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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C.

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. (the "Company") and its subsidiary (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023 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 material accounting policy information.

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 2023, 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 Standard Board for Accountant's *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*
Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk – insurance contract liabilities measured under Premium Allocation Approach	
As at 31 December 2023, liability for incurred claims for contracts measured under Premium Allocation Approach amounts to QR 648.3 million (2022: QR 782.4 million), which consist the estimate of present value of cash flows and risk adjustment for non-financial risk amounts to QR 635.8 million and QR 12.5 million (2022: QR 771.4 million and QR 11 million) respectively, as reported in Note 8 to the consolidated financial statements.	Our audit procedures include the following, among others: • We understood, evaluated and tested key controls around the claims handling and provision setting processes. • We evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience.

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

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

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk – insurance contract liabilities measured under Premium Allocation Approach (continued)</td></tr>
<tr><td>Calculating the liability for incurred claims requires substantial judgement, which includes estimating the present value of future cash flows and risk adjustment for non-financial risks.

Accordingly, complexities arise in arriving at actuarial best estimates and the margin using historical data which is sensitive to external inputs, as well as the actuarial methodology that is applied and the assumptions on current and future events.

Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.

Refer to notes 3 and 4 for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Group, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 8 for the movement in insurance contract liabilities.</td><td>• We performed substantive tests, on sample basis, on the amounts recorded for claims intimated and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves.

• Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cash flows and the risk adjustment for non-financial risk by comparing it to the accounting and other records.

• With the assistance of our internal actuarial experts, we assessed,
  • consistency of Group's actuarial methodologies with generally accepted actuarial practices and with prior years.
  • appropriateness of key actuarial assumptions, including claims ratios and expected frequency and severity of claims.
  • appropriateness of the calculation methods and approach used.

• We assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements.</td></tr>
<tr><td colspan="2">Adoption of IFRS 17 Insurance Contracts</td></tr>
<tr><td>The Group adopted IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts, effective for annual periods beginning on or after 1 January 2023.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Company has applied the modified retrospective approach to each group of insurance contracts.</td><td>Our audit procedures include the following, among others:

• We obtained an understanding of the Group's process of adoption of IFRS 17 and its impact, including understanding to of the changes to Group's accounting policies, systems, processes, and controls.

• We evaluated and assessed the management's process of identifying insurance contracts, its grouping and determining the appropriate measurement model under IFRS 17.</td></tr>
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C. (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*
Adoption of IFRS 17 Insurance Contracts (continued)	
The adoption of IFRS 17 resulted in a transition adjustment to the Group's equity as at 1 January 2022 amounting to QR 27.6 million. IFRS 17 introduced new nomenclature for significant insurance-related balances as well as new measurement principles for insurance-related liabilities and insurance revenue recognition. The adoption of this standard has had a significant impact on the reported financial position and performance of the Group. Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Group along with significant changes to presentation and disclosures that were required in the consolidated financial statements for the year ended 31 December 2023, we have considered this as a key audit matter. *Refer to notes 3 and 4 for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Group, involved in the initial recognition and subsequent measurement of insurance contract liabilities.*	• We assessed the Group's methods, assumptions and accounting policies adopted under IFRS 17, with the assistance of our actuarial and accounting specialists. • We assessed the adequacy of the transition adjustments and reperformed the supporting calculations and adjustments used to determine the impact on the Group's opening equity position as at 1 January 2022. • We evaluated whether management's allocation of expenses under IFRS 17 was appropriate and tested expenses on a sample basis. • We evaluated the risk adjustment for non-financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment. • We assessed the appropriateness of the transition disclosures relating to IFRS 17 presented in 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 2023 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 Board of Directors for the consolidated 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.

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

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

Responsibilities of management and Board of Directors for the consolidated 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.

The Board of Directors 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 Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
QLM LIFE & MEDICAL INSURANCE COMPANY Q.P.S.C. (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 Board of Directors 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 Board of Directors, 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 whose certain provisions were subsequently amended by Law No.8 of 2021 and the 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 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
Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

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Doha, State of Qatar
Date: 14 February 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	***31 December 2023 QR ('000)***	*31 December 2022 QR ('000) (Restated)*	*1 January 2022 QR ('000) (Restated)*
ASSETS				
Bank balances and short-term deposits	5	**610,901**	574,967	684,416
Financial investments	6	**686,266**	774,937	681,659
Reinsurance contract assets	8	**45,431**	38,094	37,672
Other receivables and other assets	7	**51,468**	106,011	35,632
Property and equipment	9	**3,914**	2,397	1,713
TOTAL ASSETS		**1,397,980**	1,496,406	1,441,092
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Short-term borrowings	16	**254,214**	392,781	315,185
Insurance contract liabilities	8	**342,035**	372,694	387,018
Reinsurance contract liabilities	8	**16,835**	52	-
Provisions and other payables	10	**157,630**	151,353	94,421
TOTAL LIABILITIES		**770,714**	916,880	796,624
SHAREHOLDERS' EQUITY				
Share capital	11	**350,000**	350,000	350,000
Legal reserve	12	**43,343**	36,200	28,074
Fair value reserve	13	**(25,312)**	(42,309)	16,840
Retained earnings		**259,235**	235,635	249,554
TOTAL SHAREHOLDERS' EQUITY		**627,266**	579,526	644,468
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,397,980**	1,496,406	1,441,092

Sheikh Saoud Bin Khalid Bin Hamad Al-Thani
Chairman

Salem Al-Mannai
Managing Director

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The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	*2023* *QR ('000)*	*2022* *QR ('000)* *(Restated)*
Insurance revenue	18	**1,123,639**	1,212,495
Insurance service expense	18	**(1,040,862)**	(1,140,154)
Net expenses from reinsurance contracts held	18	**(38,622)**	(20,083)
INSURANCE SERVICE RESULT		**44,155**	52,258
Investment and other income	19	**72,971**	47,567
Finance costs		**(18,301)**	(9,043)
NET INVESTMENT INCOME		**54,670**	38,524
Insurance finance (expenses)/income for insurance contracts issued	20	**(19,087)**	9,331
Insurance finance income/(expenses) for reinsurance contracts held	21	**17,029**	(9,045)
NET INSURANCE FINANCIAL RESULT		**(2,058)**	286
NET INSURANCE AND INVESTMENT RESULT		**96,767**	91,068
Operating and administrative expenses	22	**(18,979)**	(18,593)
Depreciation	9	**(1,118)**	(832)
PROFIT BEFORE INCOME TAX		**76,670**	71,643
Income tax expenses	17	**(500)**	(324)
Prior period tax adjustment	17	**109**	1,920
NET PROFIT FOR THE YEAR		**76,279**	73,239
Basic/Diluted earnings per share in Qatari Riyals	23	**0.22**	0.21

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 *QR ('000)*	*2022* *QR ('000)* *(Restated)*
NET PROFIT FOR THE YEAR	**76,279**	73,239
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	**16,997**	(59,149)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**93,276**	14,090

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Notes	*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 2022 as previously reported		350,000	28,074	16,840	223,254	618,168
Impact of initial application (Note 3.1)		-	-	-	26,300	26,300
Restated balance as at 1 January 2022 *(Restated)*		350,000	28,074	16,840	249,554	644,468
Profit for the year		-	-	-	73,239	73,239
Net change in debt investments at fair value through other comprehensive income (FVOCI)		-	-	(59,149)	-	(59,149)
Total comprehensive income for the year		-	-	(59,149)	73,239	14,090
Dividend for the year 2021		-	-	-	(77,000)	(77,000)
Transfer to legal reserve	12	-	8,126	-	(8,126)	-
Provision for sports and social activities support fund	14	-	-	-	(2,032)	(2,032)
Balance at 31 December 2022 *(Restated)*		350,000	36,200	(42,309)	235,635	579,526
Balance at 1 January 2023 *(Restated)*		**350,000**	**36,200**	**(42,309)**	**235,635**	**579,526**
Profit for the year		-	-	-	**76,279**	**76,279**
Net change in debt investments at fair value through other comprehensive income (FVOCI)		-	-	**16,997**	-	**16,997**
Total comprehensive income for the year		-	-	**16,997**	**76,279**	**93,276**
Dividend for the year 2022		-	-	-	**(43,750)**	**(43,750)**
Transfer to legal reserve	12	-	**7,143**	-	**(7,143)**	-
Provision for sports and social activities support fund	14	-	-	-	**(1,786)**	**(1,786)**
Balance at 31 December 2023		**350,000**	**43,343**	**(25,312)**	**259,235**	**627,266**

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	*2023 (QR'000)*	*2022 (QR'000) (Restated)*
OPERATING ACTIVITIES			
Profit before tax		**76,670**	71,643
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation	9	**1,118**	832
Interest income		**(67,638)**	(43,467)
Interest expense		**18,301**	9,043
Impairment reversal)/charge on receivables		**(877)**	1,179
Impairment reversal on investments		**(97)**	(989)
Loss on property and equipment		**36**	-
Unrealised (gain)/loss on investments		**(4,501)**	1,154
Gain on disposal of financial investments		**(767)**	(3,051)
Transfer of employees' end of service benefits		**55**	(978)
Provision for employees' end of service benefits	10	**1,581**	412
Operating profit before working capital changes		**23,881**	35,778
Working capital changes:			
Other receivables and other assets		**36,213**	(46,488)
Changes in reinsurance contracts assets and liabilities		**9,446**	(370)
Changes in insurance contracts assets and liabilities		**(29,782)**	(15,503)
Provisions and other payables		**5,993**	55,317
Cash generated from operations		**45,751**	28,734
Employees' end of service benefits paid	10	**(156)**	(126)
Payments to social and sports fund		**(2,032)**	(2,622)
Income tax paid		**(702)**	(168)
Net cash flows from operating activities		**42,861**	25,818
INVESTING ACTIVITIES			
Net cash movement in investments		**129,363**	(173,432)
Movement in deposits maturing after three months		**(275,923)**	375,902
Purchase of property and equipment	9	**(2,701)**	(1,524)
Proceeds from sale of property and equipment		**30**	8
Interest income received		**67,638**	43,467
Net cash flows (used in)/from investing activities		**(81,593)**	244,421
FINANCING ACTIVITIES			
Net movement in short-term borrowings	16	**(138,567)**	77,596
Dividend paid during the year		**(44,389)**	(72,339)
Interest paid		**(18,301)**	(9,043)
Net cash flows used in financing activities		**(201,257)**	(3,786)
Net (decrease)/increase in cash and cash equivalents		**(239,989)**	266,453
Cash and cash equivalents at the beginning of the year		**457,703**	191,250
Cash and cash equivalents at the end of the year	5	**217,714**	457,703

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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 its business operations (except Labuan Branch which have been wound up during the year) to the Company.

