Qatar General Insurance & Reinsurance Company Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

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Independent auditors' report

To the Shareholders of

Qatar General Insurance & Reinsurance Company (Q.P.S.C.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Qatar General Insurance & Reinsurance Company Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the Company's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Comparative Information

We draw attention to Note 2.1 to the consolidated financial statements which describes that the Group elected to change its accounting policy for the consolidation of its subsidiary's takaful participants' fund and made retrospective adjustments to the comparative information in the accompanying consolidated financial statements. Consequently, the comparative information in the accompanying consolidated financial statements has been restated. Our opinion is not modified in respect of this matter.

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 period. 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.

Valuation of Insurance Contract Liabilities

See Note 24 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We focused on this area because: • The Group's insurance contract liabilities represent 30.41% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and other technical reserves and unearned premiums; • The valuation of these insurance liabilities involves significant judgement regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for incurred but not reported ('IBNR') claims and unearned premium reserves ('UPR) involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques; and • internal claim development methods and actuarial models are used to support the calculation of insurance technical reserves. The complexity of the models may give rise to errors as a result of inaccurate/incomplete data or the design or application of the models may be inappropriate. Assumptions used in actuarial models, such as historical claims, which can be used to project the trend of future claims, is set up in applying estimates and judgements based on the experience analysis and future expectations by management hence, we considered this to be a key audit matter.	Our audit procedures with the assistance of our specialist included, among others: • Testing the design and operating effectiveness of the key controls around recording of reserving process for reported claims, unreported claims and unearned premium; • Testing samples of outstanding claims and related reinsurance recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated; • For major lines of business, we assessed the reasonableness of the key assumptions, such as loss ratios, risk factors, claims adjustment expenses, frequency and severity of claims, which were used in the valuation models and comparing them to the Group’s historical data; • Evaluated whether reserving was consistent in approach, with sufficient justification for changes in assumptions. We used our industry knowledge to benchmark the Group's reserving methodologies and estimates of losses. Our audit focused on lines of business with most inherent uncertainty; • We assessed the competence, capabilities and objectivity of the external independent actuarial experts engage by the Group; • We also considered the appropriateness of information provided to external independent actuarial experts engaged by the Group and considered their scope of work and findings to corroborate adequacy of management estimates on claims reserving; and • Evaluating the adequacy of the Group’s disclosures related to insurance contract liabilities in the consolidated financial statements by reference to the requirements of the relevant accounting standards.

Valuation of Investment Properties	
See Note 5 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
We focused on this area because: • Investment properties amount to QR 5,364 million and consist of 59.46% of the total assets of the Group. • Due to the significant judgment, assumptions and estimates involved in the valuation of investment properties, it is considered as a key audit matter.	Our audit procedures in this area included, among others; • Assessing the independent external valuers' competence, capabilities and objectivity by discussing the scope of their work and reviewing their engagement for unusual terms or fee arrangements; • Inspecting the valuation reports and assessing whether any matters identified in them have a potential impact on amounts recorded and / or the disclosures in the consolidated financial statements; • Agreeing the property information in the valuation by tracing a sample of inputs to the underlying property records held by the Group; and • Involving our own valuation specialist to assist us in the following matters: ○ Assessing the consistency of the Valuation basis and appropriateness of the approach and methodology used, based on International Standards as well as generally accepted valuation practices locally in Qatar; and ○ evaluating the appropriateness of the underlying assumptions and rationale used based on our knowledge of the client and the industry. • Evaluating the adequacy of the disclosures in the consolidated financial statements including the disclosures of key assumptions and judgments.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report (the 'Annual Report') but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

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

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

Responsibilities of Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL") and relevant provisions of the Executive Insurance Instructions issued by the Qatar Central Bank, we also report that:

I. We have obtained all the information and explanations we considered necessary for the purposes of our audit.

II. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.

III. We have not been provided with the report of the Board of directors to determine whether there is any financial information contained therein is in agreement with the books and records of the Company.

IV. Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.

V. We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2021.

7 April 2022
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number
251 KPMG

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 QR '000	2020 QR '000 (Restated)	1 January 2020 QR '000 (Restated)
Assets				
Property and equipment	3	**65,646**	79,408	91,812
Right-of-use assets	4	**77,930**	84,213	88,229
Investment properties	5	**5,363,734**	5,190,940	5,037,159
Investment in associates	6	**1,033,266**	1,022,298	1,124,401
Reinsurance assets	7	**805,924**	749,720	1,168,095
Insurance receivables	8	**277,569**	239,713	178,545
Receivables from related parties	42(b)	**1,533**	6,275	2,321
Financial assets at fair value through other comprehensive income	9	**861,086**	861,941	935,144
Financial assets at fair value through profit or loss	10	**117,481**	100,101	104,795
Other assets	11	**141,114**	159,363	49,596
Cash and bank balances	12	**238,939**	294,997	502,711
		8,984,222	8,788,969	9,282,808
Assets held for sale	13(a)	**37,092**	38,942	53,778
Total assets		**9,021,314**	8,827,911	9,336,586
Equity and liabilities				
Equity				
Share capital	14	**875,067**	875,067	875,067
Legal reserve	15	**579,694**	569,073	558,904
Risk reserve	16	**500,000**	500,000	500,000
Valuation reserve of investment properties	17	**2,354,778**	2,332,971	2,305,339
Reserve for share of profits of associates	18	**29,824**	14,708	3,934
Retained earnings		**549,559**	531,784	441,733
Other components of equity	19	**235,171**	145,496	289,369
Equity attributable to shareholders of the Parent Company		**5,124,093**	4,969,099	4,974,346
Non-controlling interests	22	**9,778**	2,305	31,466
Total equity		**5,133,871**	4,971,404	5,005,812
Liabilities				
Employees' end-of-service benefits	23	**30,208**	29,270	36,005
Insurance contract liabilities	24	**1,182,055**	1,138,457	1,572,731
Loans and borrowings	25	**2,219,452**	2,247,277	2,221,044
Lease liabilities	4	**41,584**	42,813	59,517
Derivative financial instruments	26	**-**	363	1,829
Insurance payables	27	**239,768**	207,032	208,530
Payables to related parties	42(b)	**30,532**	31,160	28,476
Income tax liabilities	39	**3,119**	3,685	2,884
Other liabilities	28	**117,481**	120,792	144,588
		3,864,199	3,820,849	4,275,604
Liabilities directly associated with assets held for sale	13(b)	**23,244**	35,658	55,170
Total liabilities		**3,887,443**	3,856,507	4,330,774
Total equity and liabilities		**9,021,314**	8,827,911	9,336,586

....
Saeed Abu Gharbieh
Group Chief Executive Officer

....
Khalifa Bin Jassim Bin Mohammad Al Thani
Chairman of the Board

The attached notes 1 to 49 form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2021

	Notes	2021 QR '000	2020 QR '000 (Restated)
Gross written premiums		**749,509**	756,383
Premiums ceded to reinsurers		**(522,169)**	(521,904)
Net change in unearned premiums provision		**14,469**	16,616
Net earned premiums		**241,809**	251,095
Gross claims paid		**(421,754)**	(544,117)
Claims ceded to reinsurers		**281,067**	416,353
Gross change in insurance contract liabilities		**(65,481)**	414,706
Change in insurance contract liabilities ceded to reinsurers		**63,618**	(415,423)
Net claims	**31**	**(142,550)**	(128,481)
Net commissions and other insurance income	**32**	**23,178**	23,765
Underwriting results		**122,437**	146,379
Rental income	**5**	**85,508**	105,378
Investment income	**33**	**35,406**	49,524
Net realized (losses) gains	**34**	**(7,189)**	14,266
Fair value gains	**35**	**35,601**	26,353
Revenue from sales and construction activities		**13,765**	15,474
Other income		**2,061**	5,213
Investment and other operations results		**165,152**	216,208
Finance costs	**36**	**(53,785)**	(69,089)
Cost of sales and construction activities		**(11,967)**	(13,202)
Net impairment loss on financial assets	**37**	**(4,445)**	(3,908)
Operating and administrative expenses	**38**	**(152,108)**	(167,620)
Total expenses		**(222,305)**	(253,819)
Profit from operations		**65,284**	108,768
Share of profit of associates	**6**	**38,125**	10,588
Reversal of impairment of an associate	**6**	**-**	2,202
Profit before tax		**103,409**	121,558
Income tax expenses	**39**	**(2,448)**	(3,807)
Profit from continuing operations		**100,961**	117,751
Profit (loss) from discontinued operations	**13(c)**	**5,246**	(3,661)
Profit for the year		**106,207**	114,090
Profit (loss) attributable to:			
Shareholders of the Parent Company		**98,734**	143,251
Non-controlling interests		**7,473**	(29,161)
		106,207	114,090
Earnings per share			
Basic and diluted earnings per share (in Qatari Riyals per share)	**40**	**0.113**	0.164
Earnings per share for continuing operations			
Basic and diluted earnings per share (in Qatari Riyals per share)	**40**	**0.107**	0.168

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The attached notes 1 to 49 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 QR '000	2020 QR '000 (Restated)
Profit for the year		**106,207**	114,090
Other comprehensive income (loss)			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**6**	**(12,846)**	(106,570)
Cash flow hedge – effective portion of changes in fair value	**26**	**363**	1,466
Net (loss) gain on debt instruments at fair value through other comprehensive income	**9(c)**	**(20,282)**	4,688
		(32,765)	(100,416)
Items that will not be reclassified subsequently to profit or loss			
Net gain (loss) on equity instruments at fair value through other comprehensive income	**9(c)**	**88,678**	(46,368)
Share of other comprehensive income of an associate	**6**	**2,457**	-
		91,135	(46,368)
Other comprehensive income (loss) for the year		**58,370**	(146,784)
Total comprehensive income (loss) for the year		**164,577**	(32,694)
Total comprehensive income (loss) attributable to:			
Shareholders of the Parent Company		**157,104**	(3,533)
Non-controlling interests		**7,473**	(29,161)
		164,577	(32,694)
Total comprehensive income (loss) attributable to shareholders of the Parent Company arises from:			
Continuing operations		**151,858**	128
Discontinued operations		**5,246**	(3,661)
		157,104	(3,533)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

		Equity attributable to shareholders of the Parent Company												
								Other components of equity						
		Share capital	Legal reserve	Risk Reserve	Valuation reserve of investment properties	Reserve for share of profits of associates	Retained earnings	Fair value reserve	Revaluation surplus	Cash flow hedge	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Notes	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
At 31 December 2020 (restated)		875,067	569,073	500,000	2,332,971	14,708	531,784	403,938	6,226	(363)	(264,305)	4,969,099	2,305	4,971,404
Profit for the year		-	-	-	-	-	98,734	-	-	-	-	98,734	7,473	106,207
Other comprehensive income (loss)		-	-	-	-	-	-	70,853	-	363	(12,846)	58,370	-	58,370
Total comprehensive income (loss)		-	-	-	-	-	98,734	70,853	-	363	(12,846)	157,104	7,473	164,577
Transfer to legal reserve	15	-	10,621	-	-	-	(10,621)	-	-	-	-	-	-	-
Transfer to valuation reserve of investment properties	17	-	-	-	21,807	-	(21,807)	-	-	-	-	-	-	-
Transfer to reserve for share of profits of associates	18	-	-	-	-	15,116	(15,116)	-	-	-	-	-	-	-
Transfer of cumulative losses on disposal of financial assets at fair value through other comprehensive income	19(a)	-	-	-	-	-	(31,305)	31,305	-	-	-	-	-	-
Contribution to social and sports activities fund	21	-	-	-	-	-	(2,110)	-	-	-	-	(2,110)	-	(2,110)
At 31 December 2021		875,067	579,694	500,000	2,354,778	29,824	549,559	506,096	6,226	-	(277,151)	5,124,093	9,778	5,133,871

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The attached notes 1 to 49 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2021

		Equity attributable to shareholders of the Parent Company												
								Other components of equity						
		Share capital	Legal reserve	Risk Reserve	Valuation reserve of investment properties	Reserve for share of profits of associates	Retained earnings	Fair value reserve	Revaluation surplus	Cash flow hedge	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Notes	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
At 31 December 2019, as previously reported		875,067	558,904	500,000	2,305,339	3,934	503,978	442,707	6,226	(1,829)	(157,735)	5,036,591	31,466	5,068,057
Impact of changes in the accounting policy	46	-	-	-	-	-	(62,245)	-	-	-	-	(62,245)	-	(62,245)
At 1 January 2020 (restated)		875,067	558,904	500,000	2,305,339	3,934	441,733	442,707	6,226	(1,829)	(157,735)	4,974,346	31,466	5,005,812
Profit (loss) for the year		-	-	-	-	-	143,251	-	-	-	-	143,251	(29,161)	114,090
Other comprehensive (loss) income		-	-	-	-	-	-	(41,680)	-	1,466	(106,570)	(146,784)	-	(146,784)
Total comprehensive income (loss)		-	-	-	-	-	143,251	(41,680)	-	1,466	(106,570)	(3,533)	(29,161)	(32,694)
Transfer to legal reserve	15	-	10,169	-	-	-	(10,169)	-	-	-	-	-	-	-
Transfer to valuation reserve of investment properties	17	-	-	-	27,632	-	(27,632)	-	-	-	-	-	-	-
Transfer to reserve for share of profits of associates	18	-	-	-	-	10,774	(10,774)	-	-	-	-	-	-	-
Transfer of cumulative losses on disposal of financial assets at fair value through other comprehensive income	19(a)	-	-	-	-	-	(2,911)	2,911	-	-	-	-	-	-
Contribution to social and sports activities fund	21	-	-	-	-	-	(1,714)	-	-	-	-	(1,714)	-	(1,714)
At 31 December 2020 (restated)		875,067	569,073	500,000	2,332,971	14,708	531,784	403,938	6,226	(363)	(264,305)	4,969,099	2,305	4,971,404

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 QR '000	2020 QR '000 (Restated)
Operating activities			
Profit from continuing operations before tax		**103,409**	121,558
Profit (loss) from discontinued operations before tax		**5,246**	(3,661)
Profit for the year before tax		**108,655**	117,897
Non-cash items included in profit for the year:			
Fair value gains		**(36,101)**	(26,467)
Impairment loss on financial assets		**2,916**	989
Impairment loss on property and equipment and right-of-use assets		**55**	3,383
Gain on derecognition of right-of-use assets		**-**	(4,368)
Share of profit of associates		**(38,125)**	(12,739)
Depreciation of property and equipment and right-of-use assets		**12,567**	13,295
Gain from sale of property and equipment		**(46)**	(624)
Loss from sale of debt instruments at fair value through other comprehensive income	**34**	**7,189**	3,117
Gain from sale of investment property	**34**	**-**	(17,383)
Net movement in outstanding claims provision		**(1,908)**	(10,761)
Net movement in unearned premiums provision		**(14,472)**	(16,636)
Finance costs	**36**	**53,785**	69,089
Provision for employees' end-of-service benefits		**4,029**	4,704
Adjustment for:			
Net change in operating assets	**41**	**(33,619)**	(158,168)
Net change in operating liabilities	**41**	**21,740**	(21,437)
Cash from (used in) operations		**86,665**	(56,109)
Income tax paid		**(3,014)**	(3,006)
Employees' end-of-service benefits paid		**(3,112)**	(11,614)
Net cash flows from (used in) operating activities		**80,539**	(70,729)
Investing activities			
Additions to property and equipment	**3**	**(1,040)**	(3,912)
Additions to investment properties		**(90,131)**	(90,037)
Proceeds from sale of property and equipment		**46**	668
Proceeds from sale of investment property		**-**	15,157
Dividends received from associates		**23,009**	3,956
Purchase of financial assets at fair value through other comprehensive income		**(22,042)**	(2,906)
Purchase of financial assets at fair value through profit or loss		**(3,699)**	-
Proceeds from sale of financial assets at fair value through other comprehensive income		**94,077**	27,728
Proceeds from sale of financial assets at fair value through profit or loss		**612**	-
Net movement in term deposits		**(944)**	267,377
Net cash flows (used in) from investing activities		**(112)**	218,031
Financing activities			
Proceeds from loans and borrowings		**64,893**	245,736
Repayment of loans and borrowings		**(146,246)**	(267,141)
Finance costs paid		**(52,096)**	(67,135)
Payment of lease liabilities	**4**	**(4,027)**	(4,260)
Net cash flows used in financing activities		**(137,476)**	(92,800)
Net (decrease) increase in cash and cash equivalents		**(57,049)**	54,502
Cash and cash equivalents at the beginning of the year		**251,833**	197,331
Cash and cash equivalents at the end of the year	**12**	**194,784**	251,833
Operational cash flows from interest and dividends			
Interest paid		**(52,096)**	(67,135)
Interest received		**16,076**	24,122
Dividends received		**44,027**	29,222

The attached notes 1 to 49 form an integral part of these consolidated financial statements.

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1 CORPORATE INFORMATION

Qatar General Insurance & Reinsurance Company Q.P.S.C. (the "Company" or the "Parent Company") is a public shareholding company incorporated by Emiri Decree No. 52 of 1978 under commercial registry number 7200 and governed by the provisions of the Qatar Commercial Companies' Law No. 11 of 2015 and the applicable provisions of Qatar Central Bank Law No. 13 of 2012. The Company and its subsidiaries (together referred to as the "Group") are engaged in the business of general insurance and reinsurance including Takaful operations, real estate, investment, manufacturing, trading and contracting. The shares of the Company are listed on the Qatar Exchange.

