

**DOHA INSURANCE GROUP Q.P.S.C.
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2020**

DOHA INSURANCE GROUP Q.P.S.C

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the three-month period ended March 31, 2020

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QR. 31249

RN: 0695/MMS/FY2020

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Board of Directors
Doha Insurance Group Q.P.S.C.
Doha – Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Doha Insurance Group Q.P.S.C. (the “Company”) and its subsidiaries (together the “Group”), as at March 31, 2020, and the related interim condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the three - month period then ended and certain explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Based on information provided to us by management, the Group is still in the process of completing its actuarial review and assessment of insurance contract liabilities and other technical reserves including Claims Incurred but Not Reported Reserves (IBNR), Unallocated Loss Adjustment Expenses Reserve (ULAE) and Premiums Deficiency Reserve (PDR) and consequently we were unable to complete our review of these reserves. Had we been able to complete our review of these balances, matters might have come to our attention indicating that adjustments might be necessary to the interim financial information.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not presented fairly, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.


INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)


Emphasis of matter

We draw attention to Note 19 to the interim condensed consolidated financial statements, which describes the potential effect of the coronavirus (COVID-19) pandemic and the related uncertainties on the Group's interim condensed consolidated financial statements. Our conclusion is not modified in respect of this matter.

Doha – Qatar
April 29, 2020

For Deloitte & Touche
Qatar Branch


Midhat Salha
Partner
License No. 257
QFMA Auditor License No. 120156



DOHA INSURANCE GROUP Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**


As at March 31, 2020

| | Notes | March 31, 2020 QR (Reviewed) | December 31, 2019 QR (Audited) |
|--|-------|---------------------------------------|---|
| ASSETS | | | |
| Cash and bank balances | 3 | 365,365,427 | 388,530,233 |
| Financial investments | 4 | 433,633,374 | 504,433,572 |
| Reinsurance contract assets | 5 | 1,275,698,092 | 1,248,656,618 |
| Insurance and other receivables | | 398,566,922 | 335,387,289 |
| Investments in associates | 14 | 16,199,898 | 16,177,201 |
| Investment properties | 8 | 321,109,649 | 321,946,153 |
| Right-of-use assets | | 11,743,574 | 12,849,325 |
| Property and equipment | | 12,794,635 | 12,094,315 |
| TOTAL ASSETS | | 2,835,111,571 | 2,840,074,706 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 6 | 500,000,000 | 500,000,000 |
| Legal reserve | 7 | 370,164,949 | 370,164,949 |
| Fair value reserve | | (135,885,116) | (63,746,386) |
| Foreign currency translation reserve | | (2,784,978) | (2,194,636) |
| Retained earnings | | 245,195,770 | 269,323,653 |
| Total equity | | 976,690,625 | 1,073,547,580 |
| Liabilities | | | |
| Insurance contract liabilities | 5 | 1,567,547,160 | 1,513,391,387 |
| Borrowings | 10 | 50,648,736 | 52,022,222 |
| Provisions, insurance and other payables | | 208,892,812 | 168,591,792 |
| Employees' end of service benefits | | 16,457,215 | 16,555,846 |
| Lease liability | | 14,875,023 | 15,965,879 |
| Total liabilities | | 1,858,420,946 | 1,766,527,126 |
| TOTAL EQUITY AND LIABILITIES | | 2,835,111,571 | 2,840,074,706 |

These interim condensed consolidated financial statements were approved by the Board of Directors on April 29, 2020