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 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. 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. The shares of the Company were listed for trading at the Qatar Stock Exchange on 13 January 2021.

The address of the Company’s registered office is PO Box 12713, 5th Floor, QLM Building, West Bay, Doha, State of Qatar. The Company and its subsidiary (the “Group”) is primarily engaged in medical, credit life, group life and individual life insurance. The subsidiary (a licensed entity incorporated at Qatar Financial Centre vide license no QFC 0141) is engaged in business activities of management offices for and on behalf of QLM Life & Medical Insurance Company and its group entities.

These consolidated financial statements were approved by the Board of Directors and signed on its behalf on 14 February 2024.

2 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements comply with the requirements of Qatar Commercial Companies Law No.11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021.

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). 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 27.

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. and its subsidiary (together referred to as the "Group") as at 31 December 2023.

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 de-recognises 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 2023	*31 December 2022*
Q Life & Medical Insurance Company L.L.C	State of Qatar	**100%**	100%

Q Life & Medical Insurance Company L.L.C (the "Subsidiary") operates in the State of Qatar.

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.

2 BASIS OF PREPARATION (CONTINUED)

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 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 recognised in the consolidated statement of other comprehensive income.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 New standards, interpretations and amendments adopted by the Group

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Group has restated the comparative information for 2022 applying the transitional provisions to IFRS 17.

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held (with the exception of groups of insurance contracts issued and groups of reinsurance contracts held under the Credit Life Long Term portfolio which are covered under General Measurement Model (GMM) and group of insurance contracts issued held under Unit Linked Insurance Plans (UL1P) which are covered under Variable Fee Approach) are eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17. The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- The time between providing each part of the services and the related premium due date is no more than a year. Accordingly, as permitted under IFRS 17, the Group has not adjusted the liability for remaining coverage to reflect the time value of money and the effect of financial risk. Where the premium due date and the related period of services are more than 12 months the Group has assessed the amount as immaterial, as such no discounting is required.

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision). If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

- Measurement of the liability for incurred claims (previously claims outstanding and incurred but not reported (IBNR) claims) are determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses. The Group recognised the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates whether they are expected to be paid in one year or less from the date the claims are incurred.

- The Group allocate the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is recognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts. The Group apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Presentation and disclosure
For presentation in the consolidated statement of financial position, the Group aggregate insurance and reinsurance contracts issued and reinsurance contracts held, respectively and present separately:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows. The line-item descriptions in the consolidated statement of profit or loss will change significantly compared with last year. Earlier, the Group reported the following line items:

- Gross premiums
- Premium ceded to reinsurers
- Net premiums
- Movement in unexpired risk reserve
- Gross claims paid
- Reinsurance recoveries
- Movement in outstanding claims
- Net commissions
- Net underwriting result

Instead, IFRS 17 requires separate presentation of:
- Insurance revenue
- Insurance service expenses
- Insurance finance expense or income from insurance contracts
- Insurance finance income or expense from reinsurance contracts
- Net income or expenses from reinsurance contracts held

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

IFRS 17 Insurance Contracts (continued)

Transition
On transition date, 1 January 2022, the Group:
- Has identified, recognised and measured each group of insurance contracts using the modified retrospective approach.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied.
- However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

The Group assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of contracts issued prior to the transition date. The Group elected to apply the modified retrospective approach, which was intended to achieve the closest possible outcome to the full retrospective application maximising the use of available information.

The Group has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

The Group has elected to use the simplification in the modified retrospective approach for determining the contractual service margin (“CSM”) or loss component of the liability for remaining coverage at the transition date. The Group has used the following procedure to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date.

- Estimated historical discount rates applied to some cash flows in the period prior to 2014 using an observable market interest curve based on discount rate applicable for 2014.

- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Group has issued subsequent to the transition date.

The Group has elected not to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income.

The adoption of IFRS 17 has led to the restatement of the opening retained earnings at 1 January 2022 by QR 27,571 thousand (excluding the impact of adoption of IFRS 9 on insurance receivables).

IFRS 9 Financial Instruments
The Group adopted IFRS 9 on insurance receivables to recognises a loss allowance for expected credit losses (“ECL”).

The adoption of the ECL requirements of IFRS 9 on insurance receivables has resulted an increase in the impairment allowances in respect of the Group’s insurance and reinsurance receivables by QR 1,271 thousand as of 1 January 2022. The increase in allowance was adjusted to retained earnings.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Impact of adoption of IFRS 17 and IFRS 9

The tables below summarise the impact of initial application of IFRS 17 and IFRS 9 (on insurance receivables) as at 31 December 2022 and 1 January 2022.

Consolidated statement of financial position

	As previously reported QR ('000)	*Effect of restatement QR ('000)*	*Restated QR ('000)*
31 December 2022			
Assets			
Reinsurance contract assets	84,199	(46,105)	38,094
Insurance and reinsurance receivables/Other receivables and assets	381,933	(275,922)	106,011
Due from related parties	618	(618)	-
Liabilities			
Provisions, reinsurance and other payables/Other payables	114,824	36,529	151,353
Payable to policyholders of ULIP	1,251	(1,251)	-
Due to related parties	164,591	(164,591)	-
Insurance contract liabilities	582,327	(209,633)	372,694
Reinsurance contract liabilities	-	52	52
Equity			
Retained earnings	219,386	16,249	235,635
1 January 2022			
Assets			
Reinsurance contract assets	146,581	(108,909)	37,672
Insurance and reinsurance receivables/Other receivables	423,678	(388,046)	35,632
Due from related parties	1,021	(1,021)	-
Liabilities			
Provisions, reinsurance and other payables/Other payables	104,503	(10,082)	94,421
Due to related parties	164,574	(164,574)	-
Insurance contract liabilities	736,638	(349,620)	387,018
Equity			
Retained earnings	223,254	26,300	249,554

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Impact of adoption of IFRS 17 and IFRS 9 (continued)

Consolidated statement of profit or loss for the period ended 31 December 2022

	As previously reported QR (‘000)	*Effect of restatement QR (‘000)*	*Restated QR (‘000)*
Insurance revenue	-	1,212,495	1,212,495
Insurance service expense	-	(1,140,154)	(1,140,154)
Net income from reinsurance contracts held	-	(20,083)	(20,083)
Insurance service result	-	52,258	52,258
Net underwriting results	102,130	(102,130)	-
Investment income	47,567	-	47,567
Finance costs	(9,043)	-	(9,043)
Net investment income	38,524	-	38,524
Insurance finance income for insurance contracts issued	-	9,331	9,331
Insurance finance expenses for reinsurance contracts held	-	(9,045)	(9,045)
Net insurance financial result	-	286	286
Net insurance and investment result	140,654	(49,586)	91,068
Operating and administrative expenses	(58,128)	39,535	(18,593)
Depreciation and amortization	(832)	-	(832)
Profit before tax	81,694	(10,051)	71,643
Income tax expense	(324)	-	(324)
Prior period tax adjustment	1,920	-	1,920
Profit for the period	83,290	(10,051)	73,239
Earnings per share			
Basic and diluted earnings per share in Qatari Riyals	0.24	(0.03)	0.21

Consolidated statement of cash flows

The implementation of IFRS 17 and IFRS 9 (on insurance receivables) do not have an impact on net cash from operating, investing and financing activities.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

Definition of Accounting Estimates – Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

3.2 Standards issued but not yet effective

The following new and amended standards and interpretations that are issued, but not yet effective. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard / Interpretation	*Effective date*
Amendments to IFRS 16: Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IAS 1: Non-Current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2024

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 29.