The management is in the process of taking necessary actions needed to ensure compliance with the provisions of law No. 8 of 2021 issued in amending some provisions of Commercial Companies' Law No. 11 of 2015, including amending the Articles of Association of the Company and has concluded that any non-compliance, if any, as at the reporting date does not have a material impact on the consolidated financial statements.

As of 31 December 2021, the Company has three local branches in Qatar. The Company also has one overseas branch in United Arab Emirates that is classified as discontinued operations effective 26 November 2018 (Note 13).

The subsidiaries are as follows:

Name of the subsidiary	Ownership	Country of incorporation	Principal activities
Qatar General Holding Company W.L.L.	100% (direct)	State of Qatar	Investments management of the Group
General Takaful Company Q.C.S.C.	87% (direct) and 13% (indirect)	State of Qatar	Takaful operations
General Real Estate Company W.L.L.	100% (indirect)	State of Qatar	Real estate investment and management
World Trade Center – Qatar W.L.L.	100% (indirect)	State of Qatar	Hospitality, exhibition and events management
Mozoon Insurance Marketing Services W.L.L.*	100% (indirect)	State of Qatar	Insurance marketing services
General Tower for Real Estate Investments W.L.L.	100% (indirect)	State of Qatar	Real estate investment and development
Orientals Enterprises W.L.L.	100% (indirect)	State of Qatar	Contracting and construction
National Rebar Formation Factory W.L.L.	100% (indirect)	State of Qatar	Manufacturing of rebar
Orient Insulation Factory W.L.L.	100% (indirect)	State of Qatar	Manufacturing of insulation materials
Orientals Garage W.L.L.	100% (indirect)	State of Qatar	Automobiles repair
General Company for Water and Beverages W.L.L.	60% (indirect)	State of Qatar	Water bottling and beverages trading
Mozoon Real Estate Company W.L.L.**	50% (indirect)	State of Qatar	Real estate investment and development

*The Group ceased the operations of Mozoon Insurance Marketing Services W.L.L. with effect from 3 November 2019 as per the Board of Directors resolution dated 15 April 2019 and Qatar Central Bank's approval dated 1 October 2019.

**The Group has control over Mozoon Real Estate Company W.L.L. as it has existing rights to direct the activities of the subsidiary.

These consolidated financial statements of the Group for the year ended 31 December 2021 were authorized for issue by the Board of Directors on 3 March 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable provisions of Qatar Central Bank Law No. 13 of 2012.

The consolidated financial statements are prepared under the accrual basis and historical cost convention, except for the following items in the consolidated statement of financial position that have been measured at fair value:

- investment properties
- financial assets at fair value through other comprehensive income (FVOCI)
- financial assets at fair value through profit or loss (FVTPL)
- derivative financial instruments

The methods used to measure fair value have been discussed in detail in the notes to these consolidated financial statements.

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding utilisation or settlement of assets and liabilities, within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 45.

The consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's functional currency. All financial information presented in Qatari Riyal has been rounded to the nearest thousands (QR '000), except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the reporting date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Information about critical judgements and significant areas of estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included within this note. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised.

New amendments that became effective during the year
Following are the new amendments that became effective during the year. They did not have a significant impact on the Group's consolidated financial statements.

Effective date	New amendments
1 January 2021	COVID-19-Related Rent Concessions (Amendment to IFRS 16)
1 January 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

COVID-19-Related Rent Concessions (Amendment to IFRS 16)
In May 2020, the Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021.

Interest Rate Benchmark Reform - Phase 2 amendments
Effective from 1 January 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Benchmark Reform - Phase 2 amendments (continued)
The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

New standard and amendments issued but not yet effective
Following are the new standard and amendments that are issued and are not yet effective. The Group is currently evaluating the impact of these new standard and amendments and will adopt them on their effective dates.

Effective Date	New Standard / Amendments
1 January 2022	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
1 January 2022	Annual Improvements to IFRS Standards 2018–2020
1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
1 January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
1 January 2023	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8)
1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fees approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows incorporating an explicit risk adjustment remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income will be determined by an accounting policy choice.
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standard and amendments issued but not yet effective (continued)

IFRS 17 Insurance Contracts (continued)
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Group plans to adopt the new standard on the effective date.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Summary of significant accounting policies, judgements and key estimates
The accounting policies set out below have been applied by the Group consistently to all periods presented in the consolidated financial statements, and have been applied consistently by the Group entities, except for the changes disclosed in Note 2.1 of these consolidated financial statements.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, recognized gains and losses resulting from intra-group transactions and dividends are eliminated in full. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received; recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the Parent’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Basis of consolidation (continued)

Business combinations and goodwill (continued)
Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-controlling interests
NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Takaful operations
One of the Group's subsidiaries, General Takaful Company Q.C.S.C., is an operator of Islamic insurance business operating under Islamic Shari'a principles. In accordance with applicable Shari'a principles, participants' (policyholders') fund is maintained separately from the operator's (Shareholders') fund. The subsidiary has adopted a Hybrid Model that uses the principles of both Wakala and Mudaraba whereby the Shareholders receive a fixed Wakala fee of 20% (2020: 17% up to September 2020 then 20% thereafter) of gross takaful contributions in addition to a 70% (2020: 70%) share in the recognized investment gains of the Policyholders. This is done after approval from Shari'a Supervisory Board on Wakala fee and percentage of gains in Mudaraba. All administrative costs of Takaful operations are covered by the Wakala fees and borne by the Shareholders.

The General Takaful Company Q.C.S.C.'s Policyholders fund financial position and results are presented in Note 29 of these consolidated financial statements. The accounting policies have been consistently applied for all the years presented except for the changes disclosed in Note 2.1 of these consolidated financial statements.

Investment in associate companies
Associate companies are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of total recognized gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognized immediately in profit or loss as a bargain purchase.

The Group's share of post-acquisition profit or loss is recognized in profit or loss, and its share of movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Basis of consolidation (continued)

Investment in associate companies (continued)
Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long term investments, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

If the Group discontinues equity accounting without obtaining control of an existing associate, then it recognises a gain or loss in profit or loss calculated as the difference between the sum of the fair value of any proceeds from the interests disposed of, the fair value of any retained investment and the amount reclassified from OCI and the carrying amount of the investment at the date on which significant influence is lost.

Amounts recognized in OCI in relation to the associate are accounted for on the same basis as would be required if the investee had disposed of the related assets and liabilities directly. As a result, the investor's share of the following amounts is reclassified to profit or loss:

- exchange differences that were recognized in OCI in accordance with IAS 21;
- changes in the fair value of available-for-sale financial assets previously recognized in OCI in accordance with IFRS 9; and
- the effective portion of gains and losses on hedging instruments in a cash flow hedge previously recognized in OCI in accordance with IFRS 9.

When an investment ceases to be an associate and is accounted for in accordance with IFRS 9, the fair value of the investment at the date on which it ceases to be an associate is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9.

Foreign currency translation

Foreign operations
For the purpose of the consolidated financial statements, the results and financial position of the foreign branch is expressed in the functional currency of the Parent Company at the exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the year unless exchange rates fluctuated significantly during the year in which case the exchange rates at the dates of the transactions are used. Investment in foreign associates is translated at the closing exchange rates. Foreign currency translation differences are recognized directly in other comprehensive income. When a foreign operation is disposed of in part or full, the relevant amount in the reserve is transferred to the consolidated statement of profit or loss for the corresponding period.

Foreign currency transactions
Foreign currency transactions are initially recorded in Qatari Riyals at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Qatari Riyal at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Qatari Riyal at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rates at the date of the transactions. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

IFRS 16 Leases

Lease
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group as a lessee
For the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Group as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

IFRS 16 Leases (continued)

Group as a lessor (continued)
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental revenues'.

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

Accounting policies in accordance with IFRS 9
Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification, which are adopted by the Group, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination.

Financial assets which are debt instruments:
- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Fair value through other comprehensive income. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments; or
- Mandatorily at fair value through profit or loss. This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or
- Designated at fair value through profit or loss. This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Financial liabilities:
- Amortised cost.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Accounting policies in accordance with IFRS 9 (continued)
All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below.

Debt instruments at fair value through other comprehensive income
The Group holds certain investments in bonds which are classified as subsequently measured at fair value through other comprehensive income (Note 9). They have been classified in this manner because the contractual terms of these debt instruments give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the objectives of the Group's business model is achieved by both collecting the contractual cash flows on these instruments and by selling them.

These debt instruments are recognized when the Group becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at fair value.

Even though they are measured at fair value, the Group determines the amortised cost of each instrument as if they were measured at amortised cost. The difference, at reporting date, between the amortised cost and the fair value of the debt instruments, is recognized in other comprehensive income and accumulated in equity in the fair value reserve.

The amortised cost is the amount recognized on the debt instrument initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is calculated using the effective interest method, and is included in consolidated statement of profit or loss in investment income (Note 33). The effective interest rate is applied to the gross carrying amount of the instrument, provided the instrument is not credit-impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

When a debt instrument measured at fair value through other comprehensive income is denominated in a foreign currency, the amortised cost and the fair value of the investment is determined in the foreign currency. The amortised cost and fair value is then translated to the Qatari Riyal equivalent using the spot rate at the end of each reporting period. Any foreign exchange gains or losses arising on the amortised cost of the instrument are recognized in profit or loss. The remaining foreign exchange gains or losses relate to the valuation adjustment and are included in other comprehensive income and are accumulated in equity in the fair value reserve.

The Group recognises a loss allowance for expected credit losses on all debt instruments measured at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a debt instrument has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12 month expected credit losses (12 month ECL).

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than evidence of a debt instrument being credit impaired at the reporting date or of an actual default occurring.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Accounting policies in accordance with IFRS 9 (continued)

Debt instruments at fair value through other comprehensive income (continued)
The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The exposure at default is the gross carrying amount of the instrument at the reporting date.

In assessing whether the credit risk on a debt investment has increased significantly since initial recognition, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the credit risk on a debt instrument is always presumed to have increased significantly since initial recognition if the contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a debt instrument is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the instrument has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

For purposes of internal credit risk management purposes, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Group considers that default has occurred when an instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

On derecognition of a debt instrument at fair value through other comprehensive income, the cumulative gain or loss on that instrument which was previously accumulated in equity in the reserve for valuation of investments is reclassified to profit or loss.

Debt instruments at fair value through profit or loss
Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding or the objectives of the Group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

Investments in debt instruments at fair value through profit or loss are recognized when the entity becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognized in profit or loss.

Interest income on debt instruments at fair value through profit or loss are included in investment income (Note 33).

A debt instrument at fair value through profit or loss that is denominated in foreign currency is translated to the Qatari Riyal equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognized as part of the fair value adjustment in profit or loss under fair value gains or losses. Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Accounting policies in accordance with IFRS 9 (continued)

Investments in equity instruments
Equity instruments are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the Group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income. The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Investments in equity instruments are recognized when an entity becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount of the investments, except for those investments which have been designated as at fair value through profit or loss.

Fair value gains or losses recognized on investments at fair value through profit or loss are included in fair value gains or losses (Note 35).

Dividend income from equity investments are recognized in profit or loss when the Group's right to receive the dividend is established, unless the dividend clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (Note 33).

An investment in equity instrument that is denominated in foreign currency is translated to the Qatari Riyal equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognized in profit or loss as part of the fair value adjustment for investments which are classified as at fair value through profit or loss. Foreign exchange gains or losses arising on investments at fair value through other comprehensive income are recognized in other comprehensive income and accumulated in equity in the reserve for valuation of investments. Investments in equity instruments are not subject to impairment provisions.

Insurance and other receivables
Insurance and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The Group recognises a loss allowance for expected credit losses on insurance and other receivables. The amount of expected credit losses is updated at each reporting date. An impairment reversal or loss is recognized in profit or loss with a corresponding adjustment to the carrying amount of insurance and other receivables, through use of a loss allowance account. The impairment loss is included in the consolidated statement of profit or loss.

The Expected Credit Loss (ECL) is computed at the portfolio level. The ECL is calculated as the product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD). The Exposure as on 31 December 2021 has been considered for the ECL calculation.

Three scenarios have been considered for the ECL Computation exercise - Base case, Optimistic case and Pessimistic case. These scenarios have been generated based on the three scenarios generated under the PD computation exercise. The three scenarios have been combined to generate one probability weighted average ECL. The scenario weights are: base case scenario: 60%, pessimistic case scenario: 30%, and optimistic case scenario: 10%. The weightage is changed from 70%, 15% and 15% to 60%, 30% and 10% (for base, pessimistic and optimistic cases respectively) to incorporate the downward trend of the market due to Covid-19.

Cash and cash equivalents
Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less as on the consolidated statement of financial position date. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Accounting policies in accordance with IFRS 9 (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due in the case of insurance related receivables, 180 days past due with respect to non-insurance related receivables and 90 days with respect to debt instruments at fair value through other comprehensive income.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in consolidated statement of profit or loss.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss.

Financial liabilities

Loans and borrowings are recognized when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Accounting policies in accordance with IFRS 9 (continued)

Financial liabilities (continued)
Interest expense, calculated on the effective interest method, is included in the consolidated statement of profit or loss in finance costs (Note 36). Loans and borrowings expose the Group to liquidity risk and interest rate risk.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss.

Derivative financial instruments
The Group uses interest rate swap contracts to hedge its risk associated with interest rate fluctuations relating to the interest payments on the Group's term loan. These interest rate swap contracts are stated at fair value. The Group classifies a hedge as a cash flow hedge where it hedges the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction. The interest rate swap contract has been classified as a cash flow hedge and meets the criteria for hedge accounting.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each consolidated statement of financial position date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Cash flow hedge
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expired, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Financial liabilities and equity instruments (continued)

Equity instruments (continued)
Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gains or losses is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

The provision for outstanding claims is recognized for claims reported but not settled and accounts for the liability for unpaid loss and loss adjustment expense amounts based on the management's and loss adjusters' best estimate.

The provision for claims incurred but not reported is calculated based on empirical data, historical trends and patterns and appropriate assumption with the application of widely acceptable actuarial techniques.

The provision for unearned premium represents the portion of premium which relates to risks that have not expired as the reporting date. The provision for unearned premium is calculated based on the insurance service pattern provided by the insurance contract and is recognized as income over the term of the contract.

The Group reviews the adequacy of the provision for unearned premium to cover costs associated with liability arising from unexpired risk at each reporting date. Where the provision is considered inadequate to cover future contractual obligations for unexpired risks, a provision for premium deficiency is established and recognized.

Fair value measurement
The Group measures financial and certain non-financial instruments at fair value at each consolidated financial position date. Fair value related disclosures for such instruments are disclosed in the following notes:

- investment properties in Note 5.
- financial assets at fair value through other comprehensive income in Note 9.
- financial assets at fair value through profit or loss in Note 10.
- derivative financial instruments in Note 26.
- quantitative disclosures of fair value measurement hierarchy in Note 44.
- disclosures for valuation methods, significant estimates and assumptions in Note 44.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Fair value measurement (continued)
- Level 1: quoted (unadjusted) market prices 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).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement such as unquoted financial assets at fair value through other comprehensive income and for non-recurring measurement.

External valuers are involved in the valuation of significant assets and liabilities, such as investment properties and insurance contract liabilities. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group’s Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group, in conjunction with the Group’s external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial assets at fair value through other comprehensive income / profit or loss

Quoted equity instruments
The fair value of equity instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets at the close of business on the consolidated statement of financial position date.

Managed funds
The fair value of managed funds that are actively traded in organized secondary financial market is determined by reference to published net asset values and offer prices at the close of business on the consolidated statement of financial position date.

Unquoted equity instruments
At each reporting period, the management internally estimates the fair values of unquoted equity instruments using adjusted net asset value method which is a permitted valuation technique by IFRS 13.

Quoted bonds and debt instruments
The fair value of debt instruments that are actively traded in organized and secondary financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities at the close of business on the consolidated statement of financial position date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Fair value measurement (continued)

Investment properties
The fair value of an investment property is determined by independent real estate valuation experts with recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had each acted knowledgeably.

Interest rate swap agreements
The fair value of interest rate swap contracts is calculated by discounting the expected future cash flows at the prevailing interest rate based on broker's quotes.

Non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Investment properties
An investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the production or supply of goods and services or for administrative purposes. Investment properties are measured by applying the fair value model.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost.

Any gain or loss on disposal of any investment property (calculated as a difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Transfers are made to or from investment properties only when there is a change in use evidenced by owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Property and equipment

Recognition and measurement
Property and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

Subsequent costs
The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation
Depreciation is calculated on a straight-line method over the estimated useful lives of property and equipment other than freehold land which is determined to have an indefinite life as follows:

Category	Estimated useful lives
Buildings	20 years
Furniture and fixtures	4 years
Computers	3 – 5 years
Motor vehicles	3 – 5 years
Tools and equipment	3 – 10 years / estimated units of production for water bottling factory

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Depreciation is allocated within the consolidated statement of profit or loss under cost of construction activities and operating and administrative expenses.

Provisions
Provisions are recognized in the consolidated statement of financial position 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.