Nawaf Bin Nasser Bin Khaled Al Thani
Chairman



Jassim Ali A. Al-Moftah
Chief Executive Officer

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended March 31, 2020

| | Notes | For the three month period ended March 31, | |
|---|-------|---|--------------------------|
| | | 2020 QR (Reviewed) | 2019 QR (Reviewed) |
| Gross premiums | 13 | 257,752,301 | 177,373,125 |
| Reinsurers' share of gross premiums | 13 | (160,788,599) | (117,175,516) |
| Net premiums | | 96,963,702 | 60,197,609 |
| Change in unexpired risk reserve | 13 | (25,518,442) | (1,759,006) |
| Net premiums earned | | 71,445,260 | 58,438,603 |
| Claims paid | 13 | (80,051,078) | (91,229,024) |
| Reinsurers' share of claims | 13 | 36,391,066 | 57,449,722 |
| Change in outstanding claims reserve | 13 | 1,243,882 | (8,772,893) |
| Commissions received | 13 | 11,754,741 | 4,734,746 |
| Commissions paid | 13 | (12,624,994) | (6,454,391) |
| Other technical expenses | 13 | (253,743) | (588,396) |
| Net underwriting results | | 27,905,134 | 13,578,367 |
| Dividend income | | 12,422,273 | 15,149,459 |
| Interest income | | 3,313,439 | 3,715,722 |
| Rental income from investment properties | | 2,869,928 | 3,081,907 |
| Net gain on sale of financial investments | | 97,321 | 334,608 |
| Unrealised (loss) / gain on financial investments | | (8,277,411) | 2,158,700 |
| Share of results of associates | | (139,688) | -- |
| Other (loss) / income | | (8,952) | 21,240 |
| Investment and other income | | 10,276,910 | 24,461,636 |
| General and administrative expenses | 11 | 19,352,941 | 18,836,135 |
| Depreciation of investment properties | | 1,067,864 | 844,302 |
| Depreciation of property and equipment | | 699,320 | 656,851 |
| Amortization of right of use assets | | 669,005 | -- |
| Finance cost on lease liability | | 249,530 | -- |
| Finance cost on borrowings | | 283,392 | 302,622 |
| Total expenses | | 22,322,052 | 20,639,910 |
| Profit for the period before allocation to Doha Takaful L.L.C.'s policyholders | | 15,859,992 | 17,400,093 |
| Net (surplus) / deficit attributable to Doha Takaful L.L.C.'s policyholders | 18 | (1,128,784) | 275,616 |
| Profit attributable to shareholders of the parent | | 14,731,208 | 17,675,709 |
| Basic and diluted earnings per share | 12 | 0.03 | 0.04 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three-month period ended March 31, 2020

| | For the three month period ended March 31, | |
|--|---|-------------------|
| | 2020 | 2019 |
| | QR | QR |
| | (Reviewed) | (Reviewed) |
| Profit attributable to shareholders | 14,731,208 | 17,675,709 |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to statement of profit or loss</i> | | |
| Net change in fair value of debt instruments at fair value through other comprehensive income | (5,662,637) | 920,923 |
| Share of other comprehensive income of associates | 161,791 | -- |
| Exchange differences on translating foreign operations | (590,342) | (884,997) |
| | (6,091,188) | 35,926 |
| <i>Items that will not be reclassified subsequently to statement of profit or loss</i> | | |
| Net change in fair value of equity instruments designated at fair value through other comprehensive income | (65,496,975) | 2,190,437 |
| Other comprehensive (loss) / income for the period | (71,588,163) | 2,226,363 |
| Total comprehensive (loss) / income for the period | (56,856,955) | 19,902,072 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended March 31, 2020