4 MATERIAL ACCOUNTING POLICY INFORMATION

IFRS 17 Insurance contracts

a) Insurance and reinsurance contracts

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

b) Level of Aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

c) Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; or
- when the Group determines that a group of contracts becomes onerous.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

d) Insurance contract modification and derecognition
The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

e) Combination of insurance contracts
Sometimes, the Group enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Group accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Group considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Group is unable to measure one contract without considering the other

f) Separating components from insurance and reinsurance contracts
The Group assesses its insurance and reinsurance contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's contracts do not include any distinct components that require separation. Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contacts and are, therefore, non-distinct investment components which are not accounted for separately.

g) Contract boundary
The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:

    i. The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
    ii. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

h) Measurement

The following table sets out the accounting policy choices adopted by the Group:

	Measurement models the option is allowed to be applied	***IFRS 17 options***	***Adopted approach***
Insurance acquisition cash flows	PAA	Where the coverage period of contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cashflows when incurred or amortizing them over the contract's coverage period.	Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	PAA	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For all contracts measured under the PAA, there is no allowance as the premiums are expected to be received within one year of the coverage period.
Liability for Incurred Claims ("LIC") adjusted for time value of money	PAA	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money	The Group discounts the LIC for the time value of money.
Insurance finance income and expenses	All	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the P&L or OCI option) is applied on a portfolio basis.	The Group includes all insurance finance income or expenses for the period in profit or loss.
Disaggregation of risk adjustment	All	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.
Presentation of income/ (expense) from reinsurance contracts held	All	IFRS 17 allows options in presenting income or expenses from reinsurance contracts held, other than insurance finance income or expenses. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the premiums paid (as reinsurance expenses) in line items separate from insurance revenue and insurance service expenses.	The Group elected to present a single net amount in net expenses from reinsurance contracts held.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

h) Measurement (continued)

Insurance contracts measured under the premium allocation approach - Initial and Subsequent Measurement
The Group applies the premium allocation approach to all the insurance contracts (other than long term credit life insurance contracts & unit-linked investment products) that it issues and reinsurance contracts that it holds as;

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:
- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

Subsequent measurement:
The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:
- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment).

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Insurance contracts measured other than PAA - Initial and Subsequent Measurement
The Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts. Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

h) Measurement (continued)

Insurance contracts measured other than PAA - Initial and Subsequent Measurement (continued)
The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:
- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes
- Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder
- Costs incurred for providing investment-related service and investment-return service to policyholders
- Other costs specifically chargeable to the policyholder under the terms of the contract

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time.

Subsequent measurement
The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- For contracts measured under the GMM, interest accreted on the carrying amount of the CSM during the reporting
- period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
- Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
- Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM

The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

h) Measurement (continued)

Insurance contracts measured other than PAA - Initial and Subsequent Measurement (continued)

Subsequent measurement (continued)
For direct participating contracts measured under the VFA, the Group adjusts the CSM for the change in the amount of the Groups share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- A decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
- An increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses).
- The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:
- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the consolidated statement of profit or loss rather than adjusting the CSM).
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

For direct participating contracts measured under the VFA changes in fulfilment cash flows that relate to future services and adjust the CSM are measured at current discount rates and include the changes in the effect of the time value of money and financial risks that do not arise from underlying items.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprising the fulfilment cash flows related to past service allocated to the group at that date.

Reinsurance contracts held
Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

h) Measurement (continued)

Reinsurance contracts held (continued)
Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

A group of reinsurance contracts held is recognised as follows:
- If the reinsurance contracts provide proportionate coverage, the date the Group initially recognizes any underlying insurance contracts (onerous or not).
- In all other cases, at the beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer shall end when the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Modification and derecognition
The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

h) Measurement (continued)

Insurance Acquisition Cash Flows
The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

At each reporting date, the Group reviews the carrying amounts of the asset for insurance acquisition cash flows to determine whether there is an indication that the asset has suffered an impairment. If any such indication exists, the Group adjusts the carrying amount of the asset so that the carrying amount of the asset does not exceed the expected net cash inflow for the associated future groups of contracts. An impairment loss is recognised in profit or loss for the difference.

i) Insurance operations

Insurance revenue
The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components
The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense
Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group elects not to disaggregate the insurance finance income or expenses and present wholly in the profit or loss. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in profit or loss in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

IFRS 17 Insurance contracts (continued)

i) Insurance operations (continued)

Net income or expense from reinsurance contracts held
The Group presents the net on the face of the consolidated statement of profit or loss, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of profit or loss.

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.

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 de-recognised.

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 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

Financial instruments (continued)

Initial recognition (continued)

a) Financial investments at amortised cost (continued)

(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.

(ii) The SPPI test
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 de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

Financial instruments (continued)

Initial recognition (continued)

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.

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 Effective Interest Rate (“EIR”), taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earn 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

Financial instruments (continued)

Initial recognition (continued)

e) Derivative financial instruments (continued)

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.

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 categorises 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

a) Overview (continued)

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) de-recognition 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%.

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 de-recognition 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 consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid 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 recognised 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 de-recognised 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 de-recognised.

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
Motor Vehicles	- 5 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 recognised for the difference between the recoverable amount and the carrying amount. Impairment losses are recognised in the consolidated statement of profit or loss.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

Provisions
The Group recognises provisions in the consolidated 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 company 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.

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.

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, listed companies are exempt from tax. 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION(CONTINUED)

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

	2023 ***QR ('000)***	*2022* *QR ('000)*
Cash at banks	**23,451**	37,804
Short-term deposits (including time deposits)	**587,450**	537,163
Bank balances and short-term deposits	**610,901**	574,967
Less: Short-term deposits with original maturities more than 90 days	**(393,187)**	(117,264)
Cash and cash equivalents	**217,714**	457,703

All deposits are subject to an average variable interest rate of 6.23 % (2022: 5.47%). The expected credit losses amounted to QR 68 thousand (2022: QR 32 thousand) and are in Stage 1.

The cash and cash equivalents disclosed above and in the statement of cash flows include QR 4 million (2022: QR 4.7 million) which are restricted balances held for the settlement of unclaimed dividends.

6 FINANCIAL INVESTMENTS

	2023 ***QR ('000)***	*2022* *QR ('000)*
Financial investments at fair value through other comprehensive income (FVOCI) *(i)*	**627,054**	715,139
Financial investments at fair value through profit or loss (FVTPL)	**51,878**	58,547
	678,932	773,686
Investments held on behalf of policyholders' unit linked products (FVTPL)	**7,334**	1,251
	686,266	774,937

6 FINANCIAL INVESTMENTS (CONTINUED)

(i) Expected Credit losses of debt securities measured at FVOCI amounted to QR 962 thousand as at 31 December 2023 (31 December 2022: QR 1,095 thousand).

	2023		*2022*	
	FVTPL (QR '000)	***FVOCI (QR '000)***	*FVTPL (QR '000)*	*FVOCI (QR '000)*
Debt securities	**-**	**627,054**	11,404	715,139
Managed funds	**59,212**	**-**	48,394	-
	59,212	**627,054**	59,798	715,139

7 OTHER RECEIVABLES AND OTHER ASSETS

	2023 QR ('000)	*2022 QR ('000) (Restated)*
Prepayments and others	**45,907**	82,120
Derivative financial assets (Note 28)	**5,561**	23,891
	51,468	106,011

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

	31 December 2023							
	Liabilities for remaining coverage- PAA		*Liabilities for remaining coverage - other than PAA*		*Liabilities for incurred claims - PAA*			
	Excluding loss component QR ('000)	*Loss component QR ('000)*	*Excluding loss component QR ('000)*	*Loss component QR ('000)*	*Estimates of the present value of future cash flows QR ('000)*	*Risk adjustment QR ('000)*	*Liabilities for incurred claims - other than PAA QR ('000)*	*Total QR ('000)*
Insurance contract liabilities as at 1 January 2023	(454,550)	-	1,716	5,630	771,421	11,041	37,436	372,694
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-	-	-
Net insurance contract liabilities as at 1 January 2023	**(454,550)**	**-**	**1,716**	**5,630**	**771,421**	**11,041**	**37,436**	**372,694**
Insurance revenue	**(1,118,985)**	**-**	**(4,654)**	**-**	**-**	**-**	**-**	**(1,123,639)**
Insurance service expenses	**43,639**	**-**	**315**	**(3,537)**	**995,349**	**1,202**	**3,894**	**1,040,862**
Incurred claims and other expenses	-	-	-	(767)	796,312	7,353	3,711	806,609
Changes in the LRC allocated to the loss components	-	-	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	43,639	-	315	-	-	-	-	43,954
Losses on onerous contracts and reversals of those losses	-	-	-	(2,770)	-	-	-	(2,770)
Changes to liabilities for incurred claims	-	-	-	-	199,037	(6,151)	183	193,069
Insurance service result	**(1,075,346)**	**-**	**(4,339)**	**(3,537)**	**995,349**	**1,202**	**3,894**	**(82,777)**
Insurance finance expense	**-**	**-**	**1,226**	**292**	**17,282**	**250**	**37**	**19,087**
Total changes in the consolidated statement of profit and loss	**(1,075,346)**	**-**	**(3,113)**	**(3,245)**	**1,012,631**	**1,452**	**3,931**	**(63,690)**

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	31 December 2023							
	Liabilities for remaining coverage- PAA		*Liabilities for remaining coverage - other than PAA*		*Liabilities for incurred claims - PAA*		*Liabilities for incurred claims - other than PAA*	
	Excluding loss component QR (‘000)	*Loss component QR (‘000)*	*Excluding loss component QR (‘000)*	*Loss component QR (‘000)*	*Estimates of the present value of future cash flows QR (‘000)*	*Risk adjustment QR (‘000)*	*QR (‘000)*	*Total QR (‘000)*
Cash flows								
Premiums received	1,223,767	-	11,783	-	-	-	-	1,235,550
Claims and other expenses paid	-	-	-	-	(1,148,297)	-	(3,711)	(1,152,008)
Insurance acquisition cash flows	(49,250)	-	(1,261)	-	-	-	-	(50,511)
Investment components and premium refunds	-	-	-	-	-	-	-	-
Total cash flow	**1,174,517**	**-**	**10,522**	**-**	**(1,148,297)**	**-**	**(3,711)**	**33,031**
Net Insurance contract liabilities as at 31 December 2023	**(355,379)**	**-**	**9,125**	**2,385**	**635,755**	**12,493**	**37,656**	**342,035**
Insurance contract liabilities as at 31 December 2023	**(355,379)**	**-**	**9,125**	**2,385**	**635,755**	**12,493**	**37,656**	**342,035**
Insurance contract assets as at 31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Insurance contract liabilities as at 31 December 2023	**(355,379)**	**-**	**9,125**	**2,385**	**635,755**	**12,493**	**37,656**	**342,035**

