QLM Life & Medical Insurance Company Q.P.S.C.

(Formerly known as QLM Life & Medical Insurance Company W.L.L)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

INDEX

Building a better working world

Ernst & Young - (Qatar Branch)
P.O. Box 164
Burj Al Gassar, 24th floor
Majlis Al Taawon Street, Onaiza
West Bay
Doha, State of Qatar

Tel: +974 4457 4111
Fax: +974 4441 4649
doha@qa.ey.com
ey.com/mena

Licensed by the Ministry of Economy and Commerce:
International Accounting Offices (License No. 4)
Licensed by Qatar Financial Markets Authority (QFMA):
External Auditors (License No. 120154)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C. (FORMERLY KNOWN AS QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.).

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of QLM Life & Medical Insurance Company Q.P.S.C. (Formerly known as QLM Life & Medical Insurance Company W.L.L.) (the "Parent Company") and its subsidiary (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of 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 for Professional Accountants' (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 the consolidated financial statements of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	***How our audit addressed the key audit matter***
Estimation of insurance contract liabilities	
Insurance contract liabilities include Outstanding Claims reserve ("OCR"), Unearned Premiums Reserve ("UPR") and Incurred But Not Reported reserve ("IBNR"). As at 31 December 2020, the insurance contract liabilities are significant to the Group's total liabilities. The Group primarily engages in medical, credit life and group life insurance operations. Note 7 to the consolidated financial statements describes the elements that make up the insurance contract liabilities.	Our audit procedures focused on analysing 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C. (FORMERLY KNOWN AS QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.). (CONTINUED)

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 (continued)	
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 policyholder liabilities. The Group uses several valuation models to support the calculations of the insurance contract liabilities. 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 inflation rates and interest rates and actuarial assumptions such as medical trends, claims reported patterns, loss payment patterns, frequency and severity trends, customer behaviour, along with Group's historical loss data are key inputs used to estimate these liabilities. Due to the significance of estimation uncertainty associated with determination of insurance contract liabilities, this is considered a key audit matter.	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. Our procedures also include testing controls over initiation, review and approval process on claims across different lines of business, including claim settlement process. Additionally, we have performed substantive analytical procedures to test, the provision for reported claims by policyholder recorded by management based on in-house claims management panel, internal policies for reserves, and other assumptions made by management. Furthermore, we assessed the adequacy of the disclosures relating to these reserves given in Note 7 to the consolidated financial statements.

Other information

Other information consists of the information included in the Group's annual report (the "Annual Report"), other than the Group's consolidated financial statements and our auditor's report thereon. The Group's 2020 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do 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 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.

Responsibilities of management and those charged with governance for the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C. (FORMERLY KNOWN AS QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.). (CONTINUED)

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

Responsibilities of management and those charged with governance for the financial statements (continued)
In preparing the consolidated financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 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 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.

- 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.

EY
Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C. (FORMERLY KNOWN AS QLM LIFE & MEDICAL INSURANCE COMPANY W.L.L.). (CONTINUED)

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
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 year 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
Furthermore, in our opinion, proper books of account have been kept by the Company and the consolidated financial statements comply with the Qatar Commercial Companies Law No. 11 of 2015, the applicable provisions of Qatar Central Bank Law No. 13 of 2012 and the Parent Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned laws or the Parent Company's Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's consolidated financial position or performance.

Ahmed Sayed

ERNST & YOUNG
Doha
محاسبون قانونيون
الدوحة
22 - 2
ارنست ويونغ

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Doha, State of Qatar
Date: 17 February 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**2020 QR ('000)**	2019 QR ('000)
ASSETS			
Bank balances and short-term deposits	5	**604,976**	568,711
Financial investments	8	**590,886**	702,290
Insurance and other receivables	6	**326,390**	297,491
Reinsurance contract assets	7	**103,084**	91,818
Due from related parties	14	**115,094**	109,748
Property and equipment	9	**1,279**	1,997
TOTAL ASSETS		**1,741,709**	1,772,055
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Short term borrowings	15	**242,333**	389,095
Provisions, reinsurance and other payables	10	**104,590**	93,123
Insurance contract liabilities	7	**741,058**	683,999
Due to related parties	14	**130,697**	144,974
TOTAL LIABILITIES		**1,218,678**	1,311,191
SHAREHOLDERS' EQUITY			
Share capital	11	**350,000**	350,000
Legal reserve	12	**17,587**	-
Fair value reserve	13	**25,254**	19,135
Retained earnings		**130,190**	91,729
TOTAL SHAREHOLDERS' EQUITY		**523,031**	460,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,741,709**	1,772,055

Sheikh Saoud Bin Khalid Bin Hamad Al-Thani
Chairman

Salem Al-Mannai
Managing Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020

	Notes	*2020* *QR ('000)*	*2019* *QR ('000)*
Gross premiums	17	**1,001,323**	1,020,479
Premium ceded to reinsurers	17	**(67,951)**	(77,906)
Net premiums		**933,372**	942,573
Movement in unexpired risk reserve	17	**32,923**	(67,909)
Net earned premiums		**966,295**	874,664
Gross claims paid	17	**(826,488)**	(908,980)
Reinsurance recoveries	17	**53,083**	99,607
Movement in outstanding claims	17	**(78,716)**	15,282
Net commissions	17	**(11,766)**	(2,414)
Net underwriting results		**102,408**	78,159
Investment and other income	18	**45,992**	63,415
Finance costs		**(4,762)**	(10,799)
TOTAL INCOME		**143,638**	130,775
Operating and administrative expenses	19	**(45,750)**	(47,536)
Depreciation	9	**(846)**	(711)
PROFIT BEFORE INCOME TAX		**97,042**	82,528
Income tax expenses	16	**(2,762)**	(1,000)
Prior period tax adjustment	16	**3,768**	5,350
NET PROFIT FOR THE YEAR		**98,048**	86,878
Basic/Diluted earnings per share in Qatari Riyal (2019: restated)	20	**0.28**	0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 *QR ('000)*	*2019* *QR ('000)*
NET PROFIT FOR THE YEAR	**98,048**	86,878
OTHER COMPREHENSIVE INCOME (OCI)		
OCI to be reclassified to profit or loss in subsequent periods		
Debt instruments at fair value through other comprehensive income		
Net changes in fair value during the year	**6,119**	41,770
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**104,167**	128,648

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital QR ('000)	*Legal reserve QR ('000)*	*Fair value reserve QR ('000)*	*Retained earnings QR ('000)*	*Total equity QR ('000)*
Balance at 1 January 2019	297,126	-	-	5,110	302,236
Due to business transfer	-	-	(22,635)	-	(22,635)
Adjusted balance at 1 January 2019	297,126	-	(22,635)	5,110	279,601
Profit for the year	-	-	-	86,878	86,878
Net change in debt investments at fair value through other comprehensive income (FVOCI)	-	-	41,770	-	41,770
Total comprehensive income for the year	-	-	41,770	86,878	128,648
Impact of acquisition of a subsidiary	-	-	-	(259)	(259)
Increase in share capital (Note 11)	52,874	-	-	-	52,874
Balance at 31 December 2019	350,000	-	19,135	91,729	460,864
Balance at 1 January 2020	350,000	-	19,135	91,729	460,864
Profit for the year	-	-	-	98,048	98,048
Net change in debt investments at fair value through other comprehensive income (FVOCI)	-	-	6,119	-	6,119
Total comprehensive income for the year	-	-	6,119	98,048	104,167
Dividend for the year 2019 (Note 21)	-	-	-	(42,000)	(42,000)
Transfer to legal reserve (Note 12)	-	17,587	-	(17,587)	-
Balance at 31 December 2020	**350,000**	**17,587**	**25,254**	**130,190**	**523,031**

Note:
The Company was proclaimed as a public shareholding company on 30 December 2020, hence, no provision is made for the year.