| | Share capital QR | Legal reserve QR | Fair value reserve QR | Foreign currency translation reserve QR | Retained earnings QR | Total QR |
|--|------------------------|------------------------|--------------------------|---|----------------------------|----------------------|
| Balance at January 1, 2019 (Audited) | 500,000,000 | 365,270,841 | (65,860,607) | (1,236,479) | 265,919,490 | 1,064,093,245 |
| Profit attributable to shareholders | -- | -- | -- | -- | 17,675,709 | 17,675,709 |
| Other comprehensive gain / (loss) for the period | -- | -- | 3,111,360 | (884,997) | -- | 2,226,363 |
| Total comprehensive gain / (loss) for the period | -- | -- | 3,111,360 | (884,997) | 17,675,709 | 19,902,072 |
| Gain on sale of investment | -- | -- | 50,652 | -- | (50,652) | -- |
| Cash dividends paid (Note 9) | -- | -- | -- | -- | (40,000,000) | (40,000,000) |
| Balance at March 31, 2019 (Reviewed) | <u>500,000,000</u> | <u>365,270,841</u> | <u>(62,698,595)</u> | <u>(2,121,476)</u> | <u>243,544,547</u> | <u>1,043,995,317</u> |
| Balance at January 1, 2020 (Audited) | 500,000,000 | 370,164,949 | (63,746,386) | (2,194,636) | 269,323,653 | 1,073,547,580 |
| Profit attributable to shareholders | -- | -- | -- | -- | 14,731,208 | 14,731,208 |
| Other comprehensive loss for the period | -- | -- | (70,997,821) | (590,342) | -- | (71,588,163) |
| Total comprehensive gain / (loss) for the period | -- | -- | (70,997,821) | (590,342) | 14,731,208 | (56,856,955) |
| Gain on sale of investment | -- | -- | (1,140,909) | -- | 1,140,909 | -- |
| Cash dividends paid (Note 9) | -- | -- | -- | -- | (40,000,000) | (40,000,000) |
| Balance at March 31, 2020 (Reviewed) | <u>500,000,000</u> | <u>370,164,949</u> | <u>(135,885,116)</u> | <u>(2,784,978)</u> | <u>245,195,770</u> | <u>976,690,625</u> |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended March 31, 2020

| | For the three month period ended March 31, 2020 | For the three month period ended March 31, 2019 |
|--|--|--|
| | QR (Reviewed) | QR (Reviewed) |
| OPERATING ACTIVITIES | | |
| Profit attributable to shareholders | 14,731,208 | 17,675,709 |
| <i>Adjustments for:</i> | | |
| Depreciation of properties and equipment | 699,320 | 656,851 |
| Depreciation of investment properties | 1,067,864 | 844,302 |
| Amortization of right of use assets | 669,005 | -- |
| Provision for employees' end of service benefits | 579,102 | 627,252 |
| Unrealised loss on investments held at fair value through profit or loss | 8,277,411 | (2,158,700) |
| Share in results of associates | 139,688 | -- |
| Reinsurers' share of unearned premium | (52,309,127) | (22,948,637) |
| Movement in unearned premium | 77,827,566 | 24,707,639 |
| Finance cost on lease liability | 249,530 | -- |
| Net gain on sale of financial investments | (97,321) | (334,608) |
| Impairment loss on bonds | 9,085 | -- |
| Impairment loss on cash in bank | 8,696 | -- |
| Dividend income | (12,422,273) | (15,149,459) |
| Interest income | (3,313,439) | (3,715,722) |
| Finance cost on borrowings | 283,392 | 302,622 |
| | 36,399,707 | 507,249 |
| Movements in working capital | | |
| Insurance and other receivables | (63,179,633) | (26,676,733) |
| Insurance reserves | 1,595,857 | 9,015,937 |
| Provisions, insurance and other payables | 40,301,020 | 28,354,582 |
| Cash generated by operations | 15,116,951 | 11,201,035 |
| Payment for employees' end of service benefits | (677,733) | (1,434,859) |
| Interest paid on lease liability | (249,530) | -- |
| Net cash generated by operating activities | 14,189,688 | 9,766,176 |
| INVESTING ACTIVITIES | | |
| Dividends received | 12,422,273 | 15,149,459 |
| Proceeds from disposal of financial investments | 9,182,781 | 11,496,350 |
| Interest received | 3,313,439 | 3,715,722 |
| Short-term deposits | 83,335,768 | 53,332,163 |
| Purchase of property and equipment | (1,399,640) | (5,757,615) |
| Purchase of financial investments | (17,731,367) | (14,753,197) |
| Purchase of investment properties | (1,024,425) | (8,497,181) |
| Net cash generated by investing activities | 88,098,829 | 54,685,701 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three-month period ended March 31, 2020