Finance costs
The finance costs incurred on qualified assets are capitalised being part of cost of construction. All other finance costs are recognized on an accrual basis in the consolidated statement of profit or loss during the year in which they arise.

Employee benefits

Local employees
With respect to local 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Employee benefits (continued)

Expatriate employees
For the expatriate employees, the Group provides for employees' end-of-service benefits determined in accordance with the requirements of contractual obligation and applicable labour laws. Provisions are made towards such benefits on the basis of employees' salaries and the number of years of service at the reporting date. Although the expected costs of these benefits are accrued over the period of employment, these are paid to employees only on completion of their term of employment with the Group.

Share capital

Ordinary share capital
Ordinary shares are classified as equity. The bonus shares issued are shown as an addition to the share capital and deducted from the accumulated retained earnings of the Group.

Dividends on ordinary share capital
Dividends on ordinary shares are recognized as a liability and deducted from retained earnings when they are approved by the Company's shareholders. Dividends for the year that are approved after the consolidated statement of financial position date are dealt with as an event after the consolidated statement of financial position date.

Income recognition

Gross written premiums
Gross written premiums comprise total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy commences.

Premiums, net of reinsurance, are recognized in the consolidated statement of profit or loss over the terms of the related contracts or policies. The portion of premium received on in-force contracts that relates to unexpired risks at the consolidated statement of financial position date is reported as the unearned premium liability. Unearned premiums are calculated principally on the actual number of day's method (daily pro rata basis).

Reinsurance arrangements
As part of managing its insurance risks, the Group enters into contracts with other reinsurers for compensation of losses on insurance contracts issued by the Group. A proportionate amount of gross written premiums, in proportion to the amount of risk reinsured on an individual policy basis, are paid to reinsurance companies according to the rates agreed in reinsurance contracts, as reinsurance premiums. In the ordinary course of business, the Group assumes and cedes reinsurance. 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 reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the consolidated statement of financial position date and are deferred over the term of the underlying direct insurance policies.

Commissions income
A proportionate amount of reinsurance premium paid to reinsurance companies is paid back to the Group as commission for undertaking the business. This commission percentage is agreed according to reinsurance contracts entered per individual line of business with different reinsurance companies. The amount of commission is recognized according to the reinsurance commission receivable on an individual policy basis.

Fees
Insurance contract policyholders are charged for policy administration services, management services and other contract fees. This income is recognized during the period when the policy is underwritten or the service is provided.

Rental income
Rental income from investment properties is recognized in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Income recognition (continued)

Investment income
Investment income includes dividends and interest income. Dividend income is recognized when the right to receive the same is established. Interest income is recognized in the consolidated statement of profit or loss as it accrues.

Income from/cost of construction activities
The Group recognises revenue from civil construction services over time using an input method to measure progress towards complete satisfaction of the service as the entity's perfromance creates or enhances a customer–controlled asset. The stage of completion is measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. Cost of construction activities is recognized when incurred. When the outcome of a fixed price construction contract cannot be estimated reliably, income from construction activities is recognized only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a fixed price construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenue from sale of bottled water
Revenue from sale of bottled water is recognized at the point–in time when control over the goods is transferred to the customer, generally on the delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

Inventories
Raw materials and stores, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Claims and related expenses

Gross claims paid
Claims and related expenses are accounted for based on reports received and subsequent review on an individual case basis. Provision is made to cover the estimated ultimate cost of settling claims arising out of events, which have occurred by the end of the financial year, including unreported losses, and claims handling expenses.

Reinsurance and other recoveries
Compensations receivable from reinsurers are estimated in a manner consistent with the corresponding claim liability. The obligations arising under reinsurance contracts are recognized in profit or loss and the related liabilities are recognized as accounts receivable or deducted from reinsurers' share of technical reserves. Hence, a portion of the reinsurance premium payable is provided as a reserve for future claims in order to provide additional liquidity for the Group, which is finally settled at the end of the reinsurance period.

Movement in outstanding claims

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

Provision for claims incurred but not reported (IBNR)
Claims provision also includes a liability for claims incurred but not reported as at the consolidated statement of financial position date. The liability is generally calculated at the reporting date, after considering the independent actuarial report, historic trends, empirical data and current assumptions that may include a margin for adverse deviations. The liability is not discounted for the time value of money.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Claims and related expenses (continued)

Movement in outstanding claims (continued)

Provision for premium deficiency
At the end of each reporting period, provision is made for premium deficiency arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision and already recorded claim liabilities in relation to such policies. The provision for premium deficiency is made by reference to classes of business at the date of consolidated statement of financial position based on actuarial estimates.

Provision for unallocated loss adjustment expense (ULAE)
Provision for unallocated loss adjustment expense represents an estimate of ultimate payments for losses and related settlement expenses from claims that have been reported but not paid. The loss reserve estimates are expectations of what ultimate settlement and administration of claims will cost upon final resolution. These estimates are based on facts and circumstances then known to us, review of historical settlement patterns, estimates of trends in claims frequency and severity, projections of loss costs, expected interpretations of legal theories of liability and other factors. In establishing the provision, the management takes into account estimated recoveries from reinsurance, salvage and subrogation.

Reserve for unexpired risks (unearned premium)
The reserve for unexpired risk represents the estimated portion of net premium income which relates to periods of insurance subsequent to the consolidated statement of financial position date. The reserve is calculated using the actual number of day's method. The reinsurers' share on estimated liability of RBNS, IBNR and unexpired insurance premium is separately classified as reinsurance assets in the consolidated statement of financial position.

Segment reporting
Segment results that are reported to senior management includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. For management purpose, the Group is organised into two business segments, insurance and investments. All operating segments' operating results are reveiwed 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.

Further, the Group has three major insurance lines that it manages and operates independently. The three product lines are:

- Property and casualty: issuing contracts that provide comprehensive cover to the insured's properties.
- Life and medical: providing cover to protect insured financially from unforeseen accidents that cause bodily injury or harm. The cover compensates for accidental death/injury, permanent/temporary disability, medical expenses, and emergency transportation costs.
- Marine and aviation: issuing contracts to cover every step of the distribution chains, including goods in transit, storage, and project cargo for specialist shipments and to protect organisations from the many varied risks to any vessels.

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 attributable to ordinary shareholders of the Parent Company by the weighted number of ordinary shares outstanding during the year.

Discontinued operations
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Discontinued operations (continued)
Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Income tax
Income tax expenses recognized in the consolidated statement of profit or loss, comprises current and deferred tax attributed to the non-Qatari shareholders of the subsidiaries of the Group.

Current tax
Current tax comprises the expected tax payable on the taxable profit for the year. It is calculated on the basis of the tax laws enacted (Income Tax Law No. 24 of the year 2018) or substantively enacted at the reporting date in the State of Qatar. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts that are expected to be paid to the General Tax Authority.

Deferred tax
Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities reported in the Group's consolidated financial statements and their respective amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled using tax rates based on tax laws that have been enacted or substantially enacted by the reporting date in the State of Qatar.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Income tax (continued)

Deferred tax (continued)
As at the reporting date, the Group did not have significant temporary differences between the carrying amount of assets or liabilities on its consolidated statement of financial position and their respective amounts used for tax purposes.

Critical judgements in applying the Group's accounting policies
In the process of preparing these consolidated financial statements, management has made use of a number of judgments relating to the application of accounting policies which are described in this note. Those which have the most significant effect on the reported amounts of assets, liabilities, income and expense are listed below (apart from those involving estimations which are dealt with in the subsequent paragraphs).

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

Determining the lease term of contracts with renewal and termination options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Classification of investments
Quoted securities could be classified either as fair value through other comprehensive income or at fair value through profit or loss. The Group invests substantially in quoted securities either locally or overseas and management has primarily decided to account for these investments based on their potential for long term growth rather than on the short-term profit basis. Consequently, the majority of such investments are recognized as fair value through other comprehensive income rather than at fair value through profit or loss. Financial assets are classified as fair value through profit or loss where the assets are either held for trading or initially designated at fair value through profit or loss.

Valuation reserve of investment properties
In compliance with Qatar Central Bank's instructions, the Group transfers all unrealized fair value gains on revaluation of investment properties from retained earnings to valuation reserve of investment properties. Any future realized gains arising from sale of investment properties are permitted to be transferred to retained earnings and made available for distribution.

Reserve for share of profits of associates
In compliance with the Qatar Central Bank's instructions, share of profits of associates must be transferred from the retained earnings to reserve for share of profits of associates. Declared and received dividends from associates are permitted to be transferred to retained earnings and made available for distribution.

Key sources of estimation uncertainties
The key assumptions concerning the future and other key sources of estimating 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 are discussed below.

Claims made under insurance contracts
Claims and loss adjustment expenses are charged to the consolidated statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damages incurred by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and management estimations for the incurred but not reported (IBNR) claims. The method for making such estimates and for establishing the resulting liability is continually reviewed. Any difference between the actual claims and the provisions made are included in the consolidated statement of profit or loss in the year of settlement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Key sources of estimation uncertainties (continued)

Impairment of financial assets
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Unearned premiums
The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Unearned premiums are calculated on a daily pro rata basis.

Useful lives, residual values and depreciation charges of property and equipment
The Group's management determines the estimated useful lives, residual values and related depreciation charges of its property and equipment. These estimates are determined after considering the expected usage of the asset, physical wear and tear and technical or commercial obsolescence.

Liability adequacy tests
At each consolidated statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. 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.

Interest rate swaps valuation
The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instruments and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

Investment properties valuation
The fair value of investment property is determined by independent real estate valuation experts with recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had each acted knowledgeably.

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in Note 44.

Impairment testing of non–financial assets
The Group's management reviews and tests the carrying value of assets (except for investment property that is measured at fair value, inventories, contract assets and contract costs to obtain or fulfil a contract with customers, and non-current assets or disposal groups classified as held-for-sale) when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies, judgements and key estimates (continued)

Key sources of estimation uncertainties (continued)

Valuation of unquoted equity instruments
At each reporting period, the management internally estimates the fair values of unquoted equity instruments using adjusted net asset value method, a permitted valuation technique by IFRS 13.

2.1 Changes in the accounting policy

Following a wider review of the market practice on interpretations and applications of the principles of IFRS applied by Takaful operators, the Group's Board of Directors, based on discussions with the Shari'a Supervisory Board, reassessed the current accounting application of the consolidation principles to the Takaful Participants' Fund and results of operations of its Takaful subsidiary. This has resulted in a change in its accounting policy which now requires consolidation of the Takaful operations in full including the associated surplus and deficit from the Takaful Participants' Fund (i.e. policyholders). In line with the new accounting policy, all deficits from the Takaful Participants' fund for each reporting period will be effectively absorbed by the Group's consolidated statement of profit or loss. This absorption of accumulated deficits shall be compensated from future surpluses, if any, arising from Takaful Participants' Fund. However, in line with Shari'a principles, any accumulated net surplus should be attributable to the Takaful Participants' Fund and shall be recognized as a liability when a net surplus position is achieved in the Takaful Participants' Fund.

In the view of the Board of Directors, this revised accounting policy results in presenting information that is considered more reliable and relevant to the economic decision-making needs of users of the consolidated financial statements of the Group.

The effect of changes in the accounting policy is disclosed in Note 46 of these consolidated financial statements.

3 PROPERTY AND EQUIPMENT

	Freehold land	Buildings	Furniture and fixtures	Computers	Motor vehicles	Tools and equipment	Total 2021
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Cost:							
At the beginning of the year	7,230	56,815	20,570	25,541	11,036	96,728	217,920
Additions	-	13	497	366	86	78	1,040
Disposals	-	-	(47)	(4)	(87)	-	(138)
Other adjustment	-	(1,108)	-	-	-	-	(1,108)
At the end of the year	7,230	55,720	21,020	25,903	11,035	96,806	217,714
Accumulated depreciation:							
At the beginning of the year	-	32,676	18,175	21,630	9,076	54,530	136,087
Depreciation*	-	2,097	1,101	2,108	914	7,419	13,639
Disposals	-	-	(47)	(4)	(87)	-	(138)
At the end of the year	-	34,773	19,229	23,734	9,903	61,949	149,588
Allowance for impairment:							
At the beginning of the year	-	-	-	-	-	2,425	2,425
Impairment (Note 38)	-	-	-	-	-	55	55
At the end of the year	-	-	-	-	-	2,480	2,480
Net carrying amounts:							
At the end of the year	7,230	20,947	1,791	2,169	1,132	32,377	65,646

3 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land	Buildings	Furniture and fixtures	Computers	Motor vehicles	Tools and equipment	Total 2020
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Cost:							
At the beginning of the year	7,230	56,664	19,562	23,535	13,711	97,842	218,544
Additions	-	151	1,079	2,348	299	35	3,912
Disposals	-	-	(71)	(342)	(2,974)	(1,149)	(4,536)
At the end of the year	7,230	56,815	20,570	25,541	11,036	96,728	217,920
Accumulated depreciation:							
At the beginning of the year	-	30,572	17,143	19,998	11,141	47,878	126,732
Depreciation*	-	2,104	1,089	1,945	909	7,800	13,847
Disposals	-	-	(57)	(313)	(2,974)	(1,148)	(4,492)
At the end of the year	-	32,676	18,175	21,630	9,076	54,530	136,087
Allowance for impairment:							
At the beginning of the year	-	-	-	-	-	-	-
Impairment (Note 38)	-	-	-	-	-	2,425	2,425
At the end of the year	-	-	-	-	-	2,425	2,425
Net carrying amounts:							
At the end of the year	7,230	24,139	2,395	3,911	1,960	39,773	79,408

3 PROPERTY AND EQUIPMENT (CONTINUED)

*The depreciation during the year has been allocated as follows:

	2021 QR '000	2020 QR '000
Operating and administrative expenses (Note 38)	**5,757**	5,581
Depreciation expenses capitalized under investment properties	**7,882**	8,266
	13,639	13,847

4 RIGHT-OF-USE ASSETS

Right-of-use assets

	Notes	2021 QR '000	2020 QR '000
At the beginning of the year		**84,213**	88,229
Additions		**680**	957
Transferred from investment properties	5	**-**	15,112
Derecognition of right-of-use assets		**(153)**	(11,506)
Impairment loss of right-of-use assets	38	**-**	(958)
Depreciation during the year	38	**(6,810)**	(7,621)
At the end of the year		**77,930**	84,213

Lease liabilities

	Note	2021 QR '000	2020 QR '000
At the beginning of the year		**42,813**	59,517
Additions		**680**	955
Interest expenses	36	**2,271**	2,754
Liabilities relating to the derecognition of right-of-use assets		**(153)**	(15,580)
Rent concessions during the year		**-**	(573)
Payments during the year		**(4,027)**	(4,260)
At the end of the year		**41,584**	42,813

The derecognition of the right-of-use assets relates to terminated lease contracts during the year.

The right-of-use assets are depreciated over the lease term which ranges from 2 to 30 years. As at 31 December 2021, the total lease commitment for short-term leases and low-value assets is QR 0.60 million (2020 restated: QR 0.38 million).

5 INVESTMENT PROPERTIES

	Notes	2021 QR '000	2020 QR '000 (Restated)
At the beginning of the year		**5,190,940**	5,037,159
Additions		**151,487**	145,364
Disposals		**-**	(7,518)
Fair value gains	**35**	**21,307**	31,047
Transferred to right-of-use assets	**4**	**-**	(15,112)
At the end of the year		**5,363,734**	5,190,940

All investment properties are located in the State of Qatar and consist of:

	2021 QR '000	2020 QR '000 (Restated)
Completed properties	**2,471,933**	2,480,374
Vacant lands	**1,335,556**	1,273,722
Projects under development	**1,556,245**	1,436,844
	5,363,734	5,190,940

During 2020, the Group transferred from investment properties land plots amounting to QR 15.11 million due to the change of use to owner-occupied assets.

As at 31 December 2021, the fair values of the properties are based on valuations performed by accredited independent valuers who are specialists in valuing these types of investment properties. The valuation models used are in accordance with recommended industry practice. The fair value of the investment properties was estimated based on fair valuation techniques and assumptions with reference to recent sales transactions of similar properties in an active market. Any significant increase or decrease in the estimated price per square meter would result in a significantly higher or lower fair value of the investment properties.

The rental income from the investment properties during the year amounted to QR 85.51 million (2020: 105.38 million) and direct operating expenses of QR 13.41 million (2020 restated: QR 10.09 million) is part of the operating and administrative expenses (Note 38). The Group has entered into contracts for the management and maintenance of certain commercial properties that are leased to third parties. These contracts will result to average annual expenses of around QR 15.27 million for the next three to five years (2020: QR 7.5 million).

The maturity of the undiscounted leases to be received in less than one year amounted to QR 22.86 million (2020: QR 85.62) and QR 7.96 million in one to two years (2020: 85.46 million).

Investment properties include properties with total carrying value of QR 3.71 billion (2020: QR 3.59 billion) that are pledged against first degree real estate mortgages along with the assignment of future rental proceeds from such properties (Note 25). The additions include borrowing costs capitalized during the year amounted to QR 54.21 million (2020: QR 48.98 million) (Note 36).

