholder is a company, association or an authority, a written, signed and stamped proxy is required.
- These below financial statements and reports have been published in accordance with the Commercial Companies Law, Financial securities Listing Regulations, Qatar Central Bank Law and financial institution regulations

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Qatar Insurance Company S.A.Q.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Qatar Insurance Company S.A.Q. (the "Parent Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's 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' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these consolidated financial statements for the year ended December 31, 2016. 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.

Key Audit Matters	How our audit addressed the key audit matter
Valuation of Claims reported and unsettled, Unearned premiums ("UPR") and Claims incurred but not reported reserves ("IBNR")	
As shown in Note 7, the Group maintained three types of insurance contract liabilities during the normal course of its insurance business which are as follows:	We performed our audit procedures based on significant identified risks relating to the claims and reserving process.
1. Outstanding claims: These claims are estimated based on internal estimates, and amounts notified by lead insurers and loss adjudicators including estimated claims handling cost.	We performed our audit procedures which were a combination of internal control reliance strategy and specific substantive procedures focusing on the significant risk. Such procedures, include, but not limited to;
2. Incurred But Not Reported (IBNR): Management estimates IBNR claims using estimated percentages based on historical data and trend analysis. For certain lines of non-proportional and reinsurance business written and long term credit life, IBNR has been estimated using actuarial assumptions.	<ul style="list-style-type: none"> Assessing the appropriateness and consistency of reserving methodologies used in the computation of reserves held by the Group, including sensitivity of such reserves to changes in key assumptions and judgements; Assessing the development of Outstanding Claims and IBNR by performing a review of retrospective historical performance of the estimates and judgements made by the Group; and Wherever required, used Audit support actuarial specialists to evaluate the estimates performed by actuarial experts for the Group's material subsidiaries.
3. Unexpired Premium Reserve (UPR): For Middle East regional entities, the reserve has been created using the Group's reserve policy. This policy is challenged internally by sensitivity and historical performance analysis. Actuarial assumptions are applied where the underlying risk is long-term in nature and to meet the regulatory requirements. For Europe based entities, the revenue from certain lines of business has been recognised using actuarial assumptions made by in-house actuaries.	
The valuation of Outstanding Claims, UPR and IBNR are subject to management's assumptions and key judgements which include a range of historic trend analysis, empirical data and standard actuarial claim projection techniques. Small changes in assumptions, discount rate, data or ratio used could result in material changes to the reserves recognized by the Group.	
Impairment of Goodwill and Intangible Assets with Indeterminate Useful Life	
As stated in Note 12, the Group recognized Goodwill and indeterminate useful life intangible assets on the acquisition of Antares Group, UK during the year 2014. As required by applicable accounting standards, the Group performs impairment reviews of the goodwill and intangible assets at least annually to assess their recoverability. Such procedures performed by the Group includes;	Our testing primarily focused on the key assumptions and judgements made by the Group. We have used our experts to assist on those areas of work performed by the management's internal expert. Our procedures performed includes;
<ul style="list-style-type: none"> Determining the recoverable amount of Goodwill using the market value based approach (market capitalization) Determining the recoverable amount of Lloyd's Syndicate capacity using the market price capacity based on regression analysis using average return on capital and other observable data available in Lloyd's Syndicate. 	<ul style="list-style-type: none"> Test the rationale behind the assumptions and key judgements applied by the management; Whether the model used for the cash generating units ("CGUs") is appropriate as per the requirements of relevant accounting standards; Sensitivity analysis and average return on capital; and Using the observable input available in the Lloyd's market.
The procedures above involves key judgements and estimates. The Group has used internal experts to perform the impairment reviews of the Goodwill and relevant intangible assets.	
Valuation of Investments	
As stated in Note 9, the Group has a wide portfolio of investments. The valuation and measurement of quoted and unquoted investment as at December 31, 2016 involve significant level of judgement and in particular the impairment assessment of the available for sale, unquoted shares and private equity.	We tested the valuation of investments as follows:
	<ol style="list-style-type: none"> Test and challenge management rationale for the key judgements used in the valuation process; For held for trading investments, test the prices available from established market sources as at December 31, 2016; and For Available for sale investments, in addition to testing the valuation, we tested management assessments of significant and prolonged decline in available for sale quoted and unquoted investments and, for any potential impairment to ascertain whether any additional impairment loss is required to be recorded at each investment level.

Other Information

The directors are responsible for the other information. The other information comprises the Board of Directors Report which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance 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 IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of 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 continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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 auditor's 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; and
- 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, 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 auditor's 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.