| | For the three month period ended March 31, 2020 | For the three month period ended March 31, 2019 |
|--|--|--|
| | QR | QR |
| FINANCING ACTIVITIES | | |
| Bank loan | (1,180,053) | (732,755) |
| Dividends paid | (40,000,000) | (31,692,554) |
| Lease liability paid | (654,110) | -- |
| Finance cost paid | (283,392) | (302,622) |
| Net cash used in financing activities | (42,117,555) | (32,727,931) |
| | | |
| Net increase in cash and cash equivalents | 60,170,962 | 31,723,946 |
| Cash and cash equivalents at the beginning of period | 81,318,974 | 96,643,456 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (NOTE 3) | 141,489,936 | 128,367,402 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three- month period ended March 31, 2020

1. INCORPORATION AND ACTIVITIES

Doha Insurance Group Q.P.S.C. (the "Company") (previously known as "Doha Insurance Company Q.S.C"), is a Qatari public shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on October 2, 1999. It is engaged in the business of insurance and reinsurance in State of Qatar. The shares of the Company are listed on Qatar Exchange Doha. The Company, by a resolution passed in Extraordinary General Assembly held on March 7, 2017, changed its name to "Doha Insurance Group Q.P.S.C".

The interim condensed consolidated financial statements of the Group consolidates the assets, liabilities and operational performance of the Company and its subsidiaries (collectively referred as "the Group") detailed below.

- i. On October 21, 2015, MENA RE Underwriters Limited, a limited liability company engaged in insurance intermediation and management, was incorporated in Dubai, UAE with a registration number of CL1984. The registered and paid up capital of the Subsidiary is wholly subscribed and owned by the Company.
- ii. On December 21, 2016, the Company invested 100% in share capital of Barzan Technology Solutions, a company incorporated in Jordan having business activities of providing information technology solutions and also engaged in real estate and investment activities. The subsidiary has commenced its operations during the second half of the year 2017.
- iii. On December 27, 2016, the Company invested 100% in the equity of Schwenke Zentrum S.a.r.l, a company duly incorporated under the laws of Grand Duchy of Luxembourg. The subsidiary is engaged in real estate holding and leasing operations for a property located in Germany.
- iv. In 2006, the Company established an Islamic Takaful branch under the brand name Doha Takaful to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance. On March 28, 2018, the Company has registered Doha Takaful into a separate limited liability company as Doha Takaful L.L.C., which is 100% owned by the Company. The Company also prepares a separate set of financial statements of Doha Takaful L.L.C. as per the requirement of FAS - 12 General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies issued by the AAOIFI. The Doha Takaful L.L.C.s financial statements are then converted into International Financial Reporting Standards (IFRSs) compliant financial statements and included in these financial statements.
- v. On August 10, 2018, the Company invested 100% in the equity of Logistics Centre S.a.r.l, a company duly incorporated under the laws of Grand Duchy of Luxembourg. The subsidiary is engaged in real estate holding and leasing operations for a property located in Germany.
- vi. On March 4, 2018, a representative office in Beirut-Lebanon under the name of "Mena Re Life" was established which aims to extend the Group's reinsurance reach in the International arena. It is part of the DIG's strategy of geographic expansion to open new markets and build on its strong credit and financial rating. It is worth mentioning that the Group has completed all the formal procedures of establishing the office in accordance with the laws of the Lebanese Republic.

The interim condensed consolidated financial statements of the Group for the three-month period ended March 31, 2020 were authorised for issue by the Board of Directors on April 29, 2020.

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three- month period ended March 31, 2020

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the three-month period ended March 31, 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) and in conformity with Qatar Commercial Companies Law.