5 INVESTMENT PROPERTIES (CONTINUED)

The following amounts are recognized in the consolidated statement of profit or loss:

	2021	2020
	QR '000	QR '000 (Restated)
Rental income	**85,508**	105,378
Direct operating expenses arising from investment properties that generated rental income during the year	**(10,233)**	(9,033)
Direct operating expenses arising from investment properties that did not generate rental income during the year	**(3,178)**	(1,056)
Profit arising from investment properties	**72,097**	95,289

6 INVESTMENT IN ASSOCIATES

	Notes	2021 QR '000	2020 QR '000
At the beginning of the year		**1,022,298**	1,124,401
Share of profit of associates*		**38,125**	10,588
Dividends from associates		**(23,009)**	(33,032)
Additions**		**4,520**	24,709
Reversal of impairment of an associate	**(c)**	**-**	2,202
Share of other comprehensive income of an associate*		**2,457**	-
Dilution impact on the investment	**(b)**	**1,721**	-
Exchange differences on translation of foreign operations		**(12,846)**	(106,570)
At the end of the year		**1,033,266**	1,022,298

*During 2021, the Group recorded share of profit of its associates of QR 29.32 million, QR 6.06 million and QR 2.75 million pertaining to the financial years 2020, 2019 and 2018 respectively. Further, during 2021, the Group recorded share of other comprehensive income of its associates of QR 2.46 million pertaining to the financial year 2020 (2020: Nil).

**These additions represent the Group's share in the capital increase of Trust Bank Algeria to comply with the regulatory requirements of the Central Bank of Algeria.

6 INVESTMENT IN ASSOCIATES (CONTINUED)

The Group has the following investment in associates:

	Notes	Principal activities	Country of incorporation	**2021** Ownership	2020 Ownership	**2021** QR '000	2020 QR '000
Trust Investment Holding Algeria	**(a)**	Investment	Algeria	**19.82%**	19.82%	**854,766**	864,328
Trust Bank Algeria		Banking	Algeria	**20.00%**	20.00%	**112,185**	99,146
Oman Reinsurance Company S.A.O.G.	**(b)**	Insurance	Oman	**22.30%**	24.58%	**43,429**	35,816
Trust Algeria Assurance & Reassurance S.P.A.		Insurance	Algeria	**22.50%**	22.50%	**20,205**	20,072
Qatari Unified Bureau Insurance W.L.L.	**(c)**	Insurance	Qatar	**25.00%**	25.00%	**2,202**	2,202
Gulf Assist Company B.S.C.	**(a)**	Processing services	Bahrain	**8.00%**	8.00%	**479**	734
						1,033,266	1,022,298

6 INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Entities in which the Group holds less than 20% of the voting rights, but does have significant influence
The Group has significant influence in Trust Investment Holding Algeria and Gulf Assist Company B.S.C. regardles of having less than 20% of voting rights because of the Group representation in the board of directors of these entities, active participation in the policy-making and decisions about dividends and other distributions.

(b) Oman Reinsurance Company S.A.O.G.
During 2021, Oman Reinsurance Company S.A.O.G. has issued new shares through initial public offering which the Group has not participated in. Accordingly, the ownership in Oman Reinsurance Company S.A.O.G. has diluted and the Group recognized dilution gain of QR 1.72 million (2020: Nil)

(c) Qatari Unified Bureau Insurance W.L.L.
As of 31 December 2020, the Group conducted an assessment of impairment on its associates. As a result, the Group recorded a reversal of impairment on its associate, Qatari Unified Bureau Insurance W.L.L. amounting to QR 2.20 million in 2020.

The following table represents summarised financial information of the Group’s investment in associates:

	2021	2020
	QR '000	QR '000
Share in the associates’ statement of financial position:		
Non-current assets	**1,119,214**	1,101,698
Current assets	**962,250**	900,249
Non-current liabilities	**(250,720)**	(246,678)
Current liabilities	**(797,478)**	(732,971)
Net assets	**1,033,266**	1,022,298

Statement of comprehensive income information of the associates

	2021	2020
	QR '000	QR '000
Share in the associates’ statement of comprehensive income:		
Revenue	**133,355**	68,072
Net profit	**38,125**	10,588
Other comprehensive income	**2,457**	-

7 REINSURANCE ASSETS

	Note	**2021** **QR '000**	2020 QR '000 (Restated)
Reinsurance share of reported claims by policyholders		**496,327**	449,851
Reinsurance share of unearned premiums		**227,844**	235,258
Reinsurance share of claims IBNR		**81,753**	64,611
	24	**805,924**	749,720

8 INSURANCE RECEIVABLES

	Note	2021 QR '000	2020 QR '000 (Restated)
Due from policyholders		**159,836**	159,295
Due from insurers and reinsurers		**189,703**	142,448
Due from agents, brokers and intermediaries		**20,919**	16,886
		370,458	318,629
Less: allowance for expected credit losses	**45(c)**	**(92,889)**	(78,916)
		277,569	239,713

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2021 QR '000	2020 QR '000 (Restated)
Quoted equity instruments	**(a)**		
Local		**677,532**	589,363
International		**-**	11,218
		677,532	600,581
Unquoted equity instruments			
Local		**-**	2,913
International		**5,201**	3,405
		5,201	6,318
Quoted debt instruments	**(b)**		
Local		**69,891**	81,914
International		**108,462**	173,128
		178,353	255,042
		861,086	861,941

(a) Quoted equity instruments

The quoted shares are the Group’s equity investments that are designated by the Group as FVOCI. Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of industry concentration. The industry concentration of the investment portfolio is as follows:

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(a) Quoted equity instruments (continued)

	2021	2020
	QR '000	QR '000 (Restated)
Banks and financial institutions	**596,377**	510,672
Consumer goods and services	**27,862**	28,600
Telecommunication	**7,917**	7,945
Transportation	**7,311**	6,904
Insurance	**-**	9,366
Other industries	**38,065**	37,094
	677,532	600,581

During the year, certain quoted equity instruments at fair value through other comprehensive income were disposed with proceeds amounting to QR 13.47 million (2020 restated: QR 3.09 million) and unrealized gain amounting to QR 31.30 million (2020: QR 2.91 million) has been transferred to retained earnings.

(b) Quoted debt instruments

Debt instruments at FVOCI have stated interest rates of 3.24% to 7.50% per annum (2020 restated: 3.24% to 8.13% per annum) and have maturity ranging from 4 months to perpetuity. The fair value of quoted debt instruments includes ECL of QR 6.72 million as at 31 December 2021 (2020 restated: QR 16.37 million) (Note 45 (b)).

(c) Amounts recognized in the consolidated statement of profit or loss and in the consolidated statement of comprehensive income

	Notes	**2021**	2020
		QR '000	QR '000 (Restated)
Net fair value gains (losses) on equity instruments at fair value through other comprehensive income		**88,678**	(46,368)
Net fair value (losses) gains on debt instruments at fair value through other comprehensive income		**(20,282)**	4,688
Net realized losses on debt instruments at fair value through other comprehensive income	**34**	**(7,189)**	(3,117)
Dividend income from equity instruments	**33**	**18,143**	21,941
Interest income from debt instruments	**33**	**11,327**	15,262

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	QR '000	QR '000
Equity instruments		
Local	**103,359**	89,200
International	**4,472**	427
	107,831	89,627
Debt instruments*		
International	**2,449**	3,061
	2,449	3,061
Managed funds		
International	**7,201**	7,413
	7,201	7,413
	117,481	100,101

*Debt instruments at FVTPL have stated interest rate of 6.0% per annum (2020: 7.5% per annum) and are held for trading.

Amounts recognized in the consolidated statement of profit or loss

		2021	2020
	Notes	**QR '000**	QR '000
Net fair value gains (losses) on equity instruments	**35**	**14,505**	(4,043)
Net fair value losses on managed funds	**35**	**(211)**	(651)
Dividend income from equity instruments and managed funds	**33**	**2,875**	3,325
Interest income from debt instruments	**33**	**158**	230
		17,327	(1,139)

11 OTHER ASSETS

	Notes	2021 QR '000	2020 QR '000 (Restated)
Prepayments and advances		**100,845**	106,235
Advance payments against investments to related parties		**77,991**	78,159
Accounts receivable		**23,976**	29,043
Inventories	**(a)**	**4,332**	4,659
Accrued interest		**4,065**	5,644
Fair value reserve attributable to General Takaful Company Q.C.S.C.'s Policyholders		**2,161**	2,481
Staff receivables		**449**	243
Accrued rent		**187**	4,742
Other receivables		**16,882**	18,042
		230,888	249,248
Less: allowance for expected credit losses	**45(e)**	**(89,774)**	(89,885)
		141,114	159,363

(a) Inventories comprise raw materials used in production, finished goods held for sale and construction related activities.

12 CASH AND CASH EQUIVALENTS

The cash and cash equivalents position for cash flow purposes is as follows:

	Notes	2021 QR '000	2020 QR '000 (Restated)
Cash		**1,661**	513
Bank balances (net of allowance for expected credit losses)	**45(d)**	**237,278**	294,484
Cash and bank balances as presented in the consolidated statement of financial position		**238,939**	294,997
Add:			
Allowance for expected credit losses on bank balances	**45(d)**	**197**	894
Cash and bank balances in the assets held for sale	**13(a)**	**7,361**	7,395
Less:			
Term deposits with original maturity of more than 3 months		**(51,167)**	(50,223)
Bank overdraft	**25**	**(546)**	(1,230)
Cash and cash equivalents		**194,784**	251,833

Cash and bank balances include short term deposits of QR 113.97 million (2020: QR 151.60 million) and carries average interest rate of 1.57 % per annum (2020: 1.72 % per annum).

13 ASSETS AND LIABILITIES HELD FOR SALE

Discontinued operations of the Branch

The Company obtained necessary approvals from the Insurance Authority of United Arab Emirates to discontinue the Dubai Branch operations. As a result, the Company has ceased to underwrite insurance policies with effect from 26 November 2018. As per IFRS 5 requirements, Dubai Branch assets and liabilities are classified under 'assets held for sale' and 'liabilities directly associated with assets held for sale' in the consolidated statement of financial position. The liquidation is expected to be completed during 2022.

Associate under liquidation

In September 2019, one of the associates, International Financial Securities Company Q.S.C., through its board meeting, decided to discontinue its activities effective 12 November 2019 and appointed a liquidator from this date forward to proceed with its liquidation given the limited future prospects of its continued activity. The expected share of the Group from the liquidation proceeds is estimated at QR 8.55 million based on the latest net shareholders' equity and the liquidation is expected to be completed during 2022.

The following tables show the summarized financial position and result of discontinued operations:

(a) Assets held for sale

	2021	2020
	QR '000	QR '000
Investment properties*	**16,420**	15,920
Reinsurance assets	**4,603**	6,355
Insurance receivables	**40**	534
Other assets	**117**	187
Cash and bank balances	**7,361**	7,395
Total assets held for sale – Dubai Branch	**28,541**	30,391
Investment in associate under liquidation	**8,551**	8,551
	37,092	38,942

*The movement in investment properties is as follows:

	2021	2020
	QR '000	QR '000
At the beginning of the year	**15,920**	16,208
Disposals	**-**	(402)
Fair value gains	**500**	114
At the end of the year	**16,420**	15,920

(b) Liabilities directly associated with assets held for sale

	2021	2020
	QR '000	QR '000
Employees' end-of-service benefits	**1,152**	1,173
Insurance contract liabilities	**6,756**	12,618
Insurance payables	**10,982**	15,158
Other liabilities	**4,354**	6,709
Total liabilities directly associated with assets held for sale	**23,244**	35,658

13 ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

(c) Loss from discontinued operations

	2021	2020
	QR '000	QR '000
Net earned premiums	(170)	295
Net claims	6,222	3,933
Net commissions and other insurance income	866	262
Underwriting results	6,918	4,490
Interest income	109	43
Fair value gains	500	114
Operating and administrative expenses	(2,281)	(8,257)
Profit (loss) from discontinued operations – Dubai Branch	5,246	(3,610)
Share of loss of an associate under liquidation	-	(51)
Profit (loss) from discontinued operations	5,246	(3,661)

(d) Cash flow information

	2021	2020
	QR '000	QR '000
Net cash flows used in operating activities	(34)	(5,875)
Net cash flows from investing activities	24	288
Net decrease in cash and cash equivalents	(10)	(5,587)
Cash and cash equivalents at the beginning of the year	1,321	6,908
Cash and cash equivalents at the end of the year	1,311	1,321

14 SHARE CAPITAL

Authorized, issued and fully paid up ordinary share capital comprises of 875,067,030 shares of QR 1 each (2020: 875,067,030 shares of QR 1 each).

15 LEGAL RESERVE

The Qatar Commercial Companies' Law No. 11 of 2015 requires that 10% of the net profit for each year should be appropriated to a legal reserve until the balance therein equals to 50% of the paid up capital. During the year, the Group has transferred an amount of QR 10.62 million (2020: QR 10.17 million) from retained earnings to legal reserve. The Group's legal reserve exceeds 50% of share capital. However, in accordance with Qatar Central Bank's Law No. 13 of 2012 as amended, 10% of net profit is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. The balance under this reserve is not available for distribution, except in the circumstances specified in the above law and after Qatar Central Bank approval.

16 RISK RESERVE

As per the Qatar Central Bank's instructions dated 10 April 2019, the Group maintains an amount of QR 500 million in risk reserve. This reserve shall not be utilized without prior approval from Qatar Central Bank.

17 VALUATION RESERVE OF INVESTMENT PROPERTIES

As per the Qatar Central Bank's instructions, during the year, the Group has transferred its fair value gains on investment properties amounting to QR 21.81 million (2020: fair value gain of QR 27.63 million) to this reserve and has no transfer of any realized gain to retained earnings as no disposal of any investment property took place during the year from this reserve (2020: QR 5.49 million).

The accumulated net balance of this reserve as at 31 December 2021 amounts to QR 2.35 billion (2020: QR 2.33 billion) and any future realized gains arising from sale of investment properties are permitted to be transferred to the retained earnings and made available for distribution.

18 RESERVE FOR SHARE OF PROFITS OF ASSOCIATES

As per the Qatar Central Bank's instructions, share of profits of associates must be transferred from the retained earnings to reserve for share of profits of associates. Declared and received dividends from associates are permitted to be transferred to retained earnings and made available for distribution. During the year, the Group has transferred an amount of QR 15.12 million to this reserve (2020: QR 10.77 million).

19 OTHER COMPONENTS OF EQUITY

	Notes	2021 QR '000	2020 QR '000
Fair value reserve	**(a)**	**506,096**	403,938
Revaluation surplus	**(b)**	**6,226**	6,226
Cash flow hedge	**(c)**	**-**	(363)
Foreign currency translation reserve	**(d)**	**(277,151)**	(264,305)
		235,171	145,496

(a) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income. The movement is as follows:

	Note	2021 QR '000	2020 QR '000
At the beginning of the year		**403,938**	442,707
Transferred to profit or loss on impairment		**(9,169)**	3,546
Transferred to profit or loss upon sale of debt instruments	**34**	**7,189**	3,117
Transfer of cumulative losses on disposal of financial assets at fair value through other comprehensive income		**31,305**	2,911
Fair value change during the year		**72,833**	(48,343)
At the end of the year		**506,096**	403,938

19 OTHER COMPONENTS OF EQUITY (CONTINUED)

(b) Revaluation surplus

During 2019, a building was transferred to investment property, because it was no longer used by the Group and it was decided that the building would be leased to a third party. Immediately before the transfer, the Group remeasured the property to fair value and recognized a revaluation surplus of QR 6.23 million in OCI. There is no movement in this reserve during the year.

(c) Cash flow hedge

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge related to hedge transactions that have not yet affected profit or loss.

(d) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of investments in foreign associates at the closing exchange rates.

20 SHAREHOLDERS DIVIDENDS

During the year, no dividend was proposed for the year ended 31 December 2021 (2020: Nil).

21 CONTRIBUTION TO SOCIAL AND SPORTS ACTIVITIES FUND

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, which is applicable for all Qatari listed shareholding companies with publicly traded shares, the Group has made appropriation of 2.5% of its net profit for the year, after excluding unrealized fair value gains or losses on investment properties of the Group as well as on the investment properties of its associates, resulting in a net amount of QR 2.11 million being its contribution to the social and sports activities fund for the year (2020: QR 1.71 million).

22 NON-CONTROLLING INTERESTS

The non-controlling interests relate to Alsari Trading Company W.L.L. which holds 50% in Mozoon Real Estate Company W.L.L. and 40% in General Company for Water and Beverages W.L.L.