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	31 December 2022							
	Liabilities for remaining coverage-PAA		*Liabilities for remaining coverage - other than PAA*		*Liabilities for incurred claims - PAA*			
	Excluding loss component QR (‘000)	*Loss component QR (‘000)*	*Excluding loss component QR (‘000)*	*Loss component QR (‘000)*	*Estimates of the present value of future cash flows QR (‘000)*	*Risk adjustment QR (‘000)*	*Liabilities for incurred claims - other than PAA QR (‘000)*	*Total QR (‘000)*
Insurance contract liabilities as at 1 January 2022	(362,773)	-	3,312	7,820	694,709	11,026	32,924	387,018
Insurance contract assets as at 1 January 2022	-	-	-	-	-	-	-	-
Net insurance contract liabilities as at 1 January 2022	(362,773)	-	3,312	7,820	694,709	11,026	32,924	387,018
Insurance revenue	(1,208,973)	-	(3,522)	-	-	-	-	(1,212,495)
Insurance service expenses	55,934	-	128	(2,295)	1,081,340	76	4,971	1,140,154
Incurred claims and other expenses	-	-	-	(1,262)	734,788	7,331	441	741,298
Changes in the LRC allocated to the loss components	-	-	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	55,934	-	128	-	-	-	-	56,062
Losses on onerous contracts and reversals of those losses	-	-	-	(1,033)	-	-	-	(1,033)
Changes to liabilities for incurred claims	-	-	-	-	346,552	(7,256)	4,530	343,826
Insurance service result	(1,153,039)	-	(3,394)	(2,295)	1,081,340	76	4,971	(72,341)
Insurance finance expense	-	-	(2,376)	105	(6,981)	(61)	(18)	(9,331)
Total changes in the consolidated statement of profit or loss	(1,153,039)	-	(5,770)	(2,190)	1,074,359	15	4,953	(81,672)

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	31 December 2022							
	Liabilities for remaining coverage- PAA		*Liabilities for remaining coverage - other than PAA*		*Liabilities for incurred claims - PAA*			
	Excluding loss component QR (‘000)	*Loss component QR (‘000)*	*Excluding loss component QR (‘000)*	*Loss component QR (‘000)*	*Estimates of the present value of future cash flows QR (‘000)*	*Risk adjustment QR (‘000)*	*Liabilities for incurred claims - other than PAA QR (‘000)*	*Total QR (‘000)*
Cash flows								
Premiums received	1,095,543	-	5,067	-	-	-	-	1,100,610
Claims and other expenses paid	-	-	-	-	(997,647)	-	(441)	(998,088)
Insurance acquisition cash flows	(34,281)	-	(893)	-	-	-	-	(35,174)
Investment components and premium refunds	-	-	-	-	-	-	-	-
Total cash flow	1,061,262	-	4,174	-	(997,647)	-	(441)	67,348
Net Insurance contract liabilities as at 31 December 2022	(454,550)	-	1,716	5,630	771,421	11,041	37,436	372,694
Insurance contract liabilities as at 31 December 2022	(454,550)	-	1,716	5,630	771,421	11,041	37,436	372,694
Insurance contract assets as at 31 December 2022	-	-	-	-	-	-	-	-
Net Insurance contract liabilities as at 31 December 2022	(454,550)	-	1,716	5,630	771,421	11,041	37,436	372,694

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.2 Reconciliation of measurement component of insurance contract balance not measured under the PAA.

	31 December 2023			
	Estimates of the present value of future cash flows QR ('000)	*Risk adjustment QR ('000)*	*Contractual service margin QR ('000)*	*Total QR ('000)*
Insurance contract liabilities as at 1 January 2023	36,623	3,614	4,545	44,782
Insurance contract assets as at 1 January 2023	-	-	-	-
Net insurance contract liabilities as at 1 January 2023	**36,623**	**3,614**	**4,545**	**44,782**
Changes that relate to current services				
Contractual service margin recognised for services provided	-	-	(1,057)	(1,057)
Risk adjustment recognized for the risk expired	-	(602)	-	(602)
Experience adjustments	264	-	-	264
	264	**(602)**	**(1,057)**	**(1,395)**
Changes that relate to future service				
Changes in estimates that adjust the Contractual service margin	(701)	(62)	763	-
Changes in estimates that result in onerous contract losses or reversal of losses	(2,205)	(565)	-	(2,770)
Contracts initially recognised in the period	(2,799)	230	2,569	-
	(5,705)	**(397)**	**3,332**	**(2,770)**
Changes that relate to past service				
Adjustments to the liabilities for incurred claims	**183**	**-**	**-**	**183**
	183	**-**	**-**	**183**
Insurance service result	**(5,258)**	**(999)**	**2,275**	**(3,982)**
Insurance finance expense	**1,252**	**220**	**83**	**1,555**
Total changes in the consolidated statement of profit or loss	**(4,006)**	**(779)**	**2,358**	**(2,427)**
Cash flows				
Premiums received	11,783	-	-	11,783
Claims and other expenses paid	(3,711)	-	-	(3,711)
Insurance acquisition cash flows	(1,261)	-	-	(1,261)
Total cash flows	**6,811**	**-**	**-**	**6,811**
Net Insurance contract liabilities as at 31 December 2023	**39,428**	**2,835**	**6,903**	**49,166**
Insurance contract liabilities as at 31 December 2023	39,428	2,835	6,903	49,166
Insurance contract assets as at 31 December 2023	-	-	-	-
Net Insurance contract liabilities as at 31 December 2023	**39,428**	**2,835**	**6,903**	**49,166**

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.2 Reconciliation of measurement component of insurance contract balance not measured under the PAA. (continued)

	31 December 2022			
	Estimates of the present value of future cash flows QR ('000)	*Risk adjustment QR ('000)*	*Contractual service margin QR ('000)*	*Total QR ('000)*
Insurance contract liabilities as at 1 January 2022	39,723	4,333	-	44,056
Insurance contract assets as at 1 January 2022	-	-	-	-
Net insurance contract liabilities as at 1 January 2022	39,723	4,333	-	44,056
Changes that relate to current service				
Contractual service margin recognised for services provided	-	-	(429)	(429)
Risk adjustment recognized for the risk expired	-	(700)	-	(700)
Experience adjustments	(3,085)	-	-	(3,085)
	(3,085)	(700)	(429)	(4,214)
Changes that relate to future service				
Changes in estimates that adjust the Contractual service margin	(1,372)	43	1,330	1
Changes in estimates that result in onerous contract losses or reversal of losses	(754)	(522)	-	(1,276)
Contracts initially recognised in the period	(3,740)	385	3,596	241
	(5,866)	(94)	4,926	(1,034)
Changes that relate to past service				
Adjustments to the liabilities for incurred claims	4,530	-	-	4,530
	4,530	-	-	4,530
Insurance service result	(4,421)	(794)	4,497	(718)
Insurance finance expense	(2,412)	75	48	(2,289)
Total changes in the consolidated statement of profit or loss	(6,833)	(719)	4,545	(3,007)
Cash flows				
Premiums received	5,067	-	-	5,067
Claims and other expenses paid	(441)	-	-	(441)
Insurance acquisition cash flows	(893)	-	-	(893)
Total cash flows	3,733	-	-	3,733
Net Insurance contract liabilities as at 31 December 2022	36,623	3,614	4,545	44,782
Insurance contract liabilities as at 31 December 2022	36,623	3,614	4,545	44,782
Insurance contract assets as at 31 December 2022	-	-	-	-
Net Insurance contract liabilities as at 31 December 2022	36,623	3,614	4,545	44,782

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.3 Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims

	31 December 2023							
	Assets for remaining coverage- PAA		*Assets for remaining coverage - other than PAA*		*Assets for incurred claims - PAA*			
	Excluding loss component QR ('000)	*Loss component QR ('000)*	*Excluding loss component QR ('000)*	*Loss component QR ('000)*	*Estimates of the present value of future cash flows QR ('000)*	*Risk adjustment QR ('000)*	*Assets for incurred claims - other than PAA QR ('000)*	*Total QR ('000)*
Reinsurance contract liabilities as at 1 January 2023	-	-	(52)	-	-	-	-	(52)
Reinsurance contract assets as at 1 January 2023	(612,384)	-	620	659	644,548	3,897	754	38,094
Net reinsurance contract assets as at 1 January 2023	**(612,384)**	**-**	**568**	**659**	**644,548**	**3,897**	**754**	**38,042**
An allocation of reinsurance premiums	**(65,321)**	**-**	**(538)**	**-**	**-**	**-**	**-**	**(65,859)**
Amounts recoverable from reinsurers for incurred claims	-	-	-	37	27,118	(17)	99	27,237
Amounts recoverable for incurred claims and other expenses	-	-	-	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	-	(49)	39,006	1,436	(1,499)	38,894
Changes that relates to past service changes in the FCF relating to incurred claims recovery	-	-	-	-	(11,888)	(1,453)	1,598	(11,743)
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	-	-	86	-	-	-	86
Reinsurance service result	**(65,321)**	**-**	**(538)**	**37**	**27,118**	**(17)**	**99**	**(38,622)**
Reinsurance finance income	**-**	**-**	**100**	**14**	**16,819**	**96**	**-**	**17,029**
Total changes in the consolidated statement of profit or loss	**(65,321)**	**-**	**(438)**	**51**	**43,937**	**79**	**99**	**(21,593)**