The interim condensed consolidated financial statements are prepared in Qatari Riyal (“QR”) which is the Group’s functional and presentation currency.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2019. In addition, results for the three-month period ended March 31, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

Judgments, estimates and risk management

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2019, except as mentioned below and as disclosed in Note 20 (Covid - 19 Impact)

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2019.

The accounting policies used in the preparation of this interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended December 31, 2019, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

(i) Revised Standards:

Effective for annual periods beginning on or after January 1, 2020

Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

Definition of a Business – Amendments to IFRS 3 Business Combinations

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have ‘the ability to contribute to the creation of outputs’ rather than ‘the ability to create outputs’.

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three- month period ended March 31, 2020

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Revised Standards (continued):

Effective for annual periods beginning on or after 1 January 2020 (continued)

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments

Amendments regarding pre-replacement issues in the context of the IBOR reform

(iii) New and revised standards and interpretations but not yet effective

Effective for annual periods beginning after January 1, 2023

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as at January 1, 2023.

Effective date deferred indefinitely. Early adoption is still permitted.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

3. CASH AND CASH EQUIVALENTS

| | March 31, 2020 | December 31, 2019 |
|---|---------------------------|----------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Bank balances and short term deposits | 365,033,676 | 388,178,430 |
| Cash on hand | 430,145 | 441,501 |
| Less: Loss allowance | (98,394) | (89,698) |
| Cash and bank balances | 365,365,427 | 388,530,233 |
| Less: Short term deposits maturing more than 3 months | (223,875,491) | (307,211,259) |
| Cash and cash equivalents | 141,489,936 | 81,318,974 |

Short-term deposits bear interest at the rate of 1.00% to 4.00% per annum (December 31, 2019: 0.75% to 8.00% per annum) with original maturity period of one to three months.

DOHA INSURANCE GROUP Q.P.S.C**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the three- month period ended March 31, 2020

3. CASH AND CASH EQUIVALENTS (CONTINUED)

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Management of the Group has assessed loss allowance as at reporting date and have adjusted the loss allowance accordingly.

4. FINANCIAL INVESTMENTS

The carrying amounts of financial investments were as follows:

| | March 31, 2020 | December 31, 2019 |
|---|---------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Investments held at fair value through profit or loss | 68,228,218 | 66,134,050 |
| Investments held at fair value through other comprehensive income | | |
| - Quoted shares | 251,894,808 | 313,868,567 |
| - Unquoted funds and shares | 62,139,217 | 66,648,777 |
| - Debt securities with fixed interest rate | 51,746,899 | 58,148,861 |
| Total financial investment | 434,009,142 | 504,800,255 |
| Allowance for impairment (ECL) | (375,768) | (366,683) |
| | 433,633,374 | 504,433,572 |

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three- month period ended March 31, 2020

5. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

| | <u>March 31,</u> <u>2020</u> | <u>December 31,</u> <u>2019</u> |
|--|---------------------------------|------------------------------------|
| | <u>QR</u> <u>(Reviewed)</u> | <u>QR</u> <u>(Audited)</u> |
| Gross | | |
| Insurance contract liabilities: | | |
| Claims reported unsettled | 1,135,261,128 | 1,161,772,663 |
| Claims incurred but not reported | 53,198,710 | 53,198,708 |
| Unearned premiums | 367,509,930 | 289,682,364 |
| Deferred commissions | 11,577,392 | 8,737,652 |
| | <u>1,567,547,160</u> | <u>1,513,391,387</u> |
| | | |
| Recoverable from reinsurers: | | |
| Claims reported unsettled | 1,026,733,085 | 1,052,000,737 |
| Claims incurred but not reported | 31,189,180 | 31,189,181 |
| Unearned premiums | 217,775,827 | 165,466,700 |
| | <u>1,275,698,092</u> | <u>1,248,656,618</u> |
| | | |
| Net | | |
| Claims reported unsettled | 108,528,043 | 109,771,926 |
| Claims incurred but not reported | 22,009,530 | 22,009,527 |
| Unearned premiums | 149,734,103 | 124,215,664 |
| Deferred commissions | 11,577,392 | 8,737,652 |
| | <u>291,849,068</u> | <u>264,734,769</u> |