23 EMPLOYEES' END-OF-SERVICE BENEFITS

	Note	**2021** **QR '000**	2020 QR '000
At the beginning of the year		**29,270**	36,005
Provided	**38(a)**	**4,050**	4,623
Paid		**(3,112)**	(11,358)
At the end of the year		**30,208**	29,270

24 INSURANCE CONTRACT LIABILITIES

	Notes	2021 Insurance contract liabilities QR '000	2021 Reinsurance of insurance contract liabilities QR '000	2021 Net QR '000	2020 Insurance contract liabilities QR '000 (Restated)	2020 Reinsurance of insurance contract liabilities QR '000 (Restated)	2020 Net QR '000 (Restated)
Provision for reported claims by policyholders		**686,954**	**(496,327)**	**190,627**	637,541	(449,851)	187,690
Provision for IBNR claims		**119,206**	**(81,753)**	**37,453**	104,747	(64,611)	40,136
Provision for unallocated loss adjustment expense		**12,459**	**-**	**12,459**	10,535	-	10,535
Provision for premiums deficiency		**164**	**-**	**164**	479	-	479
Outstanding claims provision	**(a)**	**818,783**	**(578,080)**	**240,703**	753,302	(514,462)	238,840
Provision for unearned premiums (reserve for unexpired risks)	**(b)**	**363,272**	**(227,844)**	**135,428**	385,155	(235,258)	149,897
		1,182,055	**(805,924)**	**376,131**	1,138,457	(749,720)	388,737

24 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	2021			2020		
	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net
	QR '000	QR '000	QR '000	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)
(a) Outstanding claims provision						
At the beginning of the year	**753,302**	**(514,462)**	**238,840**	1,168,008	(929,885)	238,123
Gross / ceded change in insurance contract liabilities	**65,481**	**(63,618)**	**1,863**	(414,706)	415,423	717
At the end of the year	**818,783**	**(578,080)**	**240,703**	753,302	(514,462)	238,840

	2021			2020		
	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net
	QR '000	QR '000	QR '000	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)
(b) Provision for unearned premiums (reserve for unexpired risks)						
At the beginning of the year	**385,155**	**(235,258)**	**149,897**	404,723	(238,210)	166,513
Premiums written	**749,509**	**(522,169)**	**227,340**	756,383	(521,904)	234,479
Premiums earned	**(771,392)**	**529,583**	**(241,809)**	(775,951)	524,856	(251,095)
At the end of the year	**363,272**	**(227,844)**	**135,428**	385,155	(235,258)	149,897

24 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Claims development 2021

The following table shows the estimated cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date for continuing operations only:

	Accident year					
	2017 and before	2018	2019	2020	2021	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Estimate of cumulative claims						
At end of the accident year	**2,299,637**	**252,766**	**272,909**	**158,087**	**176,762**	
One year later	**2,260,300**	**233,747**	**221,364**	**138,701**	**-**	
Two years later	**2,237,061**	**277,576**	**261,748**	**-**	**-**	
Three years later	**2,226,121**	**263,373**	**-**	**-**	**-**	
Four years later	**2,133,504**	**-**	**-**	**-**	**-**	
Current estimate of cumulative claims	**2,133,504**	**263,373**	**261,748**	**138,701**	**176,762**	**2,974,088**
Cumulative payments to date	**(2,108,973)**	**(247,596)**	**(204,182)**	**(102,283)**	**(82,974)**	**(2,746,008)**
Total cumulative claims recognized in the consolidated statement of financial position as at 31 December 2021	**24,531**	**15,777**	**57,566**	**36,418**	**93,788**	**228,080**

24 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Claims development 2020 (restated)

The following table shows the estimated cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date for continuing operations only:

	Accident year					
	2016 and before	2017	2018	2019	2020	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Estimate of cumulative claims						
At end of the accident year	2,088,616	249,272	252,766	272,909	158,087	
One year later	2,050,365	236,494	233,747	221,364	-	
Two years later	2,023,806	219,127	227,576	-	-	
Three years later	2,017,934	210,217	-	-	-	
Four years later	2,015,903	-	-	-	-	
Current estimate of cumulative claims	2,015,903	210,217	227,576	221,364	158,087	2,833,147
Cumulative payments to date	(1,976,104)	(201,341)	(199,961)	(160,648)	(67,267)	(2,605,321)
Total cumulative claims recognized in the consolidated statement of financial position as at 31 December 2020	39,799	8,876	27,615	60,716	90,820	227,826

The claims development table is presented net of risk mitigation through reinsurance to give the most meaningful insight into the impact on the operating results.

25 LOANS AND BORROWINGS

	2021	2020
	QR '000	QR '000
Current portion	**561,161**	257,041
Non-current portion	**1,657,745**	1,989,006
Loans	**2,218,906**	2,246,047
Bank overdraft	**546**	1,230
	2,219,452	2,247,277

The movement in loans is as follows:

	2021	2020
	QR '000	QR '000
At the beginning of the year	**2,246,047**	2,220,049
Additions	**119,105**	293,139
Repayments	**(146,246)**	(267,141)
At the end of the year	**2,218,906**	2,246,047

25 LOANS AND BORROWINGS (CONTINUED)

The terms and conditions of the outstanding facilities are as follows:

	Currency	Interest rate	Maturity	Repayment terms	2021 Face value QR '000	2020 Face value QR '000	2021 QR '000	2020 QR '000
1)	QAR	0.75% + QCBRR rate with a minimum rate of 5.50%	31 March 2034	Quarterly, starting 2022	**989,156**	936,012	**989,156**	936,012
2)	USD	3.00% plus 3 months LIBOR	30 April 2021	Quarterly payment	**-**	54,940	**-**	55,243
3)	USD	3.25% plus 3 months LIBOR	19 September 2022	Upon maturity	**456,250**	456,250	**456,250**	456,250
	USD	3.00% plus 3 months LIBOR	25 April 2026	Quarterly payment	**159,144**	195,813	**159,540**	196,310
4)	QAR	1.40% plus QMRL rate with a minimum rate of 3.90%	30 April 2031	Semi-annual payment	**570,843**	525,693	**577,460**	529,232
5)	USD	3.25% plus 3 months LIBOR	Revolving	Yearly payment	**36,500**	73,000	**36,500**	73,000
					2,211,893	2,241,708	**2,218,906**	2,246,047

The Group has secured bank loans with a total carrying amount of QR 1.73 billion (2020: 1.72 billion). These loans are secured by first degree real estate mortgages on investment properties with total carrying value of QR 3.71 billion (2020: QR 3.59 billion) along with the assignment of future rental proceeds from such properties (Note 5). Certain loan agreements are subjected to covenant clauses, whereby the Group is required to meet certain key financial ratios that includes leverage ratio, minimum DSCR, current ratio and security cover ratio. During the year ended 31 December 2021, the Group has obtained a waiver of the requirements of certain loan covenants from the relevant bank.

26 DERIVATIVE FINANCIAL INSTRUMENTS

		2021		2020	
	Maturity	**Liability**	**Notional amount**	Liability	Notional amount
		QR '000	**QR '000**	QR '000	QR '000
Derivatives held as cash flow hedge					
Interest rate swaps	30 April 2021	**-**	**-**	363	54,750

During the year, measurement of the fair value of the hedge resulted in a net gain of QR 363 thousand (2020: QR 1.47 million) recognized in equity.

27 INSURANCE PAYABLES

	2021	2020
	QR '000	QR '000 (Restated)
Due to insurers and reinsurers	**189,934**	162,070
Due to policyholders	**37,973**	29,092
Due to agents, brokers and intermediaries	**11,861**	15,870
	239,768	207,032

The carrying values of insurance payables are considered to be reasonable approximation of their fair value.

28 OTHER LIABILITIES

	2021	2020
	QR '000	QR '000 (Restated)
Accrued expenses	**39,066**	36,504
Dividend payables	**22,681**	22,681
Retention payables	**16,013**	12,297
Accounts payables	**15,723**	21,183
Advance rent	**15,017**	19,743
Staff payables	**982**	985
Accrued interest	**770**	1,352
Other payables	**7,229**	6,047
	117,481	120,792

29 TAKAFUL PARTICIPANTS' FUND

(a) Statement of financial position - Policyholders

	2021	2020
	QR '000	QR '000 (Restated)
Policyholders' assets		
Investments in real estate	**67,730**	64,875
Retakaful assets	**79,252**	56,380
Investment securities	**17,140**	20,008
Takaful receivables	**57,297**	49,040
Other assets	**4,671**	15,475
Cash and bank balances	**62,839**	46,618
Total policyholders' assets	**288,929**	252,396
Policyholders’ fund and liabilities		
Policyholders’ fund		
Accumulated surplus	**-**	-
Fair value reserves	**(2,161)**	(2,482)
Total policyholders’ fund	**(2,161)**	(2,482)
Policyholders’ liabilities		
Takaful contract liabilities	**228,229**	208,703
Payables to related parties	**1,015**	1,699
Takaful payables	**57,228**	40,514
Other liabilities	**4,618**	3,962
Total policyholders’ liabilities	**291,090**	254,878
Total policyholders’ fund and liabilities	**288,929**	252,396

29 TAKAFUL PARTICIPANTS' FUND (CONTINUED)

(b) Statement of profit or loss - Policyholders

	2021	2020
	QR '000	QR '000
Gross written contributions	**203,059**	177,133
Contributions ceded to reinsurers	**(88,884)**	(62,614)
Net changes in unearned contribution provision	**6,234**	8,871
Net earned contributions	**120,409**	123,390
Gross claims paid	**(83,085)**	(119,252)
Claims ceded to reinsurers	**19,919**	50,406
Gross change in Takaful contract liabilities	**(19,215)**	47,339
Change in Takaful contract liabilities ceded to reinsurers	**16,327**	(43,586)
Net claims	**(66,054)**	(65,093)
Net fees and commission expense	**(1,474)**	(4,143)
Net impairment losses on financial assets	**(5,722)**	(5,028)
Other operating expenses	**(2,161)**	(4,600)
Underwriting results	**44,998**	44,526
Investment income	**2,475**	2,631
Net realized loss on disposal of investment securities	**(22)**	-
Fair value gains (losses)	**2,853**	(1,964)
Impairment reversals (losses) of investment securities	**483**	(517)
Shareholders' share for managing policyholders' investment portfolio	**(1,791)**	(1,844)
Investment results	**3,998**	(1,694)
Surplus for the year before wakala fees	**48,996**	42,832
Wakala fees	**(38,338)**	(30,433)
Surplus for the year before the transfer of results to the shareholders	**10,658**	12,399
Transfer of results to the shareholders	**(10,658)**	(12,399)
Surplus for the year after the transfer of results to the shareholders	**-**	-

30 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its business activities and has two reportable segments: insurance and investments. Insurance segment represents the results of the general insurance and reinsurance businesses including the Takaful operations. Investments segment represents the results of the real estate, investment, manufacturing, trading and contracting businesses. Further, the insurance segment is organised into four major insurance lines – Property and Casualty, Motor, Life and Medical and Marine and Aviation. The operating and administrative expenses and certain other expenses are not allocated to the insurance lines for performance monitoring purposes.

Segment consolidated statement of profit or loss:

	2021			2020		
	Insurance QR '000	**Investments QR '000**	**Total QR '000**	Insurance QR '000 (Restated)	Investments QR '000 (Restated)	Total QR '000 (Restated)
Gross written premiums	**749,509**	**-**	**749,509**	756,383	-	756,383
Premiums ceded to reinsurers	**(522,169)**	**-**	**(522,169)**	(521,904)	-	(521,904)
Net change in unearned premiums provision	**14,469**	**-**	**14,469**	16,616	-	16,616
Net earned premiums	**241,809**	**-**	**241,809**	251,095	-	251,095
Gross claims paid	**(421,754)**	**-**	**(421,754)**	(544,117)	-	(544,117)
Claims ceded to reinsurers	**281,067**	**-**	**281,067**	416,353	-	416,353
Gross change in insurance contract liabilities	**(65,481)**	**-**	**(65,481)**	414,706	-	414,706
Change in insurance contract liabilities ceded to reinsurers	**63,618**	**-**	**63,618**	(415,423)	-	(415,423)
Net claims	**(142,550)**	**-**	**(142,550)**	(128,481)	-	(128,481)
Net commissions and other insurance income	**23,178**	**-**	**23,178**	23,765	-	23,765
Underwriting results	**122,437**	**-**	**122,437**	146,379	-	146,379
Rental income	**-**	**85,508**	**85,508**	-	105,378	105,378
Investment income	**-**	**35,406**	**35,406**	-	49,524	49,524
Net realized (losses) gains	**-**	**(7,189)**	**(7,189)**	-	14,266	14,266
Fair value gains	**-**	**35,601**	**35,601**	-	26,353	26,353
Revenue from sales and construction activities	**-**	**13,765**	**13,765**	-	15,474	15,474
Other income	**-**	**2,061**	**2,061**	-	5,213	5,213
Investment and other operations results	**-**	**165,152**	**165,152**	-	216,208	216,208

30 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of profit or loss: (continued)

	2021			2020		
	Insurance	**Investments**	**Total**	Insurance	Investments	Total
	QR '000	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
				(Restated)	(Restated)	(Restated)
Finance costs	**(213)**	**(53,572)**	**(53,785)**	(519)	(68,570)	(69,089)
Cost of sales and construction activities	**-**	**(11,967)**	**(11,967)**	-	(13,202)	(13,202)
Net impairment (loss) reversal on financial assets	**(14,473)**	**10,028**	**(4,445)**	(8,484)	4,576	(3,908)
Operating and administrative expenses	**(98,081)**	**(54,027)**	**(152,108)**	(102,688)	(64,932)	(167,620)
Total expenses	**(112,767)**	**(109,538)**	**(222,305)**	(111,691)	(142,128)	(253,819)
Profit from operations	**9,670**	**55,614**	**65,284**	34,688	74,080	108,768
Share of profit of associates	**-**	**38,125**	**38,125**	-	10,588	10,588
Reversal of impairment of an associate	**-**	**-**	**-**	-	2,202	2,202
Profit before tax	**9,670**	**93,739**	**103,409**	34,688	86,870	121,558
Income tax expenses	**(187)**	**(2,261)**	**(2,448)**	(61)	(3,746)	(3,807)
Profit from continuing operations	**9,483**	**91,478**	**100,961**	34,627	83,124	117,751
Profit (loss) from discontinued operations	**4,797**	**449**	**5,246**	(3,766)	105	(3,661)
Profit for the year	**14,280**	**91,927**	**106,207**	30,861	83,229	114,090

30 SEGMENT INFORMATION (CONTINUED)

Underwriting results by line of business

	2021					
	Property and casualty	**Motor**	**Life and medical**	**Marine and aviation**	**Unallocated**	**Total**
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**
Gross written premiums	426,448	192,997	87,299	42,765	-	749,509
Premiums ceded to reinsurers	(376,098)	(46,558)	(61,370)	(38,143)	-	(522,169)
Net change in unearned premiums provision	5,024	12,025	(1,919)	(661)	-	14,469
Net earned premiums	55,374	158,464	24,010	3,961	-	241,809
Gross claims paid	(217,957)	(117,667)	(39,953)	(46,177)	-	(421,754)
Claims ceded to reinsurers	185,421	18,836	33,182	43,628	-	281,067
Gross change in insurance contract liabilities	(37,024)	(1,627)	(10,084)	(16,746)	-	(65,481)
Change in insurance contract liabilities ceded to reinsurers	34,823	9,000	6,654	13,141	-	63,618
Net claims	(34,737)	(91,458)	(10,201)	(6,154)	-	(142,550)
Reinsurance and other commissions income (expense)	25,475	(6,083)	713	1,939	-	22,044
Miscellaneous income	-	-	-	-	1,134	1,134
Net commissions and other insurance income (expense)	25,475	(6,083)	713	1,939	1,134	23,178
Underwriting results	46,112	60,923	14,522	(254)	1,134	122,437

30 SEGMENT INFORMATION (CONTINUED)

Underwriting results by line of business (continued)

	2020					
	Property and casualty	Motor	Life and medical	Marine and aviation	Unallocated	Total
	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)
Gross written premiums	470,290	197,269	49,923	38,901	-	756,383
Premiums ceded to reinsurers	(420,518)	(30,786)	(34,644)	(35,956)	-	(521,904)
Net change in unearned premiums provision	(2,089)	15,605	3,111	(11)	-	16,616
Net earned premiums	47,683	182,088	18,390	2,934	-	251,095
Gross claims paid	(372,875)	(104,840)	(43,195)	(23,207)	-	(544,117)
Claims ceded to reinsurers	361,334	4,491	32,349	18,179	-	416,353
Gross change in insurance contract liabilities	396,912	(7,034)	(5,452)	30,280	-	414,706
Change in insurance contract liabilities ceded to reinsurers	(398,639)	5,880	5,618	(28,282)	-	(415,423)
Net claims	(13,268)	(101,503)	(10,680)	(3,030)	-	(128,481)
Reinsurance and other commissions income (expense)	20,632	(7,484)	1,900	2,602	-	17,650
Miscellaneous income	-	-	-	-	6,115	6,115
Net commissions and other insurance income (expense)	20,632	(7,484)	1,900	2,602	6,115	23,765
Underwriting results	55,047	73,101	9,610	2,506	6,115	146,379

Segmented assets and liabilities

	2021			2020		
	Qatar	**International**	**Total**	Qatar	International	Total
	QR '000	**QR '000**	**QR '000**	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)
Total assets	**7,833,433**	**1,187,881**	**9,021,314**	7,589,519	1,238,392	8,827,911
Total liabilities	**3,864,199**	**23,244**	**3,887,443**	3,820,849	35,658	3,856,507

The assets and liabilities of the Group are commonly used across the primary segments.