QLM Life & Medical Insurance Company Q.P.S.C.
(Formerly known as QLM Life & Medical Insurance Company W.L.L.)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	***2020 (QR'000)***	*2019 (QR'000)*
OPERATING ACTIVITIES			
Profit before tax		**97,042**	82,528
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation	9	**846**	711
Interest income		**(36,995)**	(40,065)
Interest expense	17	**4,762**	10,799
Impairment loss on receivables	24	**1,416**	232
Gain/(loss) on disposal of property and equipment		**(2)**	2
Provision for employees' end of service benefits	10	**576**	384
Operating profit before working capital changes		**67,645**	54,591
Working capital changes:			
Insurance and other receivables		**(30,314)**	13,580
Due from related parties		**(5,346)**	16,497
Insurance reserves, net		**45,793**	52,627
Provisions, reinsurance and other payables		**12,836**	(8,901)
Due to related parties		**(14,277)**	(1,425)
Cash generated from operations		**76,337**	126,969
Employees' end of service benefits paid	10	**(391)**	(64)
Income tax paid		**(549)**	(2,305)
Net cash generated from operating activities		**75,397**	124,600
INVESTING ACTIVITIES			
Net cash movement in investments		**117,523**	(44,011)
Purchase of property, equipment	9	**(134)**	(1,991)
Proceeds from sale of property and equipment		**8**	14
Interest income received		**36,995**	40,065
Acquisition of stake in subsidiary		**-**	98,976
Net cash generated from investing activities		**154,392**	93,053
FINANCING ACTIVITIES			
Net movement in short-term borrowings	15	**(146,762)**	6,691
Increase in share capital	11	**-**	52,874
Dividend paid for the year 2019		**(42,000)**	-
Interest paid		**(4,762)**	(10,799)
Net cash generated from financing activities		**(193,524)**	48,766
Net increase in cash and cash equivalents		**36,265**	266,419
Cash and cash equivalents at the beginning of the year		**568,711**	302,292
Cash and cash equivalents at the end of the year	5	**604,976**	568,711

1 STATUS AND OPERATIONS

QLM Life & Medical Insurance Company Q.P.S.C. (formerly known as QLM Life & Medical Insurance Company W.L.L.) (the “Company") is a life and medical insurance company incorporated on 30 April 2018 under Commercial Registration No. 116849 and governed by the provisions of the Qatar Commercial Companies’ Law and Qatar Central Bank’s insurance regulations. The Company was incorporated as a limited liability company (W.L.L.) and was a subsidiary of Qatar Insurance Company Q.S.P.C. (“QIC”), which owned 85% of its issued and paid-up share capital at the time of incorporation. The Company commenced operations with effect from 1 January 2019.

Effective from 1 January 2019, Q Life & Medical Insurance Company L.L.C., subsidiary of QIC, transferred the business operation of the company (except Labuan Branch business which is in run-off) to the Company.

The address of the Company’s registered office is PO Box 12713, 5th Floor, QLM Building, West bay, Doha – Qatar. The Company and its subsidiary (the “Group”) is primarily engaged in medical, credit life, group life and individual life insurance.

By virtue of an extraordinary general assembly resolution dated 22 November 2020, the Founders, being the shareholders of the Company prior to its conversion, resolved to convert the Company from a limited liability company to a public shareholding company and subsequently list on the Qatar Stock Exchange. It was further resolved that the conversion to a public shareholding company (Q.P.S.C.) shall be carried out by offering 60% of the shares held by the Qatar Insurance Company Q.S.P.C. to the public through an Initial Public Offering (“IPO”). Post, the successful completion of the IPO, the conversion from a limited liability company (W.L.L) to a Qatari public shareholding company (Q.P.S.C.) was formally announced in the Constitutive General Assembly meeting held on 30 December 2020. The shares of the Company were listed for trading at the Qatar Stock Exchange on 13 January 2021. Consequently, the interest held by Qatar Insurance Company Q.S.P.C. in the Group has been reduced to 25% of its issued and paid-up share capital and lost control.

These consolidated financial statements were approved by the Board of Directors and signed on its behalf on 17 February 2021.

2 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable provisions of the Qatar Commercial Companies Law and Qatar Central Bank regulations.

Basis of preparation
The accompanying consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value.

Financial assets and financial liabilities are offset and the net amount reported in these consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

The consolidated financial statements provide comparative information in respect of the previous year.

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after reporting date (no more than 12 months) and more than 12 months after reporting date (more than 12 months) is presented in Note 24.

.

2 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements comprise the financial statements of QLM Life & Medical Insurance Company Q.P.S.C. (formerly known as QLM Life & Medical Insurance Company W.L.L.) and its subsidiary (together referred to as the "Group") as at 31 December 2020. 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. Specifically, the Group controls an investee if and only 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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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
- 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 from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group as the subsidiary is 100% controlled by the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The subsidiary of the Group included in the consolidated financial statements is as follows:

	Country of Incorporation and Place of Business	***Group Effective Ownership and Voting Rights (%)***	
		31 December 2020	*31 December 2019*
Q Life & Medical Insurance Company L.L.C	State of Qatar	**100%**	100%

The Q Life & Medical Insurance Company L.L.C (the "Subsidiary") operates in the State of Qatar and Labuan, Malaysia through its branch (the "Branch").

2 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

Effective 1 January 2019, the Company acquired 100% ownership through purchase of 17,280 thousand ordinary shares or net assets amounting to QR 349,741 thousand at a lump sum consideration of QR 350,000 thousand from QIC. As a result of the acquisition, the Group had recorded QR 259 thousand as net impact of acquisition of a subsidiary in the consolidated statement of changes in equity under Retained earnings.

Transactions eliminated on consolidation
Inter-company balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements

Functional and presentation currency
These consolidated financial statements are presented in Qatari Riyal (QR) and all values are rounded to the nearest thousand (QR '000), unless otherwise indicated.

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, which is Qatari Riyal.

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 exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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 year. Exchange differences are recognized in other comprehensive income.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the application certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020.The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.1 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IAS 1 and IAS 8 Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

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

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 Standards issued but not yet effective (continued)

IFRS 17 Insurance Contracts (continued)
In order to further evaluate the effects of adopting IFRS 17, an IFRS 17 Group Implementation Team has been set up sponsored by the Group Chief Financial Officer, comprising senior management from Finance, Risk, Operations and Investment Operations.