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2020

5. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

(a) Outstanding claims provision

| | March 31, 2020 (Reviewed) | | | December 31, 2019 (Audited) | | | |
|--|---------------------------|------------------------|--------------------|-----------------------------|------------------------|--------------------|-----------|
| | Gross QR | Reinsurers' share | | Gross QR | Reinsurers' share | | Net QR |
| | | QR | Net QR | | QR | QR | |
| At the beginning of the period / year | | | | | | | |
| Claims | 1,161,772,663 | (1,052,000,737) | 109,771,926 | 428,407,189 | (308,491,684) | 119,915,505 | |
| Claims incurred but not reported | 53,198,708 | (31,189,181) | 22,009,527 | 52,461,079 | (30,500,486) | 21,960,593 | |
| | <u>1,214,971,371</u> | <u>(1,083,189,918)</u> | <u>131,781,453</u> | <u>480,868,268</u> | <u>(338,992,170)</u> | <u>141,876,098</u> | |
| Insurance claims paid during the period/year | (80,051,078) | 36,391,066 | (43,660,012) | (290,754,840) | 143,771,415 | (146,983,425) | |
| Incurred during the period / year | 53,539,545 | (11,123,413) | 42,416,132 | 1,024,857,943 | (887,969,163) | 136,888,780 | |
| At the end of the period / year | <u>1,188,459,838</u> | <u>(1,057,922,265)</u> | <u>130,537,573</u> | <u>1,214,971,371</u> | <u>(1,083,189,918)</u> | <u>131,781,453</u> | |

(b) Analysis of outstanding claims

| | March 31, 2020 (Reviewed) | | | December 31, 2019 (Audited) | | | |
|----------------------------------|---------------------------|------------------------|--------------------|-----------------------------|------------------------|--------------------|-----------|
| | Gross QR | Reinsurers' share | | Gross QR | Reinsurers' share | | Net QR |
| | | QR | Net QR | | QR | QR | |
| Claims | 1,135,261,128 | (1,026,733,085) | 108,528,043 | 1,161,772,663 | (1,052,000,737) | 109,771,926 | |
| Claims incurred but not reported | 53,198,710 | (31,189,180) | 22,009,530 | 53,198,708 | (31,189,181) | 22,009,527 | |
| At the end of the period/year | <u>1,188,459,838</u> | <u>(1,057,922,265)</u> | <u>130,537,573</u> | <u>1,214,971,371</u> | <u>(1,083,189,918)</u> | <u>131,781,453</u> | |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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5. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

(c) Unearned premium reserve

| | March 31, 2020 (Reviewed) | | December 31, 2019 (Audited) | | | |
|--|---------------------------|----------------------------|-----------------------------|--------------------|----------------------------|--------------------|
| | Gross QR | Reinsurers' share QR | Net QR | Gross QR | Reinsurers' share QR | Net QR |
| At the beginning of the period / year | 289,682,364 | (165,466,701) | 124,215,663 | 274,291,855 | (162,424,457) | 111,867,398 |
| Gross premiums during the period/year | 257,752,301 | (160,788,599) | 96,963,702 | 655,913,479 | (403,575,861) | 252,337,618 |
| Earned insurance premiums during the period/year | (179,924,735) | 108,479,473 | (71,445,262) | (640,522,970) | 400,533,617 | (239,989,353) |
| At the end of the period / year | <u>367,509,930</u> | <u>(217,775,827)</u> | <u>149,734,103</u> | <u>289,682,364</u> | <u>(165,466,701)</u> | <u>124,215,663</u> |

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6. SHARE CAPITAL

| | <u>March 31, 2020</u> | <u>December 31, 2019</u> |
|--|---------------------------|------------------------------|
| | QR (Reviewed) | QR (Audited) |
| Authorized, issued and fully paid up share capital 500,000,000 shares of QR 1 each effective July 1, 2019 | <u>500,000,000</u> | <u>500,000,000</u> |

7. LEGAL RESERVE

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.