31 NET CLAIMS

	2021 QR '000	2020 QR '000 (Restated)
(a) Gross claims paid		
Gross claims paid	**480,663**	580,450
Claims recoveries	**(58,909)**	(36,333)
	421,754	544,117
(b) Claims ceded to reinsurers		
Claims ceded to reinsurers	**(281,067)**	(416,353)
(c) Gross change in insurance contract liabilities		
Provision for reported claims by policyholders	**49,413**	(433,898)
Provision for IBNR claims	**14,459**	13,124
Provision for premium deficiency and unallocated loss adjustment expense	**1,609**	6,068
	65,481	(414,706)
(d) Change in insurance contract liabilities ceded to reinsurers		
Provision for reported claims by policyholders	**(46,476)**	426,692
Provision for IBNR claims	**(17,142)**	(11,269)
	(63,618)	415,423
Net claims	**142,550**	128,481

32 NET COMMISSIONS AND OTHER INSURANCE INCOME

	2021 QR '000	2020 QR '000 (Restated)
Reinsurance and other commission income	**22,044**	17,650
Miscellaneous income	**1,134**	6,115
	23,178	23,765

33 INVESTMENT INCOME

	Notes	2021 QR '000	2020 QR '000 (Restated)
Financial assets at fair value through other comprehensive income			
Dividend income from equity instruments	**9**	**18,143**	21,941
Interest income from debt instruments	**9**	**11,327**	15,262
Financial assets at fair value through profit or loss			
Dividend income from equity instruments and managed funds	**10**	**2,875**	3,325
Interest income from debt instruments	**10**	**158**	230
Cash and cash equivalents			
Interest income		**2,903**	8,766
		35,406	49,524

34 NET REALIZED (LOSSES) GAINS

	Note	2021 QR '000	2020 QR '000
Investment property		**-**	17,383
Financial assets at fair value through other comprehensive income			
Debt instruments	**9**	**(7,189)**	(3,117)
		(7,189)	14,266

35 FAIR VALUE GAINS

	Notes	2021 QR '000	2020 QR '000 (Restated)
Investment properties	**5**	**21,307**	31,047
Financial assets at fair value through profit or loss			
Equity instruments	**10**	**14,505**	(4,043)
Managed funds	**10**	**(211)**	(651)
		35,601	26,353

36 FINANCE COSTS

	Notes	2021 QR '000	2020 QR '000 (Restated)
Interest on loans and borrowings		**105,647**	115,030
Less: borrowing costs capitalized*	5	**(54,212)**	(48,978)
		51,435	66,052
Interest on reinsurance premium reserves		**79**	283
Interest on lease liabilities	4	**2,271**	2,754
		53,785	69,089

* Borrowing costs capitalized pertain to credit facilities which were availed specifically for construction of an investment property.

37 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

The following table summarises the impairment loss on the financial assets:

	Notes	2021 QR '000	2020 QR '000 (Restated)
Insurance receivables	45(c)	**14,862**	8,308
Other receivables	45(e)	**(68)**	(9,121)
Bank balances	45(d)	**(697)**	660
Financial assets at fair value through other comprehensive income	45(b)	**(9,652)**	4,063
Receivables from related parties	45(f)	**-**	(2)
		4,445	3,908

38 OPERATING AND ADMINISTRATIVE EXPENSES

	Notes	2021 QR '000	2020 QR '000 (Restated)
Employee benefits expenses	(a)	**91,451**	98,761
Investment properties operating expenses	5	**13,411**	10,089
Consultancy expenses		**9,539**	12,784
Occupancy expenses	(b)	**7,584**	8,524
Depreciation of right-of-use assets	4	**6,810**	7,621
Depreciation of property and equipment	3	**5,757**	5,581
Bank charges		**1,424**	1,406
Marketing expenses		**1,289**	1,764
Impairment loss of property and equipment	3	**55**	2,425
Impairment loss of right-of-use assets	4	**-**	958
Board of Directors' remuneration	42(a)	**(700)**	4,640
Other expenses		**15,488**	13,067
		152,108	167,620

(a) Includes end-of-service benefits expenses of QR 4.05 million (2020: QR 4.62 million).
(b) Includes short-term lease expenses of QR 670 thousand (2020 restated: QR 966 thousand).

39 INCOME TAX EXPENSES

Based on the Executive Regulations to the Income Tax Law (No.24 of 2018), subsidiaries and companies owned by listed entities shall now be taxable to the extent of non-Qatari shareholding in the listed company.

Therefore, since the Group has investment in subsidiaries and other companies and are therefore taxable. Tax is charged at a rate of 10% of the taxable income to the extent of non-Qatari shareholding.

The income tax expenses during the year are as follow:

	2021	2020
	QR '000	QR '000
Current year income tax	**3,119**	3,685
Adjustments to prior year income tax	**(671)**	122
	2,448	3,807

40 EARNINGS PER SHARE

	2021	2020
		(restated)
Profit attributable to the ordinary shareholders of the Parent Company (QR '000)	**98,734**	143,251
Weighted average number of shares (in thousands)	**875,067**	875,067
Earnings per share (in Qatari Riyals per share)	**0.113**	0.164
Profit from continuing operations attributable to the ordinary shareholders of the Parent Company (QR '000)	**93,488**	146,912
Weighted average number of shares (in thousands)	**875,067**	875,067
Earnings per share for continuing operations (in Qatari Riyals per share)	**0.107**	0.168
Profit (loss) from discontinued operations attributable to the ordinary shareholders of the Parent Company (QR '000)	**5,246**	(3,661)
Weighted average number of shares (in thousands)	**875,067**	875,067
Earnings (losses) per share for discontinued operations (in Qatari Riyals per share)	**0.006**	(0.004)

41 CASH GENERATED FROM AND USED IN OPERATING ASSETS AND LIABILITIES

	2021	2020
	QR '000	QR '000 (Restated)
Net change in insurance receivables	**(52,964)**	(66,680)
Net change in other assets	**19,345**	(91,488)
Net change in operating assets	**(33,619)**	(158,168)
Net change in insurance payables	**28,560**	(7,103)
Net change in payables to related parties	**(628)**	2,684
Net change in other liabilities	**(6,192)**	(17,018)
Net change in operating liabilities	**21,740**	(21,437)

42 RELATED PARTY DISCLOSURES

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

(a) Related party transactions

The compensation of key management personnel and Board of Directors during the year are as follows:

	Note	2021 QR '000	2020 QR '000
Salaries and other short-term benefits		**14,255**	28,181
Board of Directors' remuneration	**38**	**(700)**	4,640
Pensions and end-of-service benefits		**772**	1,005
		14,327	33,826

Other transactions related to the key management personnel and Board of Directors during the year are as follows:

	2021 QR '000	2020 QR '000
Premiums	**561**	1,121
Claims	**(576)**	(723)

42 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions (continued)

Transactions with related parties included in the consolidated statement of profit or loss were as follows:

		2021					
	Relationship	Gross written premiums QR '000	Premiums ceded to reinsurers QR '000	Gross claims paid QR '000	Claims ceded to reinsurers QR '000	Fees and commissions expense QR '000	Other operating expenses QR '000
Oman Reinsurance Company S.A.O.G.	**Associate**	**-**	**(41,509)**	**(1,455)**	**32,845**	**(8,471)**	**-**
Ahli Bank Q.P.S.C.	**Other**	**13,772**	**-**	**(10,499)**	**-**	**-**	**-**
Mohammed Hamad Al Mana Group W.L.L.	**Other**	**3,154**	**-**	**(152)**	**-**	**-**	**-**
Ramco Trading and Contracting W.L.L.	**Other**	**975**	**-**	**(53)**	**-**	**-**	**-**
Others	**Others**	**4,124**	**-**	**(180)**	**-**	**-**	**(881)**
		22,025	**(41,509)**	**(12,339)**	**32,845**	**(8,471)**	**(881)**

		2020					
	Relationship	Gross written premiums QR '000 (Restated)	Premiums ceded to reinsurers QR '000 (Restated)	Gross claims paid QR '000 (Restated)	Claims ceded to reinsurers QR '000 (Restated)	Fees and commissions income QR '000 (Restated)	Other operating expenses QR '000 (Restated)
Oman Reinsurance Company S.A.O.G.	Associate	-	(111,669)	(16)	21,019	2,788	-
Ahli Bank Q.P.S.C.	Other	12,273	-	(8,462)	-	-	-
Mohammed Hamad Al Mana Group W.L.L.	Other	602	-	(33)	-	-	-
Ramco Trading and Contracting W.L.L.	Other	996	-	-	-	-	-
Others	Others	3,007	-	(41,474)	-	-	(522)
		16,878	(111,669)	(49,985)	21,019	2,788	(522)

42 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Receivables from / payables to related parties

Non-insurance related balances with related parties included in the consolidated statement of financial position are as follows:

Receivables from related parties

	Relationship	**2021** QR '000	2020 QR '000
Trust Algeria Assurances & Reassurance S.P.A.	Associate	**891**	1,681
Falcon Readymix Company W.L.L.	Other	**470**	470
Nest Investments (Holding) Limited	Other	**172**	172
Trust Syria Insurance Company S.A.S.C.	Other	**63**	63
Trust Bank Algeria	Associate	**-**	3,952
		1,596	6,338
Less: allowance for expected credit losses		**(63)**	(63)
		1,533	6,275

Payables to related parties

	Relationship	**2021** QR '000	2020 QR '000 (Restated)
Alsari Trading Company W.L.L.	Other	**30,323**	30,336
Gulf Assist Company B.S.C.	Associate	**209**	753
Trust Holding Ltd. Company	Other	**-**	71
		30,532	31,160

(c) Insurance receivables

Insurance receivables with related parties included in the consolidated statement of financial position are as follows:

	Relationship	**2021** QR '000	2020 QR '000 (Restated)
Oman Reinsurance Company S.A.O.G.*	Associate	**31,097**	34,161
Other insurance receivables	Others	**23,361**	3,854
		54,458	38,015
Less: allowance for expected credit losses		**(1,258)**	(863)
		53,200	37,152

*The balance also includes transactions under an underwriting management agreement with Oman Reinsurance Company S.A.O.G. under which specific risks located or emanating from the agreed underwriting regions are underwritten whereby Oman Reinsurance Company S.A.O.G. acts as a cover holder and the Group acts as an underwriter. The cover holder performs all claims handling, management and administrative services for all claims arising from the insurances underwritten. Under the agreement, the cover holder is entitled to profit commission based on portfolio performance in addition to underwriting fees/commission and the underwriter is entitled for underwriting commission.

42 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Insurance payables

Insurance payables with related parties included in the consolidated statement of financial position are as follows:

	Relationship	2021 QR '000	2020 QR '000 (Restated)
Other insurance payables	Others	**285**	3,251

(e) Investment properties

Additions to investment properties from related parties were as follow:

	Relationship	2021 QR '000	2020 QR '000
Samko International Company W.L.L.	Other	**36,596**	33,383
Skywall Aluminum and Glass W.L.L.	Other	**11,433**	3,051
Ramco Construction & Metal Industries W.L.L.	Other	**3,775**	7,665
Ramco Trading and Contracting Company W.L.L.	Other	**2**	3
		51,806	44,102

(f) Other assets

Other assets include advance payments to related parties as follows:

	Relationship	2021 QR '000	2020 QR '000
Nest Investments (Holding) Limited	Other	**39,029**	39,029
Trust Investment Holding Algeria	Associate	**38,962**	39,130
Samko International Company W.L.L.	Other	**37,263**	40,862
Skywall Aluminum and Glass W.L.L.	Other	**37,165**	40,609
Ramco Construction & Metal Industries W.L.L.	Other	**1,812**	2,567
		154,231	162,197
Less: allowance for expected credit losses		**(62,992)**	(62,992)
		91,239	99,205

All above disclosed balances under Note 42(f) are unsecured and interest free. There have been no guarantees provided or received for any related party receivables. During the year, the Group has not recorded any impairment on related party receivables (2020 restated: impairment reversals of QR 10.52 million).

The reconciliation of the allowance for expected credit losses is as follows:

	2021 QR '000	2020 QR '000
At the beginning of the year	**62,992**	73,516
Impairment reversal	**-**	(10,524)
At the end of the year	**62,992**	62,992

42 RELATED PARTY DISCLOSURES (CONTINUED)

(g) Other liabilities

Other liabilities include accounts and retention payables to related parties as follows:

		2021	2020
Accounts payable	**Relationship**	**QR '000**	QR '000
Samko International Company W.L.L.	Other	**2,417**	5,895
Skywall Aluminum and Glass W.L.L.	Other	**2,073**	1,830
Ramco Trading and Contracting Company W.L.L.	Other	**42**	42
Ramco Construction & Metal Industries W.L.L.	Other	**-**	947
		4,532	8,714

		2021	2020
Retention payables	**Relationship**	**QR '000**	QR '000
Samko International Company W.L.L.	Other	**6,992**	3,338
Skywall Aluminum and Glass W.L.L.	Other	**1,453**	305
Ramco Construction & Metal Industries W.L.L.	Other	**924**	766
		9,369	4,409

43 CONTINGENT LIABILITIES AND COMMITMENTS

	2021	2020
	QR '000	QR '000 (Restated)
(a) Capital commitments	**23,469**	3,378
(b) Contingent liabilities		
Letters of guarantee	**6,366**	7,456
(c) Lease commitments		
Operating lease commitments are payable as follows:		
Less than one year	**601**	382

(d) Litigations

Trust Investment Holding Algeria

Following the filing of a Commercial Civil Lawsuit by one of the Company's shareholders, the First Instance Plenary Court (Ninth Department-Commercial and Plenary) in the State of Qatar has issued a judgment to annul a decision that was resolved at the Company's Shareholders' General Assembly Meeting dated 12 March 2018, related to granting a percentage of 0.2% of the Company's shares in the share capital of Trust Investment Holding Algeria, to the benefit of Ms. Fatiha Khellal (Chief Executive Officer of Trust Investment Holding Algeria). The Group has filed an appeal against the First Instance Plenary Court judgement, and the Court of Appeal has issued its decision confirming the judgment of the First Instance Plenary Court. The Group has filed its cassation appeal before the Court of Cassation. The cassation judgment was issued upholding the Plenary Court judgment nullifying the decision to waive the shares, thus the judgment became final and unchallengeable.

Trust Investment Holding Algeria is in the process of reinstating the Company's ownership percentage at 20% as per the letter received from Ms. Fatiha Khellal on this regard.

43 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(d) Litigations (continued)

Other litigations

- A former employee labor complaint has been brought to the attention of the Board of Directors. The former employee alleged that over the prior years a part of his remuneration has not been paid by the Group, as per his complaint. The complaint was rejected by the Committees for the Settlement of Labor Disputes and the Committees decision was upheld by the Court of Appeals. The complaint was also rejected on 12 October 2021 by the Court of Cassation decision number 428 of 2021. Therefore, this complaint is no longer outstanding against the Group.

- As of December 31, 2021, the former Chairman of the Board of Directors on behalf of the Group retained an investment in local equity securities worth QR 99.35 million (2020: QR 89.42 million). The management has taken legal action by registering a lawsuit with the competent Civil Court during the year to transfer these shares on behalf of the Group, which is expected to be completed in 2022.

- The insurance sector of the Group is subject to litigations and is continuously involved in legal proceedings arising in its normal course of business. The Group carries adequate provisions against such litigations which are included as part of insurance contract liabilities. The Group is also a party to non-insurance related litigations with a total net exposure as at 31 December 2021 of QR 8.79 million (2020: QR 12.26 million) towards all such litigations. The Group has considered adequate provisions based on best estimate where the probability has been predictable. In addition, one of the subsidiaries, General Takaful Company Q.C.S.C., is a defendant in a number of cases brought by Takaful policyholders in respect of insurance claims. The subsidiary has considered adequate provisions based on best estimate where the probability has been predictable.

44 FAIR VALUE MEASUREMENT

Financial assets and financial liabities

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The financial assets and financial liabilities classified as held for sale are not included in the below table (Note 13). Their carrying amounts are reasonable approximation of fair value.

44 FAIR VALUE MEASUREMENT (CONTINUED)

Financial assets and financial liabities (continued)

Accounting classification and fair values (continued)

31 December 2021

	Carrying value							Fair value			
	FVOCI – equity instruments	FVOCI – debt instruments	FVTPL – equity instruments	FVTPL – debt instruments	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Financial assets measured at fair value											
Financial assets at FVOCI											
Equity instruments	682,733	-	-	-	-	-	682,733	677,532	-	5,201	682,733
Debt instruments	-	178,353	-	-	-	-	178,353	174,695	3,658	-	178,353
Financial assets at FVTPL											
Equity instruments	-	-	107,831	-	-	-	107,831	103,359	773	3,699	107,831
Debt instruments	-	-	-	2,449	-	-	2,449	-	2,449	-	2,449
Managed funds	-	-	7,201	-	-	-	7,201	-	7,201	-	7,201
Financial assets not measured at fair value											
Insurance receivables	-	-	-	-	277,569	-	277,569				
Receivables from related parties	-	-	-	-	1,533	-	1,533				
Other assets	-	-	-	-	27,275	-	27,275				
Cash and bank balances	-	-	-	-	238,939	-	238,939				
Financial liabilities not measured at fair value											
Loans and borrowings	-	-	-	-	(2,219,452)	-	(2,219,452)				
Lease liabilities	-	-	-	-	-	(41,584)	(41,584)				
Insurance payables	-	-	-	-	(239,768)	-	(239,768)				
Payables to related parties	-	-	-	-	(30,532)	-	(30,532)				
Other liabilities	-	-	-	-	-	(60,829)	(60,829)				
	682,733	178,353	115,032	2,449	(1,944,436)	(102,413)	(1,068,282)				

44 FAIR VALUE MEASUREMENT (CONTINUED)

Financial assets and financial liabities (continued)

Accounting classification and fair values (continued)

31 December 2020 (restated)

	Carrying value								Fair value			
	FVOCI – equity instruments	FVOCI – debt instruments	FVTPL – equity instruments	FVTPL – debt instruments	Amortized cost	Fair value hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)	QR '000 (restated)
Financial assets measured at fair value												
Financial assets at FVOCI												
Equity instruments	606,899	-	-	-	-	-	-	606,899	591,215	9,366	6,318	606,899
Debt instruments	-	255,042	-	-	-	-	-	255,042	168,187	86,855	-	255,042
Financial assets at FVTPL												
Equity instruments	-	-	89,627	-	-	-	-	89,627	89,627	-	-	89,627
Debt instruments	-	-	-	3,061	-	-	-	3,061	-	3,061	-	3,061
Managed funds	-	-	7,413	-	-	-	-	7,413	-	7,413	-	7,413
Financial assets not measured at fair value												
Insurance receivables	-	-	-	-	239,713	-	-	239,713				
Receivables from related parties	-	-	-	-	6,275	-	-	6,275				
Other assets	-	-	-	-	38,359	-	-	38,359				
Cash and bank balances	-	-	-	-	294,997	-	-	294,997				
Financial liabilities measured at fair value												
Derivative financial instruments	-	-	-	-	-	(363)	-	(363)	-	(363)	-	(363)
Financial liabilities not measured at fair value												
Loans and borrowings	-	-	-	-	(2,247,277)	-	-	(2,247,277)				
Lease liabilities	-	-	-	-	-	-	(42,813)	(42,813)				
Insurance payables	-	-	-	-	(207,032)	-	-	(207,032)				
Payables to related parties	-	-	-	-	(31,160)	-	-	(31,160)				
Other liabilities	-	-	-	-	-	-	(63,211)	(63,211)				
	606,899	255,042	97,040	3,061	(1,906,125)	(363)	(106,024)	(1,050,470)				

During the year, there were no transfers between Level 1, Level 2 and Level 3 (2020: Nil).