Report on Other Legal and Regulatory Requirements

We are also of the opinion that proper books of account were maintained by the Group. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. The financial information included in the Board of Directors' report addressed to the General assembly is in agreement with the books and records of the Company. To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Central Bank rules, Qatar Commercial Companies Law and the Parent Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

Doha - Qatar
January 24, 2017

For Deloitte & Touche
Qatar Branch

Walid Slim
Partner
License No. 319

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at December 31, 2016

Notes	2016 (QR '000)	As at 1 January 2015		
		2015 Restated (QR '000)	1 January 2015 Restated (QR '000)	
ASSETS				
Cash and cash equivalents	5	6,962,310	3,518,760	2,646,907
Insurance and other receivables	6	6,652,577	6,481,460	2,820,028
Reinsurance contract assets	7	2,493,439	2,128,405	1,238,857
Equity accounted investments	8	138,841	83,125	77,065
Investments	9	11,435,065	10,593,623	8,715,618
Investment properties	10	575,818	407,988	375,070
Property and equipment	11	40,300	41,406	38,665
Goodwill and intangible assets	12	417,114	418,560	420,006
TOTAL ASSETS		28,715,464	23,673,327	16,332,216
LIABILITIES AND EQUITY				
LIABILITIES				
Short term borrowings	13	4,065,311	3,543,243	2,429,536
Provisions, reinsurance and other payables	14	2,471,451	2,367,934	1,660,759
Insurance contract liabilities	7	13,583,283	11,768,077	6,318,414
Long term borrowings	15	127,196	--	--
TOTAL LIABILITIES		20,247,241	17,679,254	10,408,709
EQUITY				
Share capital	16	2,411,387	1,846,214	1,605,404
Legal reserve	17	3,145,623	1,514,143	1,408,179
General reserve	18	287,000	287,000	287,000
Fair value reserve	19	110,870	139,198	601,000
Catastrophe special reserve	20	329,526	277,344	227,251
Foreign currency translation reserve	21	(15,133)	--	--
Retained earnings		1,966,833	1,748,389	1,575,949
Equity attributable to owners of the Company		8,236,106	5,812,288	5,704,783
Non-controlling interests		232,117	181,785	218,724
TOTAL EQUITY		8,468,223	5,994,073	5,923,507
TOTAL LIABILITIES AND EQUITY		28,715,464	23,673,327	16,332,216

These consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following signatories on January 24, 2017.

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

Khalifa Abdulla Turki Al Subaey
Group President and Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME For the year ended December 31, 2016

Notes	2016 (QR '000)	2015 Restated (QR '000)	
		2016 (QR '000)	2015 Restated (QR '000)
Gross premiums	22 (a)	9,901,394	8,347,210
Premiums ceded to reinsurers	22 (a)	(1,323,307)	(1,189,778)
Net premiums		8,578,087	7,157,432
Movement in unexpired risk reserve	22 (a)	(218,200)	(1,370,259)
Net earned premiums		8,359,887	5,787,173
Gross claims paid	22 (a)	(4,817,792)	(2,973,946)
Reinsurance recoveries	22 (a)	813,629	708,667
Movement in outstanding claims	22 (a)	(1,764,855)	(1,606,230)
Net commission	22 (a)	(1,754,717)	(999,317)
Other insurance income	22 (a)	7,531	9,396
Net underwriting result		843,683	925,743
Investment income	23	856,260	739,537
Finance costs	23	(44,798)	(27,441)
Net investment income	23	811,462	712,096
Advisory fee income		51,286	123,063
Rental income		39,417	45,506
Other income		4,424	3,371
Total income		1,750,272	1,809,779
Operating and administrative expenses	24	(684,904)	(731,121)
Depreciation and amortisation		(32,052)	(29,229)
Profit before share of results from equity accounted investments		1,033,316	1,049,429
Share of profit from equity accounted investments		18,262	14,560
Profit for the year		1,051,578	1,063,989
<i>Attributable to:</i>			
Equity holders of the parent		1,034,018	1,043,636
Non-controlling interests		17,560	20,353
Earnings per share		1,051,578	1,063,989
Basic and diluted earnings per share			
attributable to ordinary equity holders of the parent in Qatari Riyals			
(2015: Restated as a result of bonus and rights issue)			
	25	4.48	4.84
Cash dividend per share in Qatari Riyals	26	1.50	2.50

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended December 31, 2016

Note	2016 (QR '000)	2015 (QR '000)	
		2016 (QR '000)	2015 (QR '000)
OPERATING ACTIVITIES			
Profit for the year		1,051,578	1,063,989
Adjustments for:			
Depreciation of property and equipment and investment properties		30,606	27,783
Amortization of intangible assets, net		1,446	1,446
Impairment loss on investments		1,521	144,891
Share of profit from equity accounted investments		(18,262)	(14,560)
Investment income and other finance income		(619,770)	(857,060)
Impairment loss on doubtful receivables		12,091	7,503
Provision for employees' end of service benefits		7,703	8,761
Net foreign exchange loss on property and equipment		1,947	251
Gain on sale of investment property		(190,674)	--
Loss on sale of property and equipment		451	--
Net unrealised gain on investments		(20,682)	73
Operating profit before working capital changes		257,955	383,077
Working capital changes			
Change in insurance and other receivables		(62,604)	(3,804,672)
Change in insurance reserves - net		1,450,172	4,560,116
Change in provisions, reinsurance and other payables		(163,631)	852,165
Cash generated from operations		1,481,892	1,990,686
Payment of social and sports fund contribution		(6,207)	(12,848)
Employees' end of service benefits paid		(3,955)	(11,918)
Net cash generated from operating activities		1,471,730	1,965,920
INVESTING ACTIVITIES			
Net cash movements in investments		(901,808)	(2,442,811)
Purchase of property and equipment		(17,627)	(18,129)
Purchase of investment properties		(232,264)	(45,564)
Net movement in equity accounted investments		(48,654)	--
Dividend received from equity accounted investment		11,200	8,500
Investment income and other finance income		619,770	857,060
Proceeds from sale of investment property		360,000	--
Net cash used in investing activities		(209,383)	(1,640,944)
FINANCING ACTIVITIES			
Dividends paid to non-controlling interests		--	(7,378)
Acquisition of non-controlling interests, net		32,304	(116,927)
Increase in non-controlling interest		732	8,320
Increase in share capital through rights issue		1,901,983	--
Net movement interest bearing borrowings		699,237	1,063,734
Dividends paid		(453,053)	(400,872)
Net cash generated from financing activities		2,181,203	546,877
Net increase in cash and cash equivalents		3,443,550	871,853
Cash and cash equivalents at the beginning of the year		3,518,760	2,646,907
Cash and cash equivalents at the end of the year	5	6,962,310	3,518,760