The Group did not make any transfer from the profit of the period as the required amount will be transferred by year end.

8. INVESTMENT PROPERTIES

| | <u>March 31, 2019</u> | <u>December 31, 2019</u> |
|--|---------------------------|------------------------------|
| | QR (Reviewed) | QR (Audited) |
| Net carrying value at the beginning of the period/ year | 321,946,153 | 269,973,893 |
| Transfer from property and equipment | -- | 7,182,349 |
| Right of use assets under IFRS 16 | -- | 2,684,876 |
| Additions | 1,024,425 | 47,875,772 |
| Depreciation for the period / year | (1,067,864) | (3,548,121) |
| Exchange adjustments | (793,065) | (2,222,616) |
| Net carrying value at the end of the period | <u>321,109,649</u> | <u>321,946,153</u> |

Investment properties as of March 31, 2020 include an amount of QR 48,741,079 (December 31, 2019: QR 49,714,618), which represents the net book value of a property in Germany acquired in 2017 by Schwenke Zentrum S.a.r.l, a subsidiary. The Company has recognized rental income of QR 1,070,923 (March 31, 2019: QR 1,200,663) relating to the said property. Management using internal review, deemed that the fair value of the property amounted to QR 52,316,019.

In 2018, the Group purchased additional property in Germany by a new subsidiary, Logistic Centre S.a.r.l with the net book value of QR 43,892,304 (December 31, 2019: QR 44,609,336). The Company recognized rental income of QR. 1,051,732 (March 31: 2019: QR 955,498) relating to the said property. Management using internal review as at December 31, 2019, deemed that the fair value of the property amounted to QR 63,763,604.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2020

9. DIVIDENDS

The Board of Directors proposed in its meeting held on February 12, 2020 to distribute a cash dividend of 8% of the share capital amounting to QR 0.8 per share totalling to QR 40,000,000 for the year ended December 31, 2019 which were duly approved by the General Assembly of the Company's Shareholders on March 24, 2020 (2018: QR 0.08 per share totalling to QR 40,000,000).

10. BORROWINGS

Bank loan as of March 31, 2020 amounts to QR 50,648,736 with the following details:

- i. In 2017, a loan was taken to purchase an investment property in Germany, by a subsidiary, Schwenke Zentrum S.a.r.l. which bears interest of 2.65%. It is repayable over a period of 256 months. The non-current portion of the loan as at period end amounted to QR 25,772,190. The loan is secured by a mortgage on the investment property with a carrying value of QR 48,741,079.
- ii. Additional loan in 2018 was taken also to purchase an investment property in Germany, by a new subsidiary, Logistic Centre S.a.r.l. with the rate of 1.73% annually payable in monthly instalments until July 31, 2028. The non-current portion of the loan as at period end amounted to QR 22,103,785. The loan is secured by a mortgage on the investment property with a carrying value of QR 43,892,304.

11. GENERAL AND ADMINISTRATIVE EXPENSES

| | <u>March 31, 2020</u> | <u>March 31, 2019</u> |
|---------------------------------------|-----------------------|-----------------------|
| | QR | QR |
| | (Reviewed) | (Reviewed) |
| Salaries, wages and other benefits | 14,467,098 | 14,031,730 |
| Rent, maintenance and office expenses | 378,259 | 1,357,677 |
| Legal and consultation fees | 526,210 | 894,230 |
| Advertisement and business promotion | 264,417 | 374,850 |
| Government fees | 231,754 | 209,970 |
| Business travel | 198,479 | 366,575 |
| Printing and stationery | 107,659 | 75,983 |
| Miscellaneous expenses | 3,179,065 | 1,525,120 |
| | <u>19,352,941</u> | <u>18,836,135</u> |