Other new and amended standards and interpretations that are issued, but not yet effective.
Following new and amended standards and interpretations are effective from 1 January 2022, except for 'Amendments to IAS 1: Classification of Liabilities as Current or Non-current', which will be effective from 1 January 2023.

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

3.3 Use of estimates and judgments

The preparation of the 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, revenue, expenses and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. The key judgements and estimates made by the Group are detailed in Note 25.

In preparing these 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 31 December 2019.

4 SIGNIFICANT ACCOUNTING POLICIES

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Initial recognition
Financial assets and liabilities are initially recognised on the trade date. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from the amount. Trade receivables are measured at the transaction price. The Day 1 gain or loss is recognised when the fair value of financial instruments at initial recognition differs from the transaction price.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

b) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

c) Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

The Group classifies and measures its derivative and trading portfolio at FVTPL. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities are measured at amortised cost.

Initial recognition

a) Financial investments at amortised cost

The Group only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

(i) Business model assessment

The Group determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

a) Financial investments at amortised cost (continued)

(ii) The SPPI test (continued)
As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

b) Debt instruments at FVOCI
The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

c) Equity instruments at FVOCI
Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as investment income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Equity instruments at FVOCI are not subject to an impairment assessment.

d) Financial assets and financial liabilities at fair value through profit or loss
Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- The liabilities are part of a Group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

d) Financial assets and financial liabilities at fair value through profit or loss (continued)
Financial assets and financial liabilities at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

e) Derivative financial instruments
A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions with various counterparties. The Group uses derivative financial instruments for economic hedging purposes such as forward currency contracts and interest rate swaps to hedge its foreign currency risks interest rate risks and equity price risk, respectively. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of FVTPL category. However, as an exception to above, a policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate) is not separated and measured at fair value even if the exercise price differs from the carrying amount of the host insurance liability.

Embedded derivatives that meet the definition of insurance contracts are treated and measured as insurance contracts.

Any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

Impairment of financial assets
The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

a) Overview
The Group is recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

a) Overview (continued)

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorizes its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the life time ECLs. Stage 2 also include instruments, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b) The calculation of ECLs

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- 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.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case 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 receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL 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 approximation to the original EIR.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Group recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

b) The calculation of ECLs (continued)

Debt instruments measured at fair value through OCI
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 as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

c) Forward looking information
The Group, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

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.

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. Cash and cash equivalents are readily convertible to cash.

Short term borrowings
Short term borrowings are recognised initially at fair value, net of transaction costs incurred and it is subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Foreign currency transactions
Foreign currency transactions are recorded in the respective functional currencies of the entities at the rates of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currencies at the rate of exchange prevailing at the year end. The resultant exchange differences are included in the consolidated statement of profit or loss.

Property and equipment
Property and equipment, including owner-occupied properties, are carried at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

Ongoing repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period they are incurred.

The assets' residual values, useful lives and method of depreciation applied are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate. Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the consolidated statement of profit or loss as an expense.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the consolidated statement of profit or loss in the year the asset is derecognised.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Depreciation
Depreciation is provided on a straight-line basis on all property and equipment and investment properties, other than freehold land which is determined to have an indefinite life. The rates of depreciation are based upon the following estimated useful lives:

Furniture and fixtures	- 2 to 5 years
Office equipment	- 3 years
Computers	- 3 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate at each financial year end.

Impairment of non-financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that an asset or group of assets is impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the consolidated statement of profit or loss.

Provisions
The Group recognizes provisions in the financial statements when the Group has a legal or constructive obligation (as a result of a past event) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is created by charging the consolidated statement of profit or loss for any obligations as per the calculated value of these obligations and the expectation of their realisation at the reporting date.

Employees' end of service benefits

National employees
With respect to national employees, the Group makes contributions to the government pension fund to the respective local regulatory authorities as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions, wherever required. The Group's share of contributions to these schemes, which are defined contribution schemes under International Accounting Standard 19, Employee Benefits are charged to the consolidated statement of profit or loss in the year to which they relate.

Other employees
Provision is made for amounts payable in respect of employees' end of service benefits based on contractual obligations or respective local labour laws of the group entities, whichever is higher, and is calculated using the employee's salary and period of service at the reporting date.

Share capital
The Group has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Group by the weighted number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of all dilutive potential shares.

Dividends
The Board of QLM may recommend dividend in accordance with the provisions of its articles and constitutional documents, various applicable laws and its underlying rules and regulations. All dividends of the Group so declared shall be distributed in Qatari Riyals.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends (continued)

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

Contribution to social and sports fund
Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, as applicable to all Qatari listed shareholding companies with publicly traded shares, the Company is required to contribute 2.5% of its annual net profits to the state social and sports fund.

The Company was proclaimed as a public shareholding company on 30 December 2020, hence, no provision is made for the year.

Taxation
The income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Taxation is provided in accordance with the tax laws applicable in the State of Qatar and Qatar Financial Centre. Current tax is the expected tax payable calculated using the tax rate enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years. As per Qatar Income Tax laws and regulations, current year income tax of the Company is calculated on the taxable income for the year attributable to non-Qatari shareholders of the QIC. The taxation for the subsidiary is calculated as per QFC Tax Regulations.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee - Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Insurance operations

Insurance and other receivables
Insurance and other receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of the receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the consolidated statement of profit or loss. After initial measurement, insurance and other receivables are measured at amortised cost as deemed appropriate.

Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

Reinsurance contract assets
The Group cedes insurance risk in the normal course of business as part of its businesses model. Reinsurance assets represent balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reinsurance contract assets (continued)
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 recorded in the consolidated statement of profit or loss. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

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.

Gross premiums
Gross premiums are recognized when written and include an estimate for written premiums receivable at period end. Gross premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross premiums also include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premium on insurance contracts are recognized as revenue (earned premiums) proportionally over the period of coverage or using actuarial assumptions, as appropriate

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Premiums ceded to reinsurers
Reinsurance premiums comprise the total premiums 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 premiums written in a year that relate to periods of risk after the reporting date.

Insurance contract liabilities
Insurance contract liabilities include the outstanding claims provision, incurred but not reported reserves and the provision for unearned premium. Insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

Provision for outstanding claims
Provision for outstanding claims is recognized at the date the claims are known and covers the liability for losses and loss adjustment expenses based on loss reports from independent loss adjusters and management's best estimate.

Claims provision also includes liability for claims incurred but not reported as at the reporting date. The liability is calculated at the reporting date using a range of historic trends, empirical data and standard actuarial claim projection techniques. The current assumptions may include a margin for adverse deviations.

Unexpired risks reserve
The provision for unearned premiums represents that portion of premiums received or receivable, after deduction of the reinsurance share, which relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Insurance contract liabilities are derecognised when the contract expires, discharged or cancelled by any party to the insurance contract.

At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed in accordance with IFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unexpired risks reserve (continued)
If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the consolidated statement of profit or loss by setting up a provision for premium deficiency.

Gross claims paid
Gross claims paid include all claims paid during the year and the related external claims handling costs that are directly related to the processing and settlement of claims.

Reinsurance recoveries
Reinsurance recoveries are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Commission earned and paid
Commissions earned and paid are recognized at the time the policies are underwritten or deferred and amortised over the same period over which the corresponding premiums are recognised in accordance with the pattern of insurance service provided under the contract.