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended December 31, 2016

	2016 (QR '000)	2015 (Restated) (QR '000)
Profit for the year	1,051,578	1,063,989
Other comprehensive income (OCI)		
OCI to be reclassified to profit or loss in subsequent periods		
Net changes in fair value of available-for-sale financial assets	(26,702)	(469,815)
Foreign currency translation differences for foreign operations	(15,133)	--
Total comprehensive income to be reclassified to profit or loss in subsequent periods	(41,835)	(469,815)
Total comprehensive income for the year	1,009,743	594,174
Total comprehensive income attributable to:		
Equity holders of the parent	989,332	581,965
Non-controlling interests	20,411	12,209
	1,009,743	594,174

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2016

	Share capital (QR '000)	Legal reserve (QR '000)	General reserve (QR '000)	Fair value reserve (QR '000)	Catastrophe special reserve (QR '000)	Foreign currency translation (QR '000)	Retained earnings (QR '000)	Attributable to owners of the parent (QR '000)	Non-controlling interests (QR '000)	Total equity (QR '000)
Balance as at January 1, 2015	1,605,404	1,408,179	287,000	601,000	227,251	--	1,575,949	5,704,783	218,724	5,923,507
Profit for the year	--	--	--	--	--	--	1,043,636	1,043,636	20,353	1,063,989
Net change on available for sale investments	--	--	--	(461,671)	--	--	--	(461,671)	(8,144)	(469,815)
Total comprehensive income for the year	--	--	--	(461,671)	--	--	1,043,636	581,965	12,209	594,174
Dividend for the year 2014	--	--	--	--	--	--	(401,351)	(401,351)	(7,378)	(408,729)
Issuance of bonus shares	240,810	--	--	--	--	--	(240,810)	--	--	--
Transfer to legal reserve	--	104,553	--	--	--	--	(104,553)	--	--	--
Increase in non-controlling interest	--	--	--	--	--	--	--	--	8,320	8,320
Contribution to social and sports fund	--	--	--	--	--	--	(6,272)	(6,272)	--	(6,272)
Transfer to catastrophe special reserve	--	--	--	--	50,093	--	(50,093)	--	--	--
Effect of acquisition/sale of stake in a subsidiary by NCI	--	1,411	--	(131)	--	--	(68,117)	(66,837)	(50,090)	(116,927)
Balance as at December 31, 2015	1,846,214	1,514,143	287,000	139,198	277,344	--	1,748,389	5,812,288	181,785	5,994,073
Profit for the year	--	--	--	--	--	--	1,034,018	1,034,018	17,560	1,051,578
Net change on available for sale investments	--	--	--	(29,553)	--	--	--	(29,553)	2,851	(26,702)
Foreign currency translation	--	--	--	--	--	(15,133)	--	(15,133)	--	(15,133)
Total comprehensive income for the year	--	--	--	(29,553)	--	(15,133)	1,034,018	989,332	20,411	1,009,743
Dividend for the year 2015	--	--	--	--	--	--	(461,554)	(461,554)	--	(461,554)
Issuance of bonus shares	184,621	--	--	--	--	--	(184,621)	--	--	--
Issuance of share rights	380,552	1,521,431	--	--	--	--	--	1,901,983	--	1,901,983
Transfer to legal reserve	--	108,891	--	--	--	--	(108,891)	--	--	--
Increase in non-controlling interest	--	--	--	--	--	--	--	--	31,015	31,015
Contribution to social and sports fund	--	--	--	--	--	--	(6,207)	(6,207)	--	(6,207)
Transfer to catastrophe special reserve	--	--	--	--	52,182	--	(52,182)	--	--	--
Effect of acquisition/sale of stake in a subsidiary by NCI	--	1,158	--	1,225	--	--	(2,119)	264	(1,094)	(830)
Balance as at December 31, 2016	2,411,387	3,145,623	287,000	110,870	329,526	(15,133)	1,966,833	8,236,106	232,117	8,468,223