44 FAIR VALUE MEASUREMENT (CONTINUED)

Financial assets and financial liabities (continued)

Accounting classification and fair values (continued)

The reconciliation of the Level 3 is as follows:

	2021	2020
	QR '000	QR '000
At the beginning of the year	**6,318**	3,618
Additions	**3,699**	-
Disposal	**(2,913)**	-
Fair value gains	**1,796**	2,700
At the end of the year	**8,900**	6,318

Non-financial assets

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
31 December 2021	QR '000	QR '000	QR '000	QR '000	QR '000
Investment properties					
Completed properties	**2,471,933**	-	-	**2,471,933**	**2,471,933**
Vacant lands	**1,335,556**	-	-	**1,335,556**	**1,335,556**
Projects under development	**1,556,245**	-	-	**1,556,245**	**1,556,245**
	5,363,734	-	-	**5,363,734**	**5,363,734**

44 FAIR VALUE MEASUREMENT (CONTINUED)

Non-financial assets (continued)

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
31 December 2020 (restated)	QR '000	QR '000	QR '000	QR '000	QR '000
Investment properties					
Completed properties	2,480,374	-	-	2,480,374	2,480,374
Vacant lands	1,273,722	-	-	1,273,722	1,273,722
Projects under development	1,436,844	-	-	1,436,844	1,436,844
	5,190,940	-	-	5,190,940	5,190,940

Valuation techniques and significant unobservable inputs

The 31 December 2021 investment properties valuation reports contain a ‘material valuation uncertainty’ clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2022.

The fair value of investment properties was arrived at on the basis of valuations carried out by third party valuers and also were in accordance with the Royal Institute of Chartered Surveyor (RICS) Valuation Standards. The valuers performing the valuation had necessary qualifications, skills, understanding and knowledge to undertake the valuation competently and possessed recent market experience in the valuation of properties. The valuers are not related to the Group.

44 FAIR VALUE MEASUREMENT (CONTINUED)

Valuation techniques and significant unobservable inputs (continued)

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for assets and liabilities measured at fair value as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted equity instruments	Estimated internally using the instruments' price-to-earnings ratio in which the value of unquoted shares is related to the earnings attributable to each share rather than the dividend payable on such share.	Not applicable.	Not applicable.
Derivative financial instruments	Based upon the bank valuation report which takes into account number of factors including interest rates, market liquidity and other publicly available information.	Not applicable.	Not applicable.
Investment properties – completed properties	*Market comparison technique:* The fair values are calculated based on market evidence such as prevailing price listings, transactional evidence, information from active brokers in the locality and data from recent sale that took place. *Income approach:* The fair value is estimated by discounting future cash flows to a single current capital value using all risk or overall capitalization rate. The approach considers the income that an asset will generate over its useful life and indicates value through a capitalization process.	*Discount and market capitalization rate:* Rate ranging from 5% to 7.5% *Occupancy rate:* Rate ranging from 90% to 100%	The estimated fair value would increase (decrease) if: - Discount and market capitalization rate were lower (higher); or - Occupancy rate were higher (lower).
Investment properties – vacant lands	*Market comparison technique:* The fair values are calculated based on market evidence such as prevailing price listings, transactional evidence, information from active brokers in the locality and data from recent sale that took place.	Not applicable.	Not applicable.
Investment properties – project under development	*Residual technique:* The fair values are calculated based the expectations of perceived market participants of the gross development value for the property as complete less the costs required to undertake and complete the development with appropriate adjustments made for profit and risk to arrive at a net residual fair value.	Gross development costs such as construction costs and other development costs.	The estimated fair value would increase (decrease) if gross development costs increase (decrease).

44 FAIR VALUE MEASUREMENT (CONTINUED)

Sensitivity information for derivative financial liability (interest rate swap)

The valuation of derivative financial liability is based upon the bank valuation report which takes into account number of factors including interest rates, market liquidity and other publicly available information.

A 5% variation in the valuation will result in the value of derivative financial liability to increase/decrease by Nil (2020: QR 18 thousand).

Sensitivity information for unquoted equity investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's unquoted equity investments is based on the price-to-earnings ratio in which the value of unquoted shares is related to the earnings attributable to each share rather than the dividend payable on such share.

A 5% variation in the valuation will result in the value of unquoted equity investments to increase/decrease by QR 445 thousand (2020: QR 316 thousand).

45 RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. These policies define the Group’s identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

The Group’s risk management policies are established 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The Audit Committee and the Risk Committee of the Group oversee how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committees are assisted in their oversight role by Internal Audit Department. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The insurance contracts issued by the Group for various risks are homogeneous.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

45 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)
Risks are accepted based on an evaluation of pricing and prior underwriting experience in accordance with underwriting guidelines that have been laid out for each line of business. Underwriting guidelines are constantly reviewed and updated to take account of market developments, performance and opportunities. Accumulation limits are set to control exposures to natural hazards and catastrophes. Various underwriting and approval limits are specified for accepting risks. The reinsurance strategy of the Group is designed to protect exposures to individual and event risks based on current risk exposures through cost effective reinsurance arrangements. The recoverable amounts from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Even though the Group has reinsurance arrangements, the direct obligation to its policyholders is shown as a liability and thus to the extent the reinsurer is not able to meet its obligations under the reinsurance arrangement, a credit exposure exists. The management ensures that the Group’s reinsurance placement is diversified within a range of reinsurers and is not concentrated or dependent on any single reinsurer.

Frequency and severity of claims
The frequency and severity of claims can be determined after consideration of several factors as follows:

- past experience of the claims;
- economic level;
- laws and regulations; and
- public awareness

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. The Group has the right to re-price the risk on renewal. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation). The reinsurance arrangements include proportional and non-proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer major insurance losses.

The Group has specialized claims units dealing with the mitigation of risks surrounding general insurance claims. This unit investigates, adjusts and settles all general insurance claims. The general insurance claims are reviewed individually regularly and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages settlements of general insurance claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments
Claims on general insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policyholders or third parties (for third party liability covers).

45 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Sources of uncertainty in the estimation of future claim payments (continued)
The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks as at the consolidated statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes. An actuarial valuation is done every year to ensure the adequacy of the reserves.

Claims development
The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experiences and developments. The uncertainties about the amount and timing of claim payments are generally resolved within one year (Note 24).

Process used to decide on assumptions
The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The exposure of the Group to claims associated with general insurance is material. This exposure is concentrated in state of Qatar where significant transactions take place.

The Group uses assumptions based on a mixture of internal and actuarial reports to measure its general insurance related claims liabilities. Internal data is derived mostly from the Group's monthly claims reports and screening of the actual insurance contracts carried out at year end to derive data for the contracts held. The Group has reviewed the individual contracts and their actual exposure to claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The table below sets out the concentration of outstanding claims provision by type of contract:

	2021			2020		
	Gross reserves QR '000	**Reinsurance reserves QR '000**	**Net reserves QR '000**	Gross reserves QR '000 (Restated)	Reinsurance reserves QR '000 (Restated)	Net reserves QR '000 (Restated)
Property and casualty	**565,727**	**(489,106)**	**76,621**	528,670	(454,248)	74,422
Motor	**177,032**	**(28,409)**	**148,623**	175,403	(19,409)	155,994
Life and medical	**30,807**	**(22,460)**	**8,347**	20,758	(15,841)	4,917
Marine and aviation	**45,217**	**(38,105)**	**7,112**	28,471	(24,964)	3,507
	818,783	**(578,080)**	**240,703**	753,302	(514,462)	238,840

45 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Sensitivity analysis
The reasonableness of the estimation process is tested by an analysis of sensitivity around several scenarios. The sensitivity of the Group's income to insurance risks is as follows:

	Change in assumptions	Increase (decrease) in insurance contract liabilities	Increase (decrease) in reinsurance of contract liabilities	Net impact on profit or loss	Net impact on equity
		QR '000	QR '000	QR '000	QR '000
2021					
Outstanding claims provision	**+5%**	**(40,939)**	**28,904**	**(12,035)**	**(12,035)**
	-5%	**40,939**	**(28,904)**	**12,035**	**12,035**
2020 (restated)					
Outstanding claims provision	+5%	(37,665)	25,723	(11,942)	(11,942)
	-5%	37,665	(25,723)	11,942	11,942

Financial risk

Credit risk
Credit risk is the risk of loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognized at the consolidated statement of financial position. The Group manages and limits its credit exposure as stated below.

The Group credit control policy sets out exposures limits per counter party, which is reviewed and monitored by the management. Limits are set for investments and minimum credit ratings for investments that may be held.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

The Group sets the maximum credit amounts and terms to its customers. The credit risk in respect of such customer balances incurred on non–payment of premiums will only persist during the grace period specified, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The Group further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in offsetting the consolidated statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Group actively manages its product mix to ensure that there is no significant concentration of credit risk. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Expected credit loss assessment
The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information) and applying experienced credit judgement.

45 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Expected credit loss assessment (continued)

Exposures within each credit risk grade are segmented by industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of forward-looking economic conditions over the expected lives.

For the year ended 31 December 2021, the Group reviewed the way it segmented each risk grade and split some geographic regions and industry classifications into subsegments of exposures when there was a significant difference in the way the pandemic impacted exposures.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	Notes	2021 QR '000	2020 QR '000 (Restated)
Credit risk exposure by financial asset type:			
Reinsurance recoverable on outstanding claims	**(a)**	**496,327**	449,851
Debt instruments	**(b)**	**178,353**	255,042
Insurance receivables	**(c)**	**277,569**	239,713
Bank balances	**(d)**	**237,278**	294,484
Other receivables	**(e)**	**27,275**	38,359
Receivables from related parties	**(f)**	**1,533**	6,275
Total exposure		**1,218,335**	1,283,724

a) Reinsurance recoverable on outstanding claims

Reinsurance recoverable on outstanding claims represent balances from counterparties for which the below table describes the credit risk based on the credit rating of these counterparties.

	2021 QR '000	2020 QR '000 (Restated)
Reinsurance assets with a counterparty credit rating in the series of 'A'	**221,930**	170,755
Reinsurance assets with a counterparty credit rating in the series of 'B'	**175,563**	187,312
Reinsurance assets with a counterparty credit rating in the series of 'C' and non-rated	**98,834**	91,784
	496,327	449,851

45 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

b) Debt instruments

Debt instruments at fair value through other comprehensive income represent investments in instruments issued by counterparties for which the below table describes the credit risk based on the credit rating of these counterparties.

	Allowance for expected credit losses			
	Stage 1	**Stage 2**	**Stage 3**	**Fair value**
2021	**QR'000**	**QR'000**	**QR'000**	**QR'000**
Debt instruments with a counterparty credit rating in the series of 'A'	**(19)**	**-**	**-**	**69,891**
Debt instruments with a counterparty credit rating in the series of 'B'	**(134)**	**(685)**	**-**	**100,774**
Debt instruments with a counterparty credit rating in the series of 'C' and non-rated	**-**	**(5,885)**	**-**	**7,688**
	(153)	**(6,570)**	**-**	**178,353**

	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Fair value
2020 (restated)	QR'000	QR'000	QR'000	QR'000
Debt instruments with a counterparty credit rating in the series of 'A'	(151)	-	-	64,075
Debt instruments with a counterparty credit rating in the series of 'B'	(4,309)	(3,036)	(8,287)	173,128
Debt instruments with a counterparty credit rating in the series of 'C' and non-rated	-	(592)	-	17,839
	(4,460)	(3,628)	(8,287)	255,042

The reconciliation of the allowance for expected credit losses is as follows:

	2021	2020
	QR '000	QR '000 (Restated)
At the beginning of the year	**16,375**	12,312
Impairment losses	**89**	7,587
Reversals upon sale	**(9,741)**	(3,524)
At the end of the year	**6,723**	16,375

45 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

c) Insurance receivables

The below table describes the aging of the insurance and reinsurance receivables and the related allowance for expected credit losses.

2021	**Gross carrying value QR'000**	**Allowance for expected credit losses QR'000**	**Net carrying value QR'000**
0-60 days	**47,802**	**(5,330)**	**42,472**
61-90 days	**42,988**	**(3,359)**	**39,629**
91-180 days	**62,948**	**(5,394)**	**57,554**
181-365 days	**79,699**	**(10,678)**	**69,021**
More than 365 days	**137,021**	**(68,128)**	**68,893**
	370,458	**(92,889)**	**277,569**

2020 (restated)	Gross carrying value QR '000	Allowance for expected credit losses QR '000	Net carrying value QR '000
0-60 days	38,768	(5,123)	33,645
61-90 days	37,419	(4,440)	32,979
91-180 days	57,720	(5,152)	52,568
181-365 days	41,953	(8,202)	33,751
More than 365 days	142,769	(55,999)	86,770
	318,629	(78,916)	239,713

The reconciliation of the allowance for expected credit losses is as follows:

	2021 QR '000	2020 QR '000 (Restated)
At the beginning of the year	**78,916**	70,700
Impairment losses	**14,862**	8,308
Write-offs	**(889)**	(92)
At the end of the year	**92,889**	78,916

45 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

d) Bank balances

The Group's cash at bank is held with banks that are independently rated by credit rating agencies as follows:

	2021	2020
	QR '000	QR '000 (Restated)
Bank balances with a counter party credit rating in the series of 'A'	**236,690**	194,718
Bank balances with a counter party credit rating in the series of 'B'	**486**	100,369
Bank balances with a counter party credit rating in the series of 'C' and non-rated	**299**	291
	237,475	295,378
Less: allowance for expected credit losses	**(197)**	(894)
	237,278	294,484

The reconciliation of the allowance for expected credit losses is as follows:

	2021	2020
	QR '000	QR '000
At the beginning of the year	**894**	234
Impairment losses	**-**	660
Impairment reversal	**(697)**	-
At the end of the year	**197**	894

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

e) Other receivables

The below table describes the aging of the receivables from non-insurance-related accounts under other assets and the related allowance for expected credit losses.

2021	**Impaired**	**Gross carrying value**	**Allowance for expected credit losses**	**Net carrying value**
		QR'000	**QR'000**	**QR'000**
0-60 days	**No**	**7,886**	**(169)**	**7,717**
61-90 days	**No**	**1,443**	**(3)**	**1,440**
91-180 days	**No**	**3,139**	**(1)**	**3,138**
181-365 days	**No**	**454**	**(434)**	**20**
More than 365 days	**Yes**	**104,127**	**(89,167)**	**14,960**
		117,049	**(89,774)**	**27,275**

45 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

e) Other receivables (continued)

2020 (restated)	Impaired	Gross carrying value QR '000	Allowance for expected credit losses QR '000	Net carrying value QR '000
0-60 days	No	10,094	(132)	9,962
61-90 days	No	10,641	-	10,641
91-180 days	No	2,357	(735)	1,622
181-365 days	No	976	(42)	934
More than 365 days	Yes	104,176	(88,976)	15,200
		128,244	(89,885)	38,359

The reconciliation of the allowance for expected credit losses is as follows:

	2021 **QR '000**	2020 QR '000 (Restated)
At the beginning of the year	**89,885**	99,020
Impairment reversals	**(68)**	(9,121)
Write-offs	**(43)**	(14)
At the end of the year	**89,774**	89,885

f) Receivables from related parties

As at 31 December 2021, the Group did not record allowance for expected credit losses on its related parties (2020: the Group has recorded reversal of allowance for expected credit losses QR 2 thousand) (Note 42(b)).

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as cash-outflows due in day-to-day business.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 90-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell medium to long-term financial assets.