Investment income
Interest income
Interest income is recognised in the consolidated statement of profit or loss as it accrues and is calculated by using the effective interest rate method.

Dividend income
Dividend income is recognised when the right to receive the dividends is established or when received.

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.

5 BANK BALANCES AND SHORT-TERM DEPOSITS

	2020 ***QR ('000)***	*2019* *QR ('000)*
Cash at banks	**35,243**	18,815
Short-term deposits (including time deposits)	**569,733**	549,896
Cash and cash equivalents	**604,976**	568,711

All deposits are subject to an average variable interest rate of 1.95% (2019: 3.27%). The expected credit losses relating to securities measured at amortised cost amounted to QR 181 thousand (2019: QR 237 thousand) and were in Stage 1.

6 INSURANCE AND OTHER RECEIVABLES

	2020 QR (‘000)	*2019 QR (‘000)*
Insurance receivables		
Due from policyholders	**317,360**	285,366
Due from insurance companies	**12,694**	12,265
	330,054	297,631
Less: Provision for impaired debts *(i)*	**(4,232)**	(2,816)
	325,822	294,815
Other receivables		
Prepayments and others	**568**	2,676
	326,390	297,491

(i) The movement of impairment for receivables from policyholders is disclosed in Note 24.

7 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2020 QR (‘000)	*2019 QR (‘000)*
Gross insurance contract liabilities		
Claims reported and unsettled	**158,263**	124,792
Claims incurred but not reported	**183,949**	108,574
Unearned premiums	**398,846**	450,633
	741,058	683,999
Reinsurers’ share of insurance contract liabilities		
Claims reported and unsettled	**58,649**	40,135
Claims incurred but not reported	**27,531**	15,915
Unearned premiums	**16,904**	35,768
	103,084	91,818
Net insurance contract liabilities		
Claims reported and unsettled	**99,614**	84,657
Claims incurred but not reported	**156,418**	92,659
Unearned premiums	**381,942**	414,865
	637,974	592,181

7 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS (CONTINUED)

Movements in claims reported and unsettled and claims incurred but not reported are as follows:

	31 December 2020			*31 December 2019*		
	Insurance contract liabilities QR ('000)	***Reinsurers' share QR ('000)***	***Net QR ('000)***	*Insurance contract liabilities QR ('000)*	*Reinsurers' share QR ('000)*	*Net QR ('000)*
Balance at the beginning of the year	**233,366**	**56,050**	**177,316**	-	-	-
Claims paid during the year	**(826,488)**	**(53,083)**	**(773,405)**	(908,980)	(99,607)	(809,373)
Incurred during the year	**935,334**	**83,213**	**852,121**	888,889	94,798	794,091
Acquisition of subsidiary	**-**	**-**	**-**	1,763	173	1,590
Effect of portfolio transfer (*i*)	**-**	**-**	**-**	251,694	60,686	191,008
Balance at the end of the year	**342,212**	**86,180**	**256,032**	233,366	56,050	177,316

Movements in reserve for unearned premiums are as follows:

	31 December 2020			*31 December 2019*		
	Unearned premium reserve QR ('000)	***Reinsurers' share QR ('000)***	***Net QR ('000)***	*Unearned premium reserve QR ('000)*	*Reinsurers' share QR ('000)*	*Net QR ('000)*
Balance at the beginning of the year	**450,633**	**35,768**	**414,865**	-	-	-
Premiums written	**1,001,323**	**67,951**	**933,372**	1,020,479	77,906	942,573
Premiums earned during the year	**(1,053,110)**	**(86,815)**	**(966,295)**	(982,585)	(107,921)	(874,664)
Effect of portfolio transfer (*i*)	**-**	**-**	**-**	412,739	65,783	346,956
Balance at the end of the year	**398,846**	**16,904**	**381,942**	450,633	35,768	414,865

Note:

(i) This represents the transfer of technical reserves underlying the scheme of portfolio transfer from Q Life & Medical Insurance Company L.L.C. to the Company.

8 FINANCIAL INVESTMENTS

	2020 **QR ('000)**	*2019* *QR ('000)*
Financial investments at fair value through other comprehensive income (FVOCI) *(i)*	**502,457**	619,830
Financial investments at fair value through profit or loss (FVTPL)	**88,429**	82,460
	590,886	702,290

(i) Expected Credit losses of debt securities measured at FVOCI amounted to QR 1,304,476 at 31 December 2020 (31 December 2019: QR 507,530).

	2020		*2019*	
	FVTPL (QR '000)	**FVOCI (QR '000)**	*FVTPL (QR '000)*	*FVOCI (QR '000)*
Debt securities	**49,658**	**502,457**	45,912	619,830
Managed funds	**38,771**	**-**	36,548	-
	88,429	**502,457**	82,460	619,830

9 PROPERTY AND EQUIPMENT

	Office equipment QR ('000)	***Furniture and fixtures QR ('000)***	***Computers QR ('000)***	***Total QR ('000)***
Cost:				
At 1 January 2020	220	1,922	2,922	5,064
Additions during the year	10	80	44	134
Disposal during the year	-	(30)	-	(30)
At 31 December 2020	230	1,972	2,966	5,168
Accumulated depreciation:				
At 1 January 2020	204	1,411	1,452	3,067
Charged during the year	13	152	681	846
Related to disposal	-	(24)	-	(24)
At 31 December 2020	217	1,539	2,133	3,889
Net carrying amount:				
At 31 December 2020	**13**	**433**	**833**	**1,279**

9 PROPERTY AND EQUIPMENT (CONTINUED)

	Office equipment QR ('000)	*Furniture and fixtures QR ('000)*	*Computers QR ('000)*	*Total QR ('000)*
Cost:				
At 1 January 2019	-	-	-	-
Acquisition of subsidiary	215	1,798	1,080	3,093
Additions during the year	5	144	1,842	1,991
Disposal during the year	-	(20)	-	(20)
At 31 December 2019	220	1,922	2,922	5,064
Accumulated depreciation:				
At 1 January 2019	-	-	-	-
Acquisition of subsidiary	172	1,283	905	2,360
Charged during the year	32	132	547	711
Related to disposal	-	(4)	-	(4)
At 31 December 2019	204	1,411	1,452	3,067
Net carrying amount:				
At 31 December 2019	16	511	1,470	1,997

10 PROVISIONS, REINSURANCE AND OTHER PAYABLES

	2020 QR ('000)	*2019 QR ('000)*
Claims payables	**61,960**	51,270
Accrued expenses	**10,185**	14,898
Provision for income tax (Note 16)	**3,262**	7,121
Due to insurance and reinsurance companies	**23,583**	15,770
Provision for employees' end of service benefits (Note 10.A)	**3,401**	2,001
Other payables	**1,699**	1,563
Board of Directors' remuneration payable	**500**	500
	104,590	93,123

10.A EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision for employees' end of service benefits recognized in the consolidated statement of financial position are as follow:

	2020 QR ('000)	*2019 QR ('000)*
Balance at 1 January	**2,001**	1,681
Provided during the year	**576**	384
Transferred during the year	**1,215**	-
Payments made during the year	**(391)**	(64)
Balance at 31 December	**3,401**	2,001

11 SHARE CAPITAL

	2020 ***QR ('000)***	*2019* *QR ('000)*
Authorised share capital:		
350,000,000 of ordinary shares QR 1 each (2019: 35,000,000 ordinary shares of QR 10 each)	**350,000**	350,000
Issued and fully paid up:		
At 1 January	**350,000**	297,126
Increase in share capital	**-**	52,874
Balance at 31 December	**350,000**	350,000

In line with the requirement of Qatar Financial Market Authority (QFMA) and as part of the conversion of the Company from a limited liability company to a public shareholding company duly carried out through an IPO, the nominal value of the ordinary share has been changed to QR 1 each. Accordingly, 35,000 thousand ordinary shares of QR 10 each have been sub-divided into 350,000 thousand ordinary shares of QR 1 each. (2019: Increase in share capital represents the issue of 5,287 thousand ordinary shares of QR 10 each.).

