

The directors of Qatar Insurance Company (QIC) are pleased to present the 48th Annual report and Financial Statements for the year ended December 31, 2012.

Under the leadership of His Highness the Emir Sheikh Hamad bin Khalifa Al-Thani and Heir Apparent His Highness Sheikh Tamim Bin Hamad Al-Thani Qatar maintained a healthy pace of economic growth for the year. Qatar has developed a world class infrastructure and the great pace of economic development continues to add to the infrastructure of the country which will allow the achievement of the countries long term vision.

Along with the development of the country, your company is positioning itself to become one of the leading insurance groups in the world. Over the past decade, QIC has worked hard to achieve leadership in the Middle East apart from diversifying its operations in the developed world. It is our pleasure to report that, despite increasing competition and headwinds due to global catastrophic events, QIC has now become, not only the largest insurance company from the Arab region, but also one of the most diversified. This has allowed your company to provide its customers a complete suite of products that rival the best in the world.

As part of your company's long term vision and its five year plan, we have embarked upon an extensive program to enhance our global reach through our reinsurance subsidiary, Q-Re LLC., which is expected to double your companies' size in the coming years. We are pleased to say that QIC through its reinsurance arm is reaching out to establish operations in Zurich, Bermuda and have representation in London. The Company is in the process of establishing a high quality and experienced team in these locations. We are extremely pleased with the prospects of growth coming from reinsurance business, were in the Company will provide a very high quality risk transfer mechanism with quality capital base to the global reinsurance market.

QIC in light of its international growth has endeavored to certify its financial standing by adding another international rating agency that verifies the strength of our balance sheet. During the year A.M. Best, the leading insurance rating agency assigned an "A" (Excellent) financial strength rating for the company. Standard & Poor maintained their "A" stable rating on the company during 2012. The second "A" rating is required to ensure that clients from different regions of the world are able to rely on QIC's insurance security.

Apart from insurance, one of the key success factors for the company has been its effective management of its investments. Expertise, in this area is critical for any insurance company and QIC has excelled over the years in effectively and efficiently managing its resources. Today QIC's asset management has the resources and capability to expand its reach in this very competitive field. It has also successfully diversified its asset management operations, providing its expertise to other investors. Your company now provides specialist investment advice to over US\$ 2.2 Billion of funds apart from managing QIC's own investment assets. This is providing

your company with a diversified and long term income base, which we expect to grow over the next few years. As part of this process, QIC is establishing a specialist asset management platform through the Qatar Financial Center. This process is expected to be completed within this coming year.

During the year we have received an offer from the Qatar government authorities on its willingness to participate in an increased equity participation of the company. We expect to complete the process once the related ministerial and other regulatory compliances are obtained.

In the retail insurance front we are further driving our customer service initiatives by exploiting the digital marketing channels for our retail customers by using digital, mobile and social technologies in a variety of ways to reach out to the customers in a smarter and efficient way. To meet the evolving market dynamics and customer expectations we have further strengthened our IT infrastructure by development of our own retail software backed up by robust Disaster Recovery and & Business Continuity Process systems.

Evolving regulations and changing market dynamics have emphasized the need to implement a robust enterprise risk management framework and a strong control environment. We continue to further strengthen and improve our existing enterprise risk management systems and controls by constantly upgrading in terms of personnel, software and operating processes.

During the year your company was able to achieve good results despite headwinds in the insurance world on account of the lingering effects from the natural catastrophe losses of 2011.

Gross premium for the year was QR 2.55 Billion higher by 7 % (2011: 2.383 Billion). Net Insurance revenue for the year was QR 343 Million (2011: QR 338.43Million).

Effective and prudent investment management policies ensured that the Company continued to generate a healthy realization on its asset base during the year. Investment and other income was QR 555.37 Million (2011: QR508.54 million) higher by 9%.

QIC achieved a Net Profit of QR 610.32 Million (2011: 591.84 Million) after Board of Directors Remuneration of QR 18 Million (2011: QR 18.00 Million). On the capital base of QR 819.82 million QIC achieved earnings per share of QR 6.84 (2011:6.64).

Your company takes its social responsibilities extremely seriously and provides support to the community efforts in cultural, sporting and educational initiatives. For the year your company has allocated 2.5% of its profits generated within Qatar (QR 10.3 Million) towards the social fund established by the Government of Qatar.

The Board also allocated 5% of the profit for the year towards the special reserve to protect the company against catastrophic events as approved in the Annual General Meeting held during February 2010.

At the culmination of the 48th year the directors are pleased to recommend a cash dividend of QR 2.5 per share (2011: QR 4.0 per share) and a bonus share of 20 % (1 share for every 5 share). (2011: 20 %). In addition, post bonus a rights issue of 20 % to existing shareholders (1 share for every 5 share) at a nominal price of QR 10 per share, plus a premium of QR 35 per share is proposed.

We look forward to 2013 with quiet optimism and hope to achieve progress in all our ventures.

The Board expresses their sincere gratitude to the Government of the State of Qatar for their continued support and guidance towards the progress of QIC. The Board also thanks all its customers and shareholders for their continued trust and support and to the management and staff, whose commitment and dedication has resulted in the continued success of the company.