45 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Contractual maturity of the Group's liabilities as at 31 December 2021 are summarised below:

	Current			Non-current			
	Within 6 months	**6 to 12 months**	**Total current**	**1 to 5 years**	**More than 5 years**	**Total non-current**	**Total**
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**
Insurance payables and other liabilities	**208,542**	**145,880**	**354,422**	**17**	**2,810**	**2,827**	**357,249**
Insurance contract liabilities	**472,822**	**709,233**	**1,182,055**	**-**	**-**	**-**	**1,182,055**
Payables to related parties	**209**	**-**	**209**	**30,323**	**-**	**30,323**	**30,532**
Loans and borrowings	**44,538**	**561,422**	**605,960**	**780,883**	**1,361,791**	**2,142,674**	**2,748,634**
Lease liabilities	**3,934**	**1,749**	**5,683**	**11,434**	**60,750**	**72,184**	**77,867**
Income tax liabilities	**3,119**	**-**	**3,119**	**-**	**-**	**-**	**3,119**
Liabilities directly associated with assets as held for sale	**11,450**	**11,794**	**23,244**	**-**	**-**	**-**	**23,244**
	744,614	**1,430,078**	**2,174,692**	**822,657**	**1,425,351**	**2,248,008**	**4,422,700**

Contractual maturity of the Group's liabilities as at 31 December 2020 are summarised below:

	Current			Non-current			
	Within 6 months	6 to 12 months	Total current	1 to 5 years	More than 5 years	Total non-current	Total
	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)
Insurance payables and other liabilities	186,580	130,625	317,205	10,600	19	10,619	327,824
Derivative financial instruments	363	-	363	-	-	-	363
Insurance contract liabilities	455,383	683,074	1,138,457	-	-	-	1,138,457
Payables to related parties	824	-	824	30,336	-	30,336	31,160
Loans and borrowings	235,939	179,705	415,644	1,470,565	846,785	2,317,350	2,732,994
Lease liabilities	3,366	2,123	5,489	12,290	63,538	75,828	81,317
Income tax liabilities	3,685	-	3,685	-	-	-	3,685
Liabilities directly associated with assets as held for sale	17,819	17,839	35,658	-	-	-	35,658
	903,959	1,013,366	1,917,325	1,523,791	910,342	2,434,133	4,351,458

The above contractual maturities reflect the gross undiscounted cash flows, which may differ to the carrying values of the liabilities at the consolidated statement of financial position date.

45 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities:

	2021			2020		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	QR '000	**QR '000**	**QR '000**	QR '000 (Restated)	QR '000 (Restated)	QR '000 (Restated)
Property and equipment	**-**	**65,646**	**65,646**	-	79,408	79,408
Right-of-use assets	**15,580**	**62,350**	**77,930**	6,495	77,718	84,213
Investment properties	**-**	**5,363,734**	**5,363,734**	-	5,190,940	5,190,940
Investment in associates	**-**	**1,033,266**	**1,033,266**	-	1,022,298	1,022,298
Reinsurance assets	**805,924**	**-**	**805,924**	749,720	-	749,720
Insurance receivables	**277,569**	**-**	**277,569**	239,713	-	239,713
Receivables from related parties	**1,533**	**-**	**1,533**	6,275	-	6,275
Financial assets at fair value through other comprehensive income	**-**	**861,086**	**861,086**	-	861,941	861,941
Financial assets at fair value through profit or loss	**117,481**	**-**	**117,481**	100,101	-	100,101
Other assets	**121,282**	**19,832**	**141,114**	139,699	19,664	159,363
Cash and bank balances	**238,939**	**-**	**238,939**	294,997	-	294,997
	1,578,308	**7,405,914**	**8,984,222**	1,537,000	7,251,969	8,788,969
Assets as held for sale	**37,092**	**-**	**37,092**	38,942	-	38,942
Total assets	**1,615,400**	**7,405,914**	**9,021,314**	1,575,942	7,251,969	8,827,911
Employees' end-of-service benefits	**-**	**30,208**	**30,208**	-	29,270	29,270
Insurance contract liabilities	**1,182,055**	**-**	**1,182,055**	1,138,457	-	1,138,457
Loans and borrowings	**561,708**	**1,657,744**	**2,219,452**	258,271	1,989,006	2,247,277
Lease liabilities	**3,516**	**38,068**	**41,584**	3,218	39,595	42,813
Derivative financial instruments	**-**	**-**	**-**	363	-	363
Insurance payables	**239,768**	**-**	**239,768**	207,032	-	207,032
Payables to related parties	**209**	**30,323**	**30,532**	824	30,336	31,160
Income tax liabilities	**3,119**	**-**	**3,119**	3,685	-	3,685
Other liabilities	**114,655**	**2,826**	**117,481**	110,173	10,619	120,792
	2,105,030	**1,759,169**	**3,864,199**	1,722,023	2,098,826	3,820,849
Liabilities directly associated with assets held for sale	**23,244**	**-**	**23,244**	35,658	-	35,658
Total liabilities	**2,128,274**	**1,759,169**	**3,887,443**	1,757,681	2,098,826	3,856,507

45 RISK MANAGEMENT (CONTINUED)

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Managing interest rate benchmark reform and associated risks

Overview
A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

The risk management committee monitors and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Hedge accounting
Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness.

The Group's exposure to LIBOR designated in hedging relationships is nil notional amount at 31 December 2021 (2020: QR 109.99 million), representing both the notional amount of the hedging interest rate swap and the principal amount of the hedged secured bank loan liability matured in 2021.

C*urrency risk*
Most of the Group's transactions are carried out in Qatari Riyals. Exposures to currency exchange rates arise from the Group's overseas investments. 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.

45 RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)

Foreign currency denominated financial assets, investment in associates and liabilities, translated into Qatari Riyals at the closing rate, are as follows:

	2021				2020			
	Algerian Dinars (DZD)	**Omani Riyals (OMR)**	**Euro**	**Others**	Algerian Dinars (DZD)	Omani Riyals (OMR)	Euro	Others
	QR '000	**QR '000**	**QR '000**	**QR '000**	QR '000	QR '000	QR '000	QR '000
Financial assets	**7,999**	**-**	**5,260**	**3,129**	7,999	9,366	5,025	4,487
Investment in associates	**987,156**	**43,429**	**-**	**479**	983,546	35,816	-	734
	995,155	**43,429**	**5,260**	**3,608**	991,545	45,182	5,025	5,221
Financial liabilities	**-**	**-**	**(19,481)**	**(1,050)**	-	-	-	(1,331)
Net exposure	**995,155**	**43,429**	**(14,221)**	**2,558**	991,545	45,182	5,025	3,890

45 RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)
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.

Currency	Changes in variables	2021 Impact on profit QR '000	2021 Impact on equity QR '000	2020 Impact on profit QR '000	2020 Impact on equity QR '000
DZD	+10%	800	99,515	800	99,155
OMR	+10%	-	4,343	937	4,518
EUR	+10%	(1,422)	(1,422)	503	503
Others	+10%	208	256	316	389
Total		(414)	102,692	2,556	104,565
DZD	-10%	(800)	(99,515)	(800)	(99,155)
OMR	-10%	-	(4,343)	(937)	(4,518)
EUR	-10%	1,422	1,422	(503)	(503)
Others	-10%	(208)	(256)	(316)	(389)
Total		414	(102,692)	(2,556)	(104,565)

Interest rate risk
The Group is exposed to changes in the market interest rates through its financial assets and liabilities which are subject to variable interest rates.

	Carrying amounts 2021 QR '000	Carrying amounts 2020 QR '000 (Restated)
Variable rate instruments		
Financial assets	399,745	524,296
Financial liabilities	2,219,452	2,247,640

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from IBOR reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

Hedging relationships that are impacted by IBOR reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding IBOR transition.

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets at fair value through profit or loss, and the Group does not designate interest rate swaps as hedging instruments under the fair value hedge accounting model. Therefore a change in interest rate at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A change of 50 basis points in interest rate at the reporting date would have increased (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

45 RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

2021	**Profit or loss** **50 bps increase**	**50 bps decrease**
	QR '000	**QR '000**
Cash flow sensitivity (net)	**(10,003)**	**10,003**

2020	Profit or loss 50 bps increase	50 bps decrease
	QR '000	QR '000
Cash flow sensitivity (net)	(9,905)	9,905

Equity price risk
The Group is exposed to other market price risk in respect of its listed equity instruments and bonds. Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices by (+/-) 10%, with all other variables held constant is as follows:

		2021		2020	
	Changes in variables	**Impact on profit**	**Impact on other comprehensive income**	Impact on profit	Impact on other comprehensive income
		QR '000	**QR '000**	QR '000 (Restated)	QR '000 (Restated)
Qatar market	**+10%**	**10,336**	**74,742**	8,920	67,128
International markets	**+10%**	**692**	**10,320**	349	17,788
Qatar market	**-10%**	**(10,336)**	**(74,742)**	(8,920)	(67,128)
International markets	**-10%**	**(692)**	**(10,320)**	(349)	(17,788)

Operational risk
Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

45 RISK MANAGEMENT (CONTINUED)

Capital management

The Group's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements based on the Qatar Central Bank's instructions, including any additional amounts required by the regulator as well as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which is defined as profit for the year divided by total 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 Group monitors capital on the basis of the carrying amount of equity excluding cash flow hedge reserve and cash and bank balances as presented on the face of the consolidated statement of financial position. Capital for the reporting periods under review is summarized as follows:

	2021 **QR '000**	2020 QR '000 (Restated)
Equity	**5,133,871**	4,971,404
Less: cash flow hedge reserve and cash and bank balances	**(246,300)**	(302,029)
Capital	**4,887,571**	4,669,375
Equity excluding cash flow hedge reserve	**5,133,871**	4,971,767
Add: loans and borrowings excluding bank overdraft	**2,218,906**	2,246,047
Overall financing	**7,352,777**	7,217,814
Capital to overall financing	**1:1.50**	1:1.55

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise. The Group and its regulated subsidiaries in general have complied with the requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Qatar Central Bank. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

46 CHANGES IN THE ACCOUNTING POLICY

As stated in Note 2.1 to the consolidated financial statements, during 2021, the Board of Directors has reassessed the basis and application of the consolidation principles and has changed its accounting policy and consolidated the Takaful Participants of the Group's takaful operations. As a consequence, the Takaful Participants' fund, including its accumulated deficit, has been consolidated into the Group's consolidated financial statements and this change has been applied by restating each of the affected consolidated financial statement items for prior periods.

The following tables summarize the impact of the change in the accounting policy on the Group's consolidated financial statements.

46 CHANGES IN THE ACCOUNTING POLICY (CONTINUED)

Consolidated statement of financial position

	As previously reported	Effect of restatement	As restated
	QR '000	QR '000	QR '000
At 1 January 2020			
Investment properties	**4,970,320**	66,839	**5,037,159**
Reinsurance assets	**1,079,642**	88,453	**1,168,095**
Insurance receivables	**132,208**	46,337	**178,545**
Financial assets at fair value through other comprehensive income	**914,458**	20,686	**935,144**
Other assets	**82,757**	(33,161)	**49,596**
Cash and bank balances	**466,533**	36,178	**502,711**
Insurance contract liabilities	**(1,319,330)**	(253,401)	**(1,572,731)**
Insurance payables	**(176,012)**	(32,518)	**(208,530)**
Payables to related parties	**(28,275)**	(201)	**(28,476)**
Other liabilities	**(143,131)**	(1,457)	**(144,588)**
Net assets	**5,068,057**	(62,245)	**5,005,812**
Retained earnings	**503,978**	(62,245)	**441,733**
Total equity	**5,068,057**	(62,245)	**5,005,812**

	As previously reported	Effect of restatement	As restated
	QR '000	QR '000	QR '000
At 31 December 2020			
Investment properties	**5,126,065**	64,875	**5,190,940**
Reinsurance assets	**693,341**	56,379	**749,720**
Insurance receivables	**198,576**	41,137	**239,713**
Financial assets at fair value through other comprehensive income	**841,933**	20,008	**861,941**
Other assets	**191,556**	(32,193)	**159,363**
Cash and bank balances	**248,378**	46,619	**294,997**
Insurance contract liabilities	**(929,754)**	(208,703)	**(1,138,457)**
Insurance payables	**(169,709)**	(37,323)	**(207,032)**
Payables to related parties	**(30,407)**	(753)	**(31,160)**
Other liabilities	**(120,900)**	108	**(120,792)**
Net assets	**5,021,250**	(49,846)	**4,971,404**
Retained earnings	**581,630**	(49,846)	**531,784**
Total equity	**5,021,250**	(49,846)	**4,971,404**

46 CHANGES IN THE ACCOUNTING POLICY (CONTINUED)

Consolidated statement of profit or loss

2020	As previously reported QR '000	Effect of restatement QR '000	As restated QR '000
Gross written premiums	**579,250**	177,133	**756,383**
Premiums ceded to reinsurers	**(459,290)**	(62,614)	**(521,904)**
Net change in unearned premiums provision	**7,745**	8,871	**16,616**
Net earned premiums	**127,705**	123,390	**251,095**
Gross claims paid	**(424,865)**	(119,252)	**(544,117)**
Claims ceded to reinsurers	**365,946**	50,407	**416,353**
Gross change in insurance contract liabilities	**367,367**	47,339	**414,706**
Change in insurance contract liabilities ceded to reinsurers	**(371,837)**	(43,586)	**(415,423)**
Net claims	**(63,389)**	(65,092)	**(128,481)**
Net commissions and other insurance income	**58,675**	(34,910)	**23,765**
Underwriting results	**122,991**	23,388	**146,379**
Investment income	**48,095**	1,429	**49,524**
Fair value gains	**28,317**	(1,964)	**26,353**
Other income	**7,058**	(1,845)	**5,213**
Investment and other operations results	**218,588**	(2,380)	**216,208**
Finance costs	**(69,030)**	(59)	**(69,089)**
Net impairment reversal (loss) on financial assets	**1,636**	(5,544)	**(3,908)**
Operating and administrative expenses	**(164,614)**	(3,006)	**(167,620)**
Total expenses	**(245,210)**	(8,609)	**(253,819)**
Profit from operations	**96,369**	12,399	**108,768**
Profit for the year	**101,691**	12,399	**114,090**
Profit (loss) attributable to:			
Shareholders of the Parent Company	**130,852**	12,399	**143,251**
Non-controlling interests	**(29,161)**	-	**(29,161)**
	101,691	12,399	**114,090**
Earnings per share			
Basic and diluted earnings per share (in Qatari Riyals per share)	**0.150**	0.014	0.164
Earnings per share for continuing operations			
Basic and diluted earnings per share (in Qatari Riyals per share)	**0.154**	0.014	0.168

46 CHANGES IN THE ACCOUNTING POLICY (CONTINUED)

Consolidated statement of comprehensive income

2020	As previously reported QR '000	Effect of restatement QR '000	As restated QR '000
Total comprehensive loss attributable to:			
Shareholders of the Parent Company	**(15,932)**	12,399	**(3,533)**
Non-controlling interests	**(29,161)**	-	**(29,161)**
	(45,093)	12,399	**(32,694)**
Total comprehensive (loss) income attributable to shareholders of the Parent Company arises from:			
Continuing operations	**(12,271)**	12,399	**128**
Discontinued operations	**(3,661)**	-	**(3,661)**
	(15,932)	12,399	**(3,533)**

Consolidated statement of cash flows

2020	As previously reported QR '000	Effect of restatement QR '000	As restated QR '000
Net cash flows used in operating activities	**(81,068)**	10,339	**(70,729)**
Net cash flows from investing activities	**237,869**	(19,838)	**218,031**
Net cash flows used in financing activities	**(92,741)**	(59)	**(92,800)**
Net increase in cash and cash equivalents	**64,060**	(9,558)	**54,502**
Cash and cash equivalents at the beginning of the year	**141,154**	56,177	**197,331**
Cash and cash equivalents at the end of the year	**205,214**	46,619	**251,833**

47 RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the presentation in the current year's consolidated financial statements. However, such reclassifications did not have any effect on the net profit and equity of the comparative years, except for the changes in the accounting policy as disclosed in Note 46.

48 IMPACT OF COVID-19

The coronavirus ('COVID-19') pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought uncertainties in the global economic environment.

(a) Investment properties

The general risk environment in which the Group operates has heightened during the period, which is largely due to the continued level of uncertainty of the future impact of the COVID-19.

The outbreak of COVID-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted many aspects of daily life and global economy, which resulted in the real estate market experiencing significantly lower levels of transactional activities and liquidity.

48 IMPACT OF COVID-19 (CONTINUED)

The current response to COVID-19 means that the valuer is faced with an unprecedented set of circumstances on which to base a judgment. The valuations across all investment properties were therefore reported on the basis of “material valuation uncertainty”. Consequently, less certainty and higher degree of caution should be attached to the valuations than would normally be the case.

(b) Expected credit losses
The uncertainties caused by COVID-19 have required the Group to update the inputs and assumptions used for the determination of expected credit losses (“ECLs”) as at 31 December 2021. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

In addition to the assumptions outlined above, the Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in specific sectors.

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group’s financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

49 EVENTS AFTER THE REPORTING PERIOD

The consolidated financial statements are adjusted to reflect events that occurred between the consolidated statement of financial position date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the consolidated statement of financial position date.