12 LEGAL RESERVE

Legal reserve is computed in accordance with Qatar Central Bank (QCB) regulations and Qatar Commercial Companies' Law No. 11 of 2015 and the Articles of Association of the Company, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve balance equals 100% of the issued capital. The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law. The legal reserve balance represents the accumulated legal reserve for the years ended 31 December 2018, 2019 and 2020.

13 FAIR VALUE RESERVE

The fair value reserve arose from the revaluation of financial instruments measured at fair value through other comprehensive income as per the accounting policy detailed in Note 4.

14 RELATED PARTY TRANSACTIONS

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

14 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions carried out with related parties

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.

	For the year ended 31 December 2020			*For the year ended 31 December 2019*		
	Premiums QR (000)	***Purchase of services QR (000)***	***Claims QR (000)***	*Premiums QR (000)*	*Purchase of services QR (000)*	*Claims QR (000)*
Investor/Parent						
Qatar Insurance Company Q.S.P.C	**203,239**	**-**	**204,183**	245,929	-	214,498
Affiliate Companies						
Oman Qatar Insurance Company	**44,910**	**-**	**35,247**	28,392	-	50,698
Kuwait Qatar Insurance Company	**362**	**-**	**31**	174		1,475
Qatar Insurance Group W.L.L.	**-**	**16,134**	**-**	-	21,567	-
Qatar Insurance Real Estate Company	**-**	**1,045**	**-**	-	1,044	-
QEA Consulting WLL	**-**	**-**	**-**	-	3,856	-
Epicure Investment Management	**-**	**3,181**	**-**	-	-	-
Total	**248,511**	**20,360**	**239,461**	274,495	26,467	266,671

Related party balances

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

	31 December 2020 QR ('000)	*31 December 2019 QR ('000)*
(a) Due from related parties		
Investor/Parent		
Qatar Insurance Company Q.S.P.C.	**105,977**	103,733
Affiliate Companies		
Oman Qatar Insurance Company	**5,014**	1,761
Kuwait Qatar Insurance Company	**3,402**	3,663
Qatar Reinsurance Company Limited	**697**	587
QIC Group Services L.L.C	**4**	4
Total	**115,094**	109,748
(b) Due to related parties		
Investor/Parent		
Qatar Insurance Company Q.S.P.C.	**30,387**	38,161
Affiliate Companies		
Qatar Insurance Company (Abu Dhabi)	**9,176**	8,782
Qatar Insurance Group W.L.L.	**80,775**	88,467
Epicure Investment Management	**2,164**	-
QEA Consulting W.L.L.	**-**	2,320
Qatar Insurance Real Estate Company	**8,195**	7,244
Total	**130,697**	144,974

14 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions carried out with related parties

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 year (2019: Nil).

Compensation of key management personnel

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

	2020 QR (‘000)	*2019 QR (‘000)*
Salaries and other short-term benefits	**2,047**	1,970
End of service benefits	**44**	66
	2,091	2,036

15 SHORT-TERM BORROWINGS

	2020 QR (‘000)	*2019 QR (‘000)*
Borrowings against debt securities	**242,333**	389,095

16 INCOME TAX

Movements in income tax payable are shown in the table below:

	2020 QR (‘000)	2019 *QR (‘000)*
At 1 January	**7,121**	15,904
Charge for the year (*i*)	**2,762**	1,000
Prior year tax adjustment (*ii*)	**(3,768)**	(5,350)
Adjust mentsduring the year	**(2,853)**	(4,433)
At 31 December	**3,262**	7,121

Notes:

i. The Company is subject to the applicable tax laws in the State of Qatar and accordingly liable for income tax on its taxable profits to the extent of the foreign shareholding percentage of its owner (Qatar Insurance Company Q.S.P.C.) until 30 December 2020. The Company has provided an amount of QR 2,552 thousand towards the income tax liability for the year 2020. Q Life & Medical Insurance Company L.L.C. calculates its tax provision in accordance with the Qatar Financial Centre Tax Regulations at a rate of 10% of its taxable income. An amount of QR 210 thousand has been provided as provision for tax for the year ended 31 December 2020.

ii. In 2020, Q Life & Medical Insurance Company L.L.C has reversed a net overprovision of income tax as per QFC Tax Regulations amounting to QR 3,768 thousand (2019: 5,350 thousand), which was provided in prior years and has been subsequently released following the finalisation of tax assessments.

17 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into two business segments - Medical and Group and Credit Life insurance. These sectors are the basis on which the Group reports its operating sector information. No operating segments have been aggregated in arriving at the reportable segment of the Group.

Segment information for the year ended 31 December 2020

	Medical	*Group and Credit Life*	*Total Insurance*	*Investments /other income*	*Unallocated expenses*	*Total*
	QR('000)	*QR('000)*	*QR('000)*	*QR('000)*	*QR('000)*	*QR('000)*
Gross premiums	**863,152**	**138,171**	**1,001,323**	**-**	**-**	**1,001,323**
Premiums ceded to reinsurers	**(14,346)**	**(53,605)**	**(67,951)**	**-**	**-**	**(67,951)**
Net premiums	**848,806**	**84,566**	**933,372**	**-**	**-**	**933,372**
Movement in unexpired risk reserve	**24,265**	**8,658**	**32,923**	**-**	**-**	**32,923**
Net earned premiums	**873,071**	**93,224**	**966,295**	**-**	**-**	**966,295**
Gross claims paid	**(755,306)**	**(71,182)**	**(826,488)**	**-**	**-**	**(826,488)**
Reinsurance recoveries	**11,782**	**41,301**	**53,083**	**-**	**-**	**53,083**
Movement in outstanding claims	**(46,531)**	**(32,185)**	**(78,716)**	**-**	**-**	**(78,716)**
Net commissions	**(11,009)**	**(757)**	**(11,766)**	**-**	**-**	**(11,766)**
Net underwriting results	**72,007**	**30,401**	**102,408**	**-**	**-**	**102,408**
Investment and other income	**-**	**-**	**-**	**45,992**	**-**	**45,992**
Finance costs	**-**	**-**	**-**	**(4,762)**	**-**	**(4,762)**
Total income	**72,007**	**30,401**	**102,408**	**41,230**	**-**	**143,638**
Operating and administrative expenses	**-**	**-**	**-**	**-**	**(45,750)**	**(45,750)**
Depreciation (Note 9)	**-**	**-**	**-**	**-**	**(846)**	**(846)**
Income tax expense (Net-after prior year adjustment)	**-**	**-**	**-**	**-**	**1,006**	**1,006**
Segment results	**72,007**	**30,401**	**102,408**	**41,230**	**(45,590)**	**98,048**