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.3 Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims (continued)

	31 December 2023							
	Assets for remaining coverage- PAA		*Assets for remaining coverage - other than PAA*		*Assets for incurred claims - PAA*			
	Excluding loss component QR ('000)	*Loss component QR ('000)*	*Excluding loss component QR ('000)*	*Loss component QR ('000)*	*Estimates of the present value of future cash flows QR ('000)*	*Risk adjustment QR ('000)*	*Assets for incurred claims - other than PAA QR ('000)*	*Total QR ('000)*
Cash flows								
Premiums paid	76,820	-	(19)	-	-	-	-	76,801
Recoveries from reinsurance	-	-	-	-	(62,958)	-	(1,696)	(64,654)
Total cash flows	**76,820**	**-**	**(19)**	**-**	**(62,958)**	**-**	**(1,696)**	**12,147**
Net reinsurance contract assets as at 31 December 2023	**(600,885)**	**-**	**111**	**710**	**625,527**	**3,976**	**(843)**	**28,596**
Reinsurance contract liabilities as at 31 December 2023	(354,328)	-	(212)	-	337,656	49	-	(16,835)
Reinsurance contract assets as at 31 December 2023	(246,557)	-	323	710	287,871	3,927	(843)	45,431
Net reinsurance contract liabilities as at 31 December 2023	**(600,885)**	**-**	**111**	**710**	**625,527**	**3,976**	**(843)**	**28,596**

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.3 Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims (continued)

	31 December 2022							
	Assets for remaining coverage- PAA		*Assets for remaining coverage - other than PAA*		*Assets for incurred claims - PAA*			
	Excluding loss component QR ('000)	*Loss component QR ('000)*	*Excluding loss component QR ('000)*	*Loss component QR ('000)*	*Estimates of the present value of future cash flows QR ('000)*	*Risk adjustment QR ('000)*	*Assets for incurred claims - other than PAA QR ('000)*	*Total QR ('000)*
Reinsurance contract liabilities as at 1 January 2022	-	-	-	-	-	-	-	-
Reinsurance contract assets as at 1 January 2022	(587,625)	-	815	678	618,692	4,115	997	37,672
Net reinsurance contract assets as at 1 January 2022	(587,625)	-	815	678	618,692	4,115	997	37,672
An allocation of reinsurance premiums	(129,311)		(409)					(129,720)
Amounts recoverable from reinsurers for incurred claims	-	-	-	(25)	109,852	(190)	-	109,637
Amounts recoverable for incurred claims and other expenses	-	-	-	-	135,287	1,955	-	137,242
Changes to amounts recoverable for incurred claims	-	-	-	(72)	(25,435)	(2,145)	242	(27,410)
Changes that relates to past service changes in the FCF relating to incurred claims recovery	-	-	-	-	-	-	(242)	(242)
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	-	-	47	-	-	-	47
Net expense from reinsurance contracts held	(129,311)	-	(409)	(25)	109,852	(190)	-	(20,083)
Reinsurance finance income	-	-	26	6	(9,049)	(28)	-	(9,045)
Total changes in consolidated statement of profit or loss	(129,311)	-	(383)	(19)	100,803	(218)	-	(29,128)

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.3 Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims (continued)

	31 December 2022							
	Assets for remaining coverage- PAA		*Assets for remaining coverage - other than PAA*		*Assets for incurred claims - PAA*			
	Excluding loss component QR (‘000)	*Loss component QR (‘000)*	*Excluding loss component QR (‘000)*	*Loss component QR (‘000)*	*Estimates of the present value of future cash flows QR (‘000)*	*Risk adjustment QR (‘000)*	*Assets for incurred claims - other than PAA QR (‘000)*	*Total QR (‘000)*
Cash flows								
Premiums paid	104,552	-	136	-	-	-	-	104,688
Recoveries from reinsurance	-	-	-	-	(74,947)	-	(243)	(75,190)
Total cash flows	104,552	-	136	-	(74,947)	-	(243)	29,498
Net reinsurance contract assets as at 31 December 2022	(612,384)	-	568	659	644,548	3,897	754	38,042
Reinsurance contract liabilities as at 31 December 2022	-	-	(52)	-	-	-	-	(52)
Reinsurance contract assets as at 31 December 2022	(612,384)	-	620	659	644,548	3,897	754	38,094
Net reinsurance contract liabilities as at 31 December 2022	(612,384)	-	568	659	644,548	3,897	754	38,042

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.4 Reconciliation of measurement component of reinsurance contract balance not measured under the PAA.

	31 December 2023			
	Estimates of the present value of future cash flows QR ('000)	*Risk adjustment QR ('000)*	*Contractual service margin QR ('000)*	*Total QR ('000)*
Reinsurance contract liabilities as at 1 January 2023	(176)	74	50	(52)
Reinsurance contract assets as at 1 January 2023	622	136	1,275	2,033
Net reinsurance contract liabilities as at 1 January 2023	**446**	**210**	**1,325**	**1,981**
Changes that relate to current service				
Contractual service margin recognised for services provided	-	-	(305)	(305)
Risk adjustment recognized for the risk expired	-	(48)	-	(48)
Experience adjustments	(1,463)	-	-	(1,463)
	(1,463)	**(48)**	**(305)**	**(1,816)**
Changes that relate to future service				
Changes in estimates that adjust the Contractual service margin	-	-	-	-
Contracts initially recognised in the period	(427)	66	92	(269)
Changes in estimates that do not adjust the Contractual service margin	203	(12)	(106)	85
	(224)	**54**	**(14)**	**(184)**
Changes that relate to past service				
Changes in amounts recoverable arising from changes in liability for incurred claims	**1,598**	**-**	**-**	**1,598**
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
	1,598	**-**	**-**	**1,598**
Net expense from reinsurance contracts held	**(89)**	**6**	**(319)**	**(402)**
Reinsurance finance income	**35**	**18**	**61**	**114**
Total changes in the consolidated statement of profit or loss	**(54)**	**24**	**(258)**	**(288)**
Cash flows				
Premiums paid	(19)	-	-	(19)
Recoveries from reinsurance	(1,696)	-	-	(1,696)
Total cash flows	**(1,715)**	**-**	**-**	**(1,715)**
Net reinsurance contract assets as at 31 December 2023	**(1,323)**	**234**	**1,067**	**(22)**
Reinsurance contract liabilities as at 31 December 2023	**(453)**	**149**	**92**	**(212)**
Reinsurance contract assets as at 31 December 2023	**(870)**	**85**	**975**	**190**
Net Reinsurance contract assets as at 31 December 2023	**(1,323)**	**234**	**1,067**	**(22)**

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

8.4 Reconciliation of measurement component of reinsurance contract balance not measured under the PAA. (continued)

	31 December 2022			
	Estimates of the present value of future cash flows QR (‘000)	*Risk adjustment QR (‘000)*	*Contractual service margin QR (‘000)*	*Total QR (‘000)*
Reinsurance contract liabilities as at 1 January 2022	-	-	-	-
Reinsurance contract assets as at 1 January 2022	1,573	115	802	2,490
Net reinsurance contract liabilities as at 1 January 2022	1,573	115	802	2,490
Changes that relate to current service				
Contractual service margin recognised for services provided	-	-	(278)	(278)
Risk adjustment recognized for the risk expired	-	(35)	-	(35)
Experience adjustments	73	-	-	73
	73	(35)	(278)	(240)
Changes that relate to future service				
Changes in estimates that adjust the Contractual service margin	-	-	-	-
Contracts initially recognised in the period	(664)	147	601	84
Changes in estimates that do not adjust the Contractual service margin	(152)	(25)	141	(36)
	(816)	122	742	48
Changes that relate to past service				
Changes in amounts recoverable arising from changes in liability for incurred claims	(242)	-	-	(242)
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
	(242)	-	-	(242)
Net expense from reinsurance contracts held	(985)	87	464	(434)
Reinsurance finance income	(35)	8	59	32
Total changes in the consolidated statement of profit or loss	(1,020)	95	523	(402)
Cash flows				
Premiums paid	136	-	-	136
Recoveries from reinsurance	(243)	-	-	(243)
Total cash flows	(107)	-	-	(107)
Net reinsurance contract assets as at 31 December 2022	446	210	1,325	1,981
Reinsurance contract liabilities as at 31 December 2022	(176)	74	50	(52)
Reinsurance contract assets as at 31 December 2022	622	136	1,275	2,033
Net Reinsurance contract assets as at 31 December 2022	446	210	1,325	1,981

9 PROPERTY AND EQUIPMENT

	Motor vehicles QR ('000)	***Office equipment QR ('000)***	***Furniture and fixtures QR ('000)***	***Computers QR ('000)***	***Total QR ('000)***
Cost:					
At 1 January 2023	-	670	3,026	4,364	8,060
Additions during the year	49	72	863	1,717	2,701
Disposal during the year	-	-	(90)	-	(90)
At 31 December 2023	49	742	3,799	6,081	10,671
Accumulated depreciation:					
At 1 January 2023	-	383	1,906	3,374	5,663
Charged during the year	-	159	326	633	1,118
Related to disposal	-	-	(24)	-	(24)
At 31 December 2023	-	542	2,208	4,007	6,757
Net carrying amount:					
At 31 December 2023	**49**	**200**	**1,591**	**2,074**	**3,914**