17 SEGMENT INFORMATION (CONTINUED)

Segment information for the year ended 31 December 2019

	Medical	*Group and Credit Life*	*Total insurance*	*Investments /other income*	*Unallocated expenses*	*Total*
	QR('000)	*QR('000)*	*QR('000)*	*QR('000)*	*QR('000)*	*QR('000)*
Gross premiums	897,193	123,286	1,020,479	-	-	1,020,479
Premiums ceded to reinsurers	(8,021)	(69,885)	(77,906)	-	-	(77,906)
Net premiums	889,172	53,401	942,573	-	-	942,573
Movement in unexpired risk reserve	(61,365)	(6,544)	(67,909)	-	-	(67,909)
Net earned premiums	827,807	46,857	874,664	-	-	874,664
Gross claims paid	(805,222)	(103,758)	(908,980)	-	-	(908,980)
Reinsurance recoveries	23,573	76,034	99,607	-	-	99,607
Movement in outstanding claims	16,747	(1,465)	15,282	-	-	15,282
Net commissions	(12,133)	9,719	(2,414)	-	-	(2,414)
Net underwriting results	50,772	27,387	78,159	-	-	78,159
Investment and other income	-	-	-	63,415	-	63,415
Finance costs	-	-	-	(10,799)	-	(10,799)
Total income	50,772	27,387	78,159	52,616	-	130,775
Operating and administrative expenses	-	-	-	-	(47,536)	(47,536)
Depreciation (Note 9)	-	-	-	-	(711)	(711)
Income tax expense (Net-after prior year adjustment)	-	-	-	-	4,350	4,350
Segment results	50,772	27,387	78,159	52,616	(43,897)	86,878

Segment statement of financial position
Assets and liabilities of the Group are commonly used across the primary segments.

Geographic information
The primary operations of the Group are concentrated in the domestic market in Qatar and in addition that the Group also underwrites reinsurance business across GCC region and other markets. The following table shows the distribution of the Group's net underwriting results by geographical segment:

	2020		*2019*		***Total***	
	Qatar	***International***	*Qatar*	*International*	***2020***	*2019*
Gross premiums	**797,112**	**204,211**	795,956	224,523	**1,001,323**	1,020,479
Premiums ceded to reinsurers	**(54,028)**	**(13,923)**	(65,753)	(12,153)	**(67,951)**	(77,906)
Net premiums	**743,084**	**190,288**	730,203	212,370	**933,372**	942,573
Non-current assets	**1,279**	**-**	1,997	-	**1,279**	1,997

The revenue information is based on the location of the customer.
Revenue from any direct single customer does not exceed 10% of the gross premium.
Non-current assets for this purpose consist of property and equipment.

18 INVESTMENT AND OTHER INCOME

	2020 ***QR ('000)***	*2019* *QR ('000)*
Interest income	**36,995**	50,864
Gain on sale of investments	**7,670**	5,401
Unrealised gain on investments net of impairment losses	**1,324**	7,150
Other income	**3**	-
Investment and other income	**45,992**	63,415

19 OPERATING AND ADMINISTRATIVE EXPENSES

	2020 ***QR ('000)***	*2019* *QR ('000)*
Employee-related costs	**20,190**	17,782
Board of Directors' remuneration	**500**	500
Advisory fee	**3,180**	3,856
Other operating expenses	**21,880**	25,398
	45,750	47,536

20 BASIC AND DILUTED EARNINGS PER SHARE

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

	2020 ***QR ('000)***	*2019* *QR ('000)*
Net profit for the year	**98,048**	86,878
Weighted average number of ordinary shares	**350,000**	350,000
Basic and diluted earnings per share (QR)	**0.28**	0.25

Earnings Per Share (EPS) for 2019 has been re-stated to reflect the increase in number of shares due to Share subdivision.

There were no potentially diluted shares outstanding at any time during the year and therefore the diluted earnings per share is equal to the basic earnings per share.

21 DIVIDENDS

The Board proposed the non-distribution of divided out of the profits earned for the year 2020. This is to be placed for approval at the Annual General Meeting (2019: QR 42,000 thousand dividend approved and distributed during the year ended 31 December 2020).

22 COMMITMENTS AND CONTINGENT LIABILITIES

	2020 ***QR ('000)***	*2019* *QR ('000)*
Bank guarantees	**32,273**	35,416

23 DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY OF INVESTMENTS

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

31 December 2020	***Level 1 (QR '000)***	***Level 2 (QR '000)***	***Level 3 (QR '000)***	***Total (QR '000)***
Financial investments at fair value through other comprehensive income (FVOCI)	**502,457**	**-**	**-**	**502,457**
Financial investments at fair value through profit or loss (FVTPL)	**88,429**	**-**	**-**	**88,429**
	590,886	**-**	**-**	**590,886**

31 December 2019	*Level 1 (QR '000)*	*Level 2 (QR '000)*	*Level 3 (QR '000)*	*Total (QR '000)*
Financial investments at fair value through other comprehensive income (FVOCI)	619,830	-	-	619,830
Financial investments at fair value through profit or loss (FVTPL)	82,460	-	-	82,460
	702,290	-	-	702,290

There were no transfers from Level 1 or Level 2 during the year.

Valuation techniques

Listed investment in equity securities and debt securities

When fair values of publicly traded equity securities and debt securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Governance framework

- Insurance risk
- Credit risk
- Liquidity risk
- Market risks and
- Operational risks

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors meets regularly to assess and identify the Group's risk, to review structure to ensure the appropriate quality and diversification of assets, and to ensure that underwriting and reinsurance are in line with the Group's strategy and goals. The Group's Board of Directors has overall responsibility 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.

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

Asset Liability Management (ALM) framework
Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces, due to the nature of its investments and liabilities, is interest rate risk. The Group manages these positions within an ALM framework that has been developed to achieve long–term investment returns in excess of its obligations under insurance and investment contracts.

Capital management framework
The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Group's objectives when managing capital is:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The capital structure of the Group consists of issued capital, reserves and retained earnings

Insurance risk
The principal risk the Group faces under insurance contracts is that the actual claims and benefits 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.

The Group manages the insurance risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate reinsurance arrangements and proactive claims handling.

The Group principally issues mainly life and medical contracts. The concentration of insurance risk exposure is mitigated by diversifying the risk underwritten and ensuring that such risks are across a large portfolio in terms of type, level of insured benefits, amount of risk and industry.

The Group has in place strict claim review to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims 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.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Sensitivities
The general insurance claims provisions are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

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, net profit and equity.

31 December 2020	*Change in assumptions*	*Impact on liabilities*	*Impact on net profit*	*Impact on equity*
Incurred claim cost	**+10%**	**85,212**	**(85,212)**	**-**
Incurred claim cost	**-10%**	**(85,212)**	**85,212**	**-**
31 December 2019				
Incurred claim cost	+10%	79,409	(79,409)	-
Incurred claim cost	-10%	(79,409)	79,409	-

Claims development
The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are generally resolved within one year due to the nature of the insurance portfolio of the Group whereby the majority of the business are medical and life, that are short-term in nature and is directly invoiced within a very short period of time.

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the interim consolidated statement of financial position

Accident year	*2016 (QR '000)*	*2017 (QR '000)*	*2018 (QR '000)*	*2019 (QR '000)*	*2020 (QR '000)*	*Total (QR '000)*
At end of accident year	646,955	795,357	868,841	840,123	869,632	4,020,908
One year later	637,327	750,046	820,795	812,392	-	-
Two years later	641,462	752,749	829,134	-	-	-
Three years later	641,835	754,433	-	-	-	-
Four years later	642,157	-	-	-	-	-
Five years later	-	-	-	-	-	-
Current estimate of cumulative claims incurred	**642,157**	**754,433**	**829,134**	**812,392**	**869,632**	**3,907,748**
Cumulative payments to date	(640,849)	(751,469)	(827,256)	(804,579)	(632,175)	(3,656,328)
Net outstanding claims provision	1,308	2,964	1,878	7,813	237,457	251,420
Reserve in respect of prior years (Before 2016)	-	-	-	-	-	4,612
Total net outstanding claims reported and unsettled and incurred but not reported	-	-	-	-	-	**256,032**
Current estimate of Surplus	4,799	40,924	39,707	27,730		
% Surplus of initial gross reserve	1%	5%	5%	3%		

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Reinsurance risk

The Group, in the normal course of business, in order to minimise financial exposure arising from major claims, enters into contracts 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 affected under treaty, excess-of-loss and facultative reinsurance contracts. 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 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.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The Group only deals with reinsurers approved by the management, which are generally international companies that are rated by international rating agencies or other GCC rating agencies.

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. The following policies and procedures are in place to mitigate the Group's exposure to credit risk.

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group has been established and the following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- Compliance with the receivable management policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

- For all classes of financial assets held by the Group, other than those relating to reinsurance contracts, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the reporting date.

- Reinsurance is placed with reinsurers approved by the management. To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

Credit exposure is limited to the carrying values of the financial assets as at the reporting date.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Age analysis of financial assets and impairment status are detailed below:

31 December 2020	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Non-derivative financial assets				
Financial investments at fair value through other comprehensive income (FVOCI) - Debt securities	**502,457**	**-**	**-**	**502,457**
Insurance receivables	**293,781**	**28,377**	**4,232**	**326,390**
Reinsurance contract assets	**58,649**	**-**	**-**	**58,649**
Short-term deposits	**569,733**	**-**	**-**	**569,733**
	1,424,620	**28,377**	**4,232**	**1,457,229**

31 December 2019	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Non-derivative financial assets				
Financial investments at fair value through other comprehensive income (FVOCI) - Debt securities	619,830	-	-	619,830
Insurance receivables	265,945	28,730	2,816	297,491
Reinsurance contract assets	40,135	-	-	40,135
Short-term deposits	549,896	-	-	549,896
	1,475,806	28,730	2,816	1,507,352

The ageing analysis of neither past due nor impaired and past due and impaired is as follows:

31 December 2020	*< 30 days QR ('000)*	*31 to 60 days QR ('000)*	*61 to 90 days QR ('000)*	*91 to 120 days QR ('000)*	*Above 120 days QR ('000)*	*Total QR ('000)*
Insurance and other receivables	**192,653**	**72,829**	**31,849**	**13,563**	**14,928**	**325,822**

31 December 2019	*< 30 days QR ('000)*	*31 to 60 days QR ('000)*	*61 to 90 days QR ('000)*	*91 to 120 days QR ('000)*	*Above 120 days QR ('000)*	*Total QR ('000)*
Insurance and other receivables	157,973	49,042	59,069	15,171	13,560	294,815

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Impaired financial assets

At 31 December 2020, there are no impaired reinsurance financial assets in the books of the Group. For assets to be classified as "past due and impaired", the contractual payments should be in arrears for more than 90 days with remote chance of recovery. No collateral is held as security for any past due assets.

As at 31 December 2020, the impaired receivables from policyholders amounted to QR 4,232 thousand (2019: QR 2,816 thousand). The Group records all impaired allowance in separate allowance account. The movement for impairment loss for the year is as follows:

	Impairment for insurance receivables	
	2020	*2019*
	QR ('000)	*QR ('000)*
1 January	**2,816**	-
Acquisition of subsidiary	**-**	2,584
Charge for the year	**1,416**	232
	4,232	2,816

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Liquidity requirements are monitored on a daily/weekly/monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities.

Unearned premiums and the reinsurer's share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

31 December 2020	***Up to a year QR ('000)***	***1 to 5 years QR ('000)***	***Over 5 years QR ('000)***	***Total QR ('000)***
Financial assets				
Financial investments at fair value through profit or loss (FVTPL)	**76,123**	**12,306**	**-**	**88,429**
Financial investments at fair value through other comprehensive income	**23,910**	**306,785**	**171,762**	**502,457**
Insurance and other receivables	**325,822**	**-**	**-**	**325,822**
Reinsurance contract assets	**86,180**	**-**	**-**	**86,180**
Bank balances and short-term deposits	**604,976**	**-**	**-**	**604,976**
	1,117,011	**319,091**	**171,762**	**1,607,864**
Financial liabilities				
Claims payables	**61,960**	**-**	**-**	**61,960**
Short-term borrowings	**242,333**	**-**	**-**	**242,333**
Insurance contract liabilities	**342,212**	**-**	**-**	**342,212**
Due to insurance and reinsurance companies	**22,591**	**992**	**-**	**23,583**
	669,096	**992**	**-**	**670,088**

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity profiles (continued)

31 December 2019	*Up to a year QR ('000)*	*1 to 5 years QR ('000)*	*Over 5 years QR ('000)*	*Total QR ('000)*
Financial assets				
Financial investments at fair value through profit or loss (FVTPL)	54,998	27,462	-	82,460
Financial investments at fair value through other comprehensive income	91,700	235,800	292,330	619,830
Insurance and other receivables	293,261	1,554	-	294,815
Reinsurance contract assets	56,050	-	-	56,050
Bank balances and short-term deposits	568,711	-	-	568,711
	1,064,720	264,816	292,330	1,621,866
Financial liabilities				
Claims payables	51,270	-	-	51,270
Short-term borrowings	389,095	-	-	389,095
Insurance contract liabilities	233,366	-	-	233,366
Due to insurance and reinsurance companies	14,778	992	-	15,770
	688,509	992	-	689,501

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Qatari Riyal is effectively pegged to the United States Dollar and thus currency risk occurs only in respect of currencies other than the United States Dollar. The Group's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyal or in United States Dollar.