	Motor vehicles QR ('000)	*Office equipment QR ('000)*	*Furniture and fixtures QR ('000)*	*Computers QR ('000)*	*Total QR ('000)*
Cost:					
At 1 January 2022	-	546	2,297	3,723	6,566
Additions during the year	-	124	759	641	1,524
Disposal during the year	-	-	(30)	-	(30)
At 31 December 2022	-	670	3,026	4,364	8,060
Accumulated depreciation:					
At 1 January 2022	-	264	1,685	2,904	4,853
Charged during the year	-	119	243	470	832
Related to disposal	-	-	(22)	-	(22)
At 31 December 2022	-	383	1,906	3,374	5,663
Net carrying amount:					
At 31 December 2022	-	287	1,120	990	2,397

10 PROVISIONS AND OTHER PAYABLES

	2023 ***QR (‘000)***	*2022* *QR (‘000)* *(Restated)*
Accrued expenses	**11,152**	11,097
Provision for income tax (Note 17)	**500**	811
Provision for employees’ end of service benefits (Note 10.1)	**4,910**	3,430
Other payables	**139,468**	134,095
Board of Directors’ remuneration payable	**1,600**	1,920
	157,630	151,353

10.1 EMPLOYEES’ END OF SERVICE BENEFITS

Movements in the provision for employees’ end of service benefits recognised in the consolidated statement of financial position are as follows:

	2023 ***QR (‘000)***	*2022* *QR (‘000)*
Balance at 1 January	**3,430**	4,122
Provided during the year	**1,581**	412
Transferred during the year	**55**	(978)
Payments made during the year	**(156)**	(126)
Balance at 31 December	**4,910**	3,430

11 SHARE CAPITAL

	2023 ***QR (‘000)***	*2022* *QR (‘000)*
Authorised share capital: Issued and fully paid up 350,000,000 of ordinary shares QR 1 each	**350,000**	350,000

12 LEGAL RESERVE

Legal reserve is computed in accordance with Qatar Central Bank (QCB) regulations and Qatar Commercial Companies' Law No. 11 of 2015 (as amended by Law No.8 of 2021) 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 circumstances specified in the Qatar Central Bank (QCB) regulations/Qatar Commercial Companies Law.

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 PROVISION FOR SPORTS AND SOCIAL ACTIVITIES SUPPORT FUND

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the Group is required to contribute 2.5% of its annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in consolidated statement of changes in equity.

During the year, the Group appropriated an amount of QR 1,786 thousand representing 2.5% of the net profit generated from Qatar Operations (2022: QR 2,032 thousand).

15 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.

15.1 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 2023				
	Premiums QR (000)	***Ceded to reinsurers QR (000)***	***Purchase of services QR (000)***	***Claims QR (000)***	***Reinsurance recoveries QR (000)***
Significant Investor					
Qatar Insurance Company Q.S.P.C	**7,758**	**7,403**	**-**	**5,309**	**2,399**
Affiliate Companies					
Oman Qatar Insurance Company S.A.O.G.	**6,755**	**-**	**-**	**11,890**	**-**
Kuwait Qatar Insurance Company K.S.C.C.	**329**	**-**	**-**	**1,315**	**-**
Qatar Insurance Real Estate Company W.L.L.	**-**	**-**	**3,273**	**-**	**-**
Anoud Technologies	**-**	**-**	**7,440**	**-**	**-**
Epicure Investment Management L.L.C.	**-**	**-**	**3,632**	**-**	**-**
Total	**14,842**	**7,403**	**14,345**	**18,514**	**2,399**

	For the year ended 31 December 2022				
	Premiums QR (000)	*Ceded to reinsurers QR (000)*	*Purchase of services QR (000)*	*Claims QR (000)*	*Reinsurance recoveries QR (000)*
Significant Investor					
Qatar Insurance Company Q.S.P.C	24,200	19,993	-	97,733	88,313
Affiliate Companies					
Oman Qatar Insurance Company S.A.O.G.	20,031	-	-	27,514	-
Kuwait Qatar Insurance Company K.S.C.C.	432	-	-	-	-
Qatar Insurance Real Estate Company W.L.L.	-	-	3,897	-	-
Anoud Technologies	-	-	6,011	-	-
Epicure Investment Management L.L.C.	-	-	3,819	-	-
Total	44,663	19,993	13,727	125,247	88,313

15 RELATED PARTY TRANSACTIONS (CONTINUED)

15.2 Related party balances

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

(a) Due from related parties	***2023 QR ('000)***	*2022 QR ('000)*
Affiliate Companies		
Kuwait Qatar Insurance Company K.S.C.C.	**-**	262
Qatar Reinsurance Company Limited	**198**	-
Total	**198**	262

(b) Due to related parties	***2023 QR ('000)***	*2022 QR ('000)*
Significant Investor		
Qatar Insurance Company Q.S.P.C.	**75,432**	104,206
Affiliate Companies		
Kuwait Qatar Insurance Company K.S.C.C.	**638**	-
Qatar Insurance Group W.L.L.	**13,644**	18,174
Epicure Investment Management L.L.C.	**1,810**	1,896
Anoud Technologies L.L.C.	**3,931**	1,479
Oman Qatar Insurance Company S.A.O.G.	**25,914**	23,165
QIC Group Services L.L.C.	**269**	268
Qatar Insurance Real Estate Company W.L.L.	**18,280**	15,047
Total	**139,918**	164,235

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 (2022: Nil).

15.3 Compensation of key management personnel

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

	2023 QR ('000)	*2022 QR ('000)*
Salaries and other short-term benefits	**4,844**	4,498
End of service benefits	**229**	162
	5,073	4,660

Total Directors' remuneration for the year 2023 is QR 2,390 thousand (2022: QR 2,730 thousand) and it's included in the operating and administrative expenses.

16 SHORT-TERM BORROWINGS

	2023 QR (‘000)	*2022* QR (‘000)
Borrowings against debt securities	**254,214**	392,781

17 INCOME TAX

The major components of income tax expense for the years ended 31 December 2023 and 2022 are as follows;

Consolidated profit or loss	***2023*** ***QR (‘000)***	*2022* *QR (‘000)*
Current income tax:		
Current income tax charge(*i*)	**500**	324
Adjustments in respect of current income tax of previous year (*ii*)	**(109)**	(1,920)
Income tax expense/(reversal) reported in the consolidated statement of profit or loss	**391**	(1,596)

Notes:

i. 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, the Company being a listed entity at Qatar Stock Exchange is exempted from income tax (2022: Nil).

The Subsidiary 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 500 thousand has been provided as provision for tax for the year ended 31 December 2023 (2022: 324 thousand).

ii. In 2020, Q Life & Medical Insurance Company L.L.C has reversed a net over provision of income tax as per QFC Tax Regulations amounting to QR 1,920 thousand, which was provided in prior years and has been subsequently reversed in 2022 following the finalisation of tax assessments.

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

	2023 ***QR (‘000)***	*2022* *QR (‘000)*
At 1 January	**811**	2,575
Income tax expense for the year	**500**	324
Reversed during the year	**(109)**	(1,920)
Paid during the year	**(702)**	(168)
At 31 December	**500**	811

18 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into two business segments - Medical and 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 2023

	Medical QR ('000)	*Life QR ('000)*	*Total insurance QR ('000)*	*Investments/other income QR ('000)*	*Unallocated expenses QR ('000)*	*Total QR ('000)*
Insurance revenue	**967,446**	**156,193**	**1,123,639**	**-**	**-**	**1,123,639**
Insurance service expense	**(931,349)**	**(109,513)**	**(1,040,862)**	**-**	**-**	**(1,040,862)**
Insurance service result from insurance contracts issued	**36,097**	**46,680**	**82,777**	**-**	**-**	**82,777**
Reinsurance service income	**(22,741)**	**(43,118)**	**(65,859)**	**-**	**-**	**(65,859)**
Reinsurance expenses	**1,164**	**26,073**	**27,237**	**-**	**-**	**27,237**
Net expense from reinsurance contracts held	**(21,577)**	**(17,045)**	**(38,622)**	**-**	**-**	**(38,622)**
Insurance service result	**14,520**	**29,635**	**44,155**	**-**	**-**	**44,155**
Net investment income	**-**	**-**	**-**	**54,670**	**-**	**54,670**
Net insurance financial result	**(2,158)**	**100**	**(2,058)**	**-**	**-**	**(2,058)**
General and administrative expenses	**-**	**-**	**-**	**-**	**(18,979)**	**(18,979)**
Depreciation	**-**	**-**	**-**	**-**	**(1,118)**	**(1,118)**
Income tax expenses (net)	**-**	**-**	**-**	**-**	**(391)**	**(391)**
Profit after tax	**12,362**	**29,735**	**42,097**	**54,670**	**(20,488)**	**76,279**

Segment information for the year ended 31 December 2022 (Restated)

	Medical QR ('000)	*Life QR ('000)*	*Total insurance QR ('000)*	*Investments/other income QR ('000)*	*Unallocated expenses QR ('000)*	*Total QR ('000)*
Insurance revenue	1,073,699	138,796	1,212,495	-	-	1,212,495
Insurance service expense	(1,045,599)	(94,555)	(1,140,154)	-	-	(1,140,154)
Insurance service result from insurance contracts issued	28,100	44,241	72,341	-	-	72,341
Reinsurance service income	(86,872)	(42,848)	(129,720)	-	-	(129,720)
Reinsurance expenses	72,376	37,261	109,637	-	-	109,637
Net expense from reinsurance contracts held	(14,496)	(5,587)	(20,083)	-	-	(20,083)
Insurance service result	13,604	38,654	52,258	-	-	52,258
Net investment income	-	-	-	38,524	-	38,524
Net insurance financial result	(836)	1,122	286	-	-	286
General and administrative expenses	-	-	-	-	(18,593)	(18,593)
Depreciation	-	-	-	-	(832)	(832)
Income tax reversal (net)	-	-	-	-	1,596	1,596
Profit after tax	12,768	39,776	52,544	38,524	(17,829)	73,239

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

18 SEGMENT INFORMATION (CONTINUED)

Geographical segments
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 which does not consider to be material for segment reporting purposes. All of the Group assets are in the State of Qatar, accordingly, there are no distinctly identifiable geographical segments in the Group for the year ended 31 December 2023.