The table below summarizes the Group's assets and liabilities by major currencies:

31 December 2020	***USD QR ('000)***	***GBP QR ('000)***	***Others QR ('000)***	***Total QR ('000)***
Bank balances and short-term deposits	**13,233**	**1,093**	**590,650**	**604,976**
Insurance and other receivables	**115**	**-**	**325,707**	**325,822**
Reinsurance contract assets	**-**	**-**	**86,180**	**86,180**
Investments	**590,886**	**-**	**-**	**590,886**
	604,234	**1,093**	**1,002,537**	**1,607,864**
Short term borrowings	**242,333**	**-**	**-**	**242,333**
Insurance contract liabilities	**-**	**-**	**342,212**	**342,212**
Reinsurance and other payables	**20,348**	**992**	**83,250**	**104,590**
	262,681	**992**	**425,462**	**689,135**

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)

31 December 2019	*USD QR ('000)*	*GBP QR ('000)*	*Others QR ('000)*	*Total QR ('000)*
Bank balances and short-term deposits	16,118	-	552,593	568,711
Insurance and other receivables	-	-	294,815	294,815
Reinsurance contract assets	-	-	56,050	56,050
Investments	702,290	-	-	702,290
	718,408	-	903,458	1,621,866
Short term borrowings	389,095	-	-	389,095
Insurance contract liabilities	-	-	233,366	233,366
Reinsurance and other payables	396	-	92,727	93,123
	389,491	-	326,093	715,584

The Group has no significant concentration of currency risk.

Interest rate risk

Interest rate risk is the risk that the value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Group invests in securities and has deposits that are subject to interest rate. Interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on its interest-bearing securities.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The Group has no significant concentration of interest rate risk.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

		31 December2020	
	Changes in variables	***Impact on the income QR ('000)***	***Impact on equity QR ('000)***
Qatari Riyal	50+ **basis points**	**(165)**	**(11,347)**
Qatari Riyal	50- **basis points**	**165**	**11,347**

		31 December2019	
	Changes in variables	*Impact on the income QR ('000)*	*Impact on equity QR ('000)*
Qatari Riyal	50+ basis points	(329)	(16,588)
Qatari Riyal	50- basis points	329	16,588

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk (continued)
The Group's interest rate risk based on contractual arrangements is as follows:

31 December 2020	***Up to 1 year QR'000***	***1 to 5 years QR'000***	***Over 5 years QR'000***	***Total QR'000***	***Effective interest rate (%) QR'000***
Bank balances and short-term deposits	**604,976**	**-**	**-**	**604,976**	**1.95%**
Investments	**61,262**	**319,090**	**171,763**	**552,115**	**3.59%**
Total	**666,238**	**319,090**	**171,763**	**1,157,091**	

31 December 2019	*Up to 1 year QR'000*	*1 to 5 years QR'000*	*Over 5 years QR'000*	*Total QR'000*	*Effective interest rate (%) QR'000*
Bank balances and short-term deposits	568,711	-	-	568,711	3.27%
Investments	110,150	263,263	292,329	665,742	3.78%
Total	678,861	263,263	292,329	1,234,453	

Price risk
Price risk is the risk that the fair value of or income from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those 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's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business. The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments. The Group has no significant concentration of price risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit or loss and equity.

		31 December 2020		*31 December 2019*	
	Changes in variables	***Impact on profit or loss (QR'000)***	***Impact on equity (QR'000)***	*Impact on profit or loss* ***(QR'000)***	*Impact on equity* ***(QR'000)***
International Markets	%10+	**3,877**	**3,877**	3,655	3,655
International Markets	%10-	**(3,877)**	**(3,877)**	(3,655)	(3,655)

Operational risk
Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Classification and fair values

The following table compares the fair values of the financial instruments to their carrying values as at year end:

	31 December 2020		*31 December 2019*	
	Carrying amount QR ('000)	***Fair value QR ('000)***	*Carrying amount QR ('000)*	*Fair value QR ('000)*
Financial assets				
Bank balances and short-term deposits	**604,976**	**604,976**	568,711	568,711
Insurance and other receivables	**325,822**	**325,822**	294,815	294,815
Reinsurance contract assets	**58,649**	**58,649**	40,135	40,135
Financial investments at fair value through profit or loss (FVTPL)	**88,429**	**88,429**	82,460	82,460
Financial investments at fair value through other comprehensive income (FVOCI)	**502,457**	**502,457**	619,830	619,830
	1,580,333	**1,580,333**	1,605,951	1,605,951
Financial liabilities				
Short term borrowings	**242,333**	**242,333**	389,095	389,095
Reinsurance and other payables	**97,927**	**97,927**	84,001	84,001
Insurance contract liabilities	**342.212**	**342,212**	233,366	233,366
	682,472	**682,472**	706,462	706,462

25 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of preparing these consolidated financial statements, Management has made use of a number of judgments relating to the application of accounting policies which are described in Note 3. Those which have the most significant effect on the reported amounts of assets, liabilities, income and expense are listed below.

These judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the following discussion addresses the accounting policies that require judgments.

Classification of investments

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to Note 4 for further information.

Estimated credit losses

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to Note 4 for Inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

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 as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

25 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated statement of 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:

Claims made under insurance contracts

Claims and loss adjustment expenses are charged to consolidated statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed by management. Any difference between the actual claims and the provisions made are included in the consolidated statement of profit or loss in the year of settlement. As of 31 December 2020, estimate for unpaid claims amounted to QR 256,032 thousand (2019: QR 177,316 thousand).

Impairment of Insurance and other receivables

An estimate of the collectible amount of insurance and other receivables is made when collection of the full amount is no longer probable. This determination of whether these insurance and other receivables are impaired entails the Group evaluating, the credit and liquidity position of the policyholders and the insurance companies, historical recovery rates including detailed investigations carried out during the year and feedback received from their legal department. The difference between the estimated collectible amount and the book amount is recognized as an expense in the consolidated statement of profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognized in the consolidated statement of profit or loss at the time of collection. As of 31 December 2020, the carrying values of insurance receivable and reinsurance receivables amounted to QR 325,822 thousand (2019: QR 294,815 thousand).

Liability Adequacy Test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities, covering life and medical. 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.

26 PARENTAL GUARANTEES

Following the conversion of the Company from a limited liability company to a public shareholding company, the parental guarantee provided by the previous owner, Qatar Insurance Company Q.S.P.C. has been withdrawn.

27 IMPACT OF COVID - 19

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic.

The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

The Group may be impacted by any policies, practices, laws, or regulations introduced by governments which require or compel insurers to defer insurance premiums, pay claims in relation to COVID-19 losses which would not otherwise be payable under the relevant policy or in the normal course of business. The extent of the impact on our business and results of operations is largely dependent on the evolving future developments and the actions taken globally to address its impact. The group has incurred net claims of QR 6,157 thousand (net of reinsurance), for the year ended 31 December 2020.

27 IMPACT OF COVID - 19 (CONTINUED)

The Group's investment portfolio is exposed to the current market volatility. Investment portfolios have certain exposures in economies that are relatively dependent on the price of crude oil.

The Group's capital, liquidity and funding positions remain robust and the Group remains operationally strong in the face of unprecedented global uncertainty presented by the COVID-19 pandemic. The Group expects this uncertainty and consequent capital contraction to influence rates across wholesale and re-insurance markets.