19 INVESTMENT AND OTHER INCOME

	2023 ***QR ('000)***	*2022* *QR ('000)*
Interest income	**67,606**	43,467
Gain on sale of investments	**767**	3,051
Unrealised gain / (loss) on investments	**4,501**	(1,154)
	72,874	45,364
Less: Expected credit losses reversal relating to investments	**97**	989
	72,971	46,353
Other income	**-**	1,214
Investment and other income net of expected credit losses	**72,971**	47,567

20 INSURANCE FINANCE (EXPENSES)/INCOME FOR INSURANCE CONTRACTS ISSUED

	2023 ***QR ('000)***	*2022* *QR ('000)*
Interest accreted to insurance contracts using current financial assumptions	**17,806**	964
Interest accreted to insurance contracts using locked-in rate	**84**	49
Due to changes in interest rates and other financial assumptions	**1,197**	(10,344)
Total insurance finance income / (expenses) from insurance contracts issued recognised in profit or loss	**19,087**	(9,331)

21 INSURANCE FINANCE INCOME/(EXPENSES) FOR REINSURANCE CONTRACTS HELD

	2023 ***QR ('000)***	*2022* *QR ('000)*
Interest accreted to reinsurance contracts using current financial assumptions	**15,076**	3,602
Changes in non-performance risk of reinsurer	**(18)**	44
Effect of changes in interest rates and other financial assumptions	**1,971**	(12,691)
Total reinsurance finance income / (expenses) from reinsurance contracts held recognised in profit or loss	**17,029**	(9,045)

22 OPERATING AND ADMINISTRATIVE EXPENSES

	2023 ***QR ('000)***	*2022* *QR ('000)* *(Restated)*
Employee-related costs	**7,905**	6,768
Advisory fee	**3,632**	3,816
Board of Directors' remuneration	**2,390**	2,730
Other operating expenses	**5,052**	5,279
	18,979	18,593

23 BASIC AND DILUTED EARNINGS PER SHARE

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

	2023 ***QR ('000)***	*2022* *QR ('000)* *(Restated)*
Net profit for the year	**76,279**	73,239
Weighted average number of ordinary shares	**350,000**	350,000
Basic and diluted earnings per share (QR)	**0.22**	0.21

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.

24 DIVIDENDS PAID AND PROPOSED

The Board of Directors has proposed a cash dividend of QR 0.125 per share, aggregating to QR 43,750 thousand out of the profits earned during the financial year 2023, which is subject to approval of the shareholders at the annual general meeting.

On 26 March 2023, the Company held its annual general meeting for the year 2022 which, among other things, approved cash dividend of QR 0.125 per share, aggregating to QR 43,750 thousand out of the profits earned during the financial year 2022.

25 COMMITMENTS AND CONTINGENT LIABILITIES

	2023 ***QR ('000)***	*2022* *QR ('000)*
Bank guarantees	**36,599**	39,400

26 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)

26 DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY OF INVESTMENTS (CONTINUED)

31 December 2023	***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)	**627,054**	**-**	**-**	**627,054**
Financial investments at fair value through profit or loss (FVTPL)	**59,212**	**-**	**-**	**59,212**
Derivative financial assets	**-**	**5,561**	**-**	**5,561**
	686,266	**5,561**	**-**	**691,827**

31 December 2022(Audited)	*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)	715,139	-	-	715,139
Financial investments at fair value through profit or loss (FVTPL)	59,798	-	-	59,798
Derivative financial assets	-	23,891	-	23,891
	774,937	23,891	-	798,828

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.

Over-the-counter derivatives
The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques with market observable inputs.

27 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 recognises the critical importance of having efficient and effective risk management systems in place.

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

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.

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Sensitivity analysis

	31 December 2023		*31 December 2022*	
	Net Insurance contract liabilities (QR '000)	***Impact on Net Insurance contract liabilities (QR '000)***	*Net Insurance contract liabilities (QR '000)*	*Impact on Net Insurance contract liabilities (QR '000)*
Contracts measured under PAA				
Insurance contract liabilities	**292,869**		327,912	
Reinsurance contract assets	**(28,618)**		(36,061)	
Net insurance contract liabilities	**264,251**		291,851	
5% increase - LIC				
Insurance contract liabilities	**307,512**	**(14,643)**	344,307	(16,395)
Reinsurance contract assets	**(30,050)**	**1,432**	(37,864)	1,803
Net insurance contract liabilities	**277,462**	**(13,211)**	306,443	(14,592)
5% decrease - LIC				
Insurance contract liabilities	**278,226**	**14,643**	311,515	16,397
Reinsurance contract assets	**(27,188)**	**(1,430)**	(34,258)	(1,803)
Net insurance contract liabilities	**251,038**	**13,213**	277,257	14,594
Contracts not measured under PAA				
Insurance contract liabilities	**49,166**		44,782	
Reinsurance contract assets	**22**		(1,981)	
Net insurance contract liabilities	**49,188**		42,801	
10% increase in expenses and inflation +1%				
Insurance contract liabilities	**49,266**	**(100)**	44,933	(151)
Reinsurance contract assets	**22**	**-**	(1,981)	-
Net insurance contract liabilities	**49,288**	**(100)**	42,952	(151)
50% increase - Lapses				
Insurance contract liabilities	**48,955**	**211**	44,690	92
Reinsurance contract assets	**25**	**(3)**	(1,980)	(1)
Net insurance contract liabilities	**48,980**	**208**	42,710	91
15% increase - Mortality				
Insurance contract liabilities	**51,336**	**(2,170)**	47,599	(2,817)
Reinsurance contract assets	**(38)**	**(60)**	(2,017)	36
Net insurance contract liabilities	**51,298**	**(2,110)**	45,582	(2,781)

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.

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Claims development (continued)

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 consolidated statement of financial position

Gross of reinsurance and undiscounted

Accident year	*2016 (QR '000)*	*2017 (QR '000)*	*2018 (QR '000)*	*2019 (QR '000)*	*2020 (QR '000)*	*2021 (QR '000*	*2022 (QR '000)*	*2023 (QR '000)*	*Total (QR '000)*
At end of accident year	840,895	1,007,606	1,065,821	962,886	921,062	887,616	1,117,814	999,695	7,803,395
One year later	798,301	929,987	970,782	926,326	847,191	858,401	1,143,612	-	-
Two years later	805,385	928,530	980,954	940,372	835,578	847,918	-	-	-
Three years later	804,760	933,515	980,201	936,698	836,684	-	-	-	-
Four years later	805,604	931,200	978,485	932,308	-	-	-	-	-
Five years later	804,541	929,633	974,177	-	-	-	-	-	-
Six years later	803,992	925,555	-	-	-	-	-	-	-
Seven years later	803,096	-	-	-	-	-	-	-	-
Gross estimate of undiscounted amount of the claims	803,096	925,555	974,177	932,308	836,684	847,918	1,143,612	999,695	7,463,045
Cumulative payments to date	(801,144)	(922,845)	(971,779)	(924,139)	(828,415)	(829,058)	(1,098,804)	(774,353)	(7,150,537)
Gross undiscounted liabilities for incurred claims	1,952	2,710	2,398	8,169	8,269	18,860	44,808	225,342	312,508
Reserve in respect of prior years (Before 2016)									6,783
Gross claims payable									378,306
Effect of the risk adjustment margin for non-financial risk									12,493
Effect of discounting									(24,186)
Total gross liabilities for incurred claims	-	-	-	-	-	-	-	-	685,904

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Insurance risk

Net of reinsurance and undiscounted

Accident year	*2016 (QR '000)*	*2017 (QR '000)*	*2018 (QR '000)*	*2019 (QR '000)*	*2020 (QR '000)*	*2021 (QR '000)*	*2022 (QR '000)*	*2023 (QR '000)*	*Total (QR '000)*
At end of accident year	646,955	795,357	868,841	840,123	869,632	766,888	1,002,154	941,804	6,731,754
One year later	637,327	750,046	820,795	812,392	758,914	708,406	1,002,509	-	-
Two years later	641,462	752,749	829,134	823,945	760,345	711,700	-	-	-
Three years later	641,835	754,433	829,022	823,731	762,412	-	-	-	-
Four years later	642,157	754,007	828,547	823,430	-	-	-	-	-
Five years later	642,070	753,726	828,034	-	-	-	-	-	-
Six years later	641,896	753,328	-	-	-	-	-	-	-
Seven years later	641,950	-	-	-	-	-	-	-	-
Net estimate of undiscounted amount of the claims	641,950	753,328	828,034	823,430	762,412	711,700	1,002,509	941,804	6,465,167
Cumulative payments to date	(640,933)	(751,789)	(827,515)	(820,440)	(759,269)	(697,771)	(976,116)	(739,942)	(6,213,775)
Gross undiscounted liabilities for incurred claims	1,017	1,539	519	2,990	3,143	13,929	26,393	201,862	251,392
Reserve in respect of prior years (Before 2016)									4,765
Net claims payable									(210,077)
Effect of the risk adjustment margin for non-financial risk									8,518
Effect of discounting	-	-	-	-	-	-	-	-	2,646
Total net liabilities for incurred claims	-	-	-	-	-	-	-	-	57,244

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.

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)
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:

- 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.

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

31 December 2023	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Financial assets				
Derivative financial assets	**5,561**	-	-	**5,561**
Financial investments at fair value through other comprehensive income (FVOCI) – Debt securities	**627,054**	-	-	**627,054**
Reinsurance contract assets	**45,431**	-	-	**45,431**
Short-term deposits	**587,450**	-	-	**587,450**
	1,265,496	-	-	**1,265,496**

31 December 2022	*Neither past due nor impaired QR ('000)*	*Past due but not impaired QR ('000)*	*Past due and impaired QR ('000)*	*Total QR ('000)*
Financial assets				
Derivative financial assets	23,891	-	-	23,891
Financial investments at fair value through other comprehensive income (FVOCI) - Debt securities	715,139	-	-	715,139
Reinsurance contract assets	38,094	-	-	38,094
Short-term deposits	537,163	-	-	537,163
	1,314,287	-	-	1,314,287

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 recognised 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 2023	***Up to a year QR ('000)***	***1 to 5 years QR ('000)***	***Over 5 years QR ('000)***	***Total QR ('000)***
Financial assets				
Derivative financial assets	**-**	**5,561**	**-**	**5,561**
Financial investments at fair value through profit or loss (FVTPL)	**51,878**	**-**	**-**	**51,878**
Financial investments at fair value through other comprehensive income	**58,402**	**317,629**	**251,023**	**627,054**
Other receivables and other assets	**45,409**	**-**	**-**	**45,409**
Reinsurance contract assets	**45,275**	**101**	**55**	**45,431**
Bank balances and short-term deposits	**610,901**	**-**	**-**	**610,901**
	811,865	**323,291**	**251,078**	**1,386,234**
Financial liabilities				
Short-term borrowings	**254,214**	**-**	**-**	**254,214**
Insurance contract liabilities	**337,987**	**3,991**	**57**	**342,035**
Reinsurance contract liabilities	**16,657**	**82**	**96**	**16,835**
Other payables	**141,068**	**-**	**-**	**141,068**
	749,926	**4,073**	**153**	**754,152**

31 December 2022 (Restated)	*Up to a year QR ('000)*	*1 to 5 years QR ('000)*	*Over 5 years QR ('000)*	*Total QR ('000)*
Financial assets				
Derivative financial assets	18,330	5,561	-	23,891
Financial investments at fair value through profit or loss (FVTPL)	47,008	-	11,539	58,547
Financial investments at fair value through other comprehensive income	44,791	328,078	342,270	715,139
Other receivables and other assets	81,640	-	-	81,640
Reinsurance contract assets	36,411	1,080	603	38,094
Bank balances and short-term deposits	574,967	-	-	574,967
	803,147	334,719	354,412	1,492,278

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity profiles (continued)

31 December 2022 (Restated)	*Up to a year QR ('000)*	*1 to 5 years QR ('000)*	*Over 5 years QR ('000)*	*Total QR ('000)*
Financial liabilities				
Short-term borrowings	392,781	-	-	392,781
Insurance contract liabilities	323,410	7,415	41,869	372,694
Reinsurance contract liabilities	8	20	24	52
Other payables	136,015	-	-	136,015
	852,214	7,435	41,893	901,542

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. Others mainly include British Pound Sterling, Euro, Omani Riyal and Kuwaiti Dinar.

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

31 December 2023	***QAR QR ('000)***	***USD QR ('000)***	***AED QR ('000)***	***Others QR ('000)***	***Total QR ('000)***
Bank balances and short-term deposits	**605,878**	**2,968**	**839**	**1,216**	**610,901**
Other receivables and other assets	**25,206**	**7,374**	**3,667**	**14,723**	**50,970**
Reinsurance contract assets	**45,431**	**-**	**-**	**-**	**45,431**
Financial investments	**-**	**678,932**	**-**	**-**	**678,932**
	676,515	**689,274**	**4,506**	**15,939**	**1,386,234**
Short-term borrowings	**-**	**254,214**	**-**	**-**	**254,214**
Insurance contract liabilities	**342,035**	**-**	**-**	**-**	**342,035**
Reinsurance contract liabilities	**16,835**		**-**	**-**	**16,835**
Provisions and other payables	**122,907**	**2,320**	**-**	**15,841**	**141,068**
	481,777	**256,534**	**-**	**15,841**	**754,152**

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)

31 December 2022	*QAR QR ('000)*	*USD QR ('000)*	*AED QR ('000)*	*Others QR ('000)*	*Total QR ('000)*
Bank balances and short-term deposits	549,513	24,181	94	1,179	574,967
Other receivables and other assets	31,010	25,900	14	48,607	105,531
Reinsurance contract assets	38,094	-	-	-	38,094
Financial Investments	-	773,686	-	-	773,686
	618,617	823,767	108	49,786	1,492,278
Short-term borrowings	-	392,781	-	-	392,781
Insurance contract liabilities	372,694	-	-	-	372,694
Reinsurance contract liabilities	52	-	-	-	52
Provisions and other payables	132,604	1,525	1,886	-	136,015
	505,350	394,306	1,886	-	901,542

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 December2023	
	Changes in variables	***Impact on the income QR ('000)***	***Impact on equity QR ('000)***
Qatari Riyal	**50+ basis points**	**(12)**	**(10,473)**
Qatari Riyal	**50- basis points**	**12**	**10,473**

		31 December2022	
	Changes in variables	*Impact on the income QR ('000)*	*Impact on equity QR ('000)*
Qatari Riyal	50+ basis points	(13)	(14,359)
Qatari Riyal	50- basis points	13	14,359

27 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 2023	***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	**610,901**	**-**	**-**	**610,901**	**6.23%**
Financial investments – debt instruments	**52,841**	**317,629**	**256,584**	**627,054**	**4.6%**
Total	**663,742**	**317,629**	**256,584**	**1,237,955**	

31 December 2022	*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	574,967	-	-	574,967	5.47%
Financial investments – debt instruments	44,791	328,078	353,674	726,543	4.40%
Total	619,758	328,078	353,674	1,301,510	

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 2023		*31 December 2022*	
	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%	**5,124**	**5,124**	4,701	4,701
International Markets	-10%	**(5,124)**	**(5,124)**	(4,701)	(4,701)

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

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 2023		*31 December 2022 (Restated)*	
	Carrying amount QR ('000)	***Fair value QR ('000)***	*Carrying amount QR ('000)*	*Fair value QR ('000)*
Financial assets				
Bank balances and short-term deposits	**610,901**	**610,901**	574,967	574,967
Other receivables and other assets	**50,970**	**50,970**	105,531	105,531
Reinsurance contract assets	**45,431**	**45,431**	38,094	38,094
Financial investments at fair value through profit or loss (FVTPL)	**59,212**	**59,212**	59,798	59,798
Financial investments at fair value through other comprehensive income (FVOCI)	**627,054**	**627,054**	715,139	715,139
	1,393,568	**1,393,568**	1,493,529	1,493,529
Financial liabilities				
Short term borrowings	**254,214**	**254,214**	392,781	392,781
Provisions and other payables	**141,068**	**141,068**	136,015	136,015
Reinsurance contract liabilities	**16,835**	**16,835**	52	52
Insurance contract liabilities	**342,035**	**342,035**	372,694	372,694
	754,152	**754,152**	901,542	901,542

28 DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. The Groups derivative financial instruments include interest rate swaps.

The table below shows the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

31 December 2023	***Notional amount (QR '000)***	***Derivative Asset (QR '000)***	***Within 12 months (QR '000)***	***Over 1 year (QR '000)***
Over the Counter Derivatives				
Interest Rate Derivatives	**43,680**	**5,561**	**-**	**43,680**

31 December 2022	*Notional amount (QR '000)*	*Derivative Asset (QR '000)*	*Within 12 months (QR '000)*	*Over 1 year (QR '000)*
Over the Counter Derivatives				
Interest Rate Derivatives	119,028	23,891	-	119,028

28 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate and credit derivatives
Interest rate and credit derivatives include swap contracts to exchange one set of cash flows for another, generally fixed and floating interest payments in a single currency without exchanging principal. In the case of credit default swaps the counterparties agree to make payments with respect to defined credit events based on specified notional amounts. The forward exchange derivative contracts are over-the-counter contracts transacted in the over-the-counter market and changes in contract values are settled daily.

29 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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.

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.

Assessment of significance of insurance risk:
The Group applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

Onerous groups
The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Estimates and assumptions
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:

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.

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.

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

Estimates and assumptions (continued)

Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75^{th} percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75^{th} percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Discount rates
Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. The Group uses the bottom-up approach to derive the discount rates based on liquid risk-free yield curve. The Group used the following yield curves to discount cash flows:

2023	***1 Year***	***3 Year***	***5 Year***	***10 Year***	***20 Year***
Contracts under PAA	5.64%	4.60%	4.38%	4.33%	4.34%
Contracts under Non PAA	6.24%-6.55%	5.44%-5.75%	5.26%-5.57%	5.32%-5.63%	5.74%-6.05%

Contractual service margin (CSM)
The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period.

The amount is determined by:
- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognizing any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of unit linked life insurance contracts, the coverage unit is the unit reserve while for other long term life groups of contracts, the coverage unit is the premiums. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Time value of money
The Group adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

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

Estimates and assumptions (continued)

Liability for incurred claims
The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Initial Expected Loss Ratio methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.