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2020

12. EARNINGS PER SHARE

| | <u>March 31, 2020</u> | <u>March 31, 2019</u> |
|---|---------------------------|---------------------------|
| | QR | QR |
| | (Reviewed) | (Reviewed) |
| Profit attributable to the shareholders of the parent | <u>14,731,208</u> | <u>17,675,709</u> |
| Weighted average number of shares outstanding during the period | <u>500,000,000</u> | <u>500,000,000</u> |
| Basic and diluted earnings per share | <u>0.03</u> | <u>0.04</u> |

13. SEGMENT INFORMATION

For management purposes, the Group is organised into three business segments, marine and aviation, motor, and fire and general accident. These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise investment and cash management for the Group's own account. There are no material transactions between segments.

The Group operates primarily in the State of Qatar and the rest of operations outside Qatar are to support the core insurance and investment operations of the Company in the State of Qatar.

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2020

13. SEGMENT INFORMATION (CONTINUED)

| | Motor | | Marine and Aviation | | Fire and General Accident | | Total | |
|---|-------------------|-------------------|---------------------|-------------------|---------------------------|-------------------|-------------------|-------------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | QR | QR | QR | QR | QR | QR | QR | QR |
| Gross premiums | 59,117,786 | 44,361,938 | 39,678,122 | 23,419,315 | 158,956,393 | 109,591,872 | 257,752,301 | 177,373,125 |
| Reinsurers' share of gross premiums | (2,716,341) | (8,032,908) | (37,599,395) | (22,373,133) | (120,472,863) | (86,769,475) | (160,788,599) | (117,175,516) |
| Net premiums | 56,401,445 | 36,329,030 | 2,078,727 | 1,046,182 | 38,483,530 | 22,822,397 | 96,963,702 | 60,197,609 |
| Change in unexpired risk reserve | (18,298,633) | (6,002,160) | 1,988,789 | 1,951,569 | (9,208,598) | 2,291,585 | (25,518,442) | (1,759,006) |
| Underwriting revenue | 38,102,812 | 30,326,870 | 4,067,516 | 2,997,751 | 29,274,932 | 25,113,982 | 71,445,260 | 58,438,603 |
| Claims paid | (27,140,513) | (23,876,104) | (2,774,292) | (255,246) | (50,136,273) | (67,097,674) | (80,051,078) | (91,229,024) |
| Reinsurers' share of claims | 547,929 | 589,269 | 1,636,124 | 200,377 | 34,207,013 | 56,660,076 | 36,391,066 | 57,449,722 |
| Change in outstanding claims reserve | (356,536) | 2,006,966 | 1,137,522 | 372,537 | 462,896 | (11,152,396) | 1,243,882 | (8,772,893) |
| Commissions received | 2,632,192 | 463,003 | 2,119,000 | 664,795 | 7,003,549 | 3,606,948 | 11,754,741 | 4,734,746 |
| Commissions paid | (5,803,556) | (2,922,798) | (1,257,399) | (180,101) | (5,564,039) | (3,351,492) | (12,624,994) | (6,454,391) |
| Other technical expenses | (195,386) | 89,335 | (45,024) | (161,897) | (13,333) | (515,834) | (253,743) | (588,396) |
| Net underwriting results | 7,786,942 | 6,676,541 | 4,883,447 | 3,638,216 | 15,234,745 | 3,263,610 | 27,905,134 | 13,578,367 |
| Investment and other income | | | | | | | 10,276,910 | 24,461,636 |
| Total other expenses | | | | | | | (22,322,052) | (20,639,910) |
| Net (surplus) / deficit attributable to Takaful operation's policyholders | | | | | | | (1,128,784) | 275,616 |
| Profit for the period | | | | | | | 14,731,208 | 17,675,709 |

DOHA INSURANCE GROUP Q.P.S.C
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the three month period ended March 31, 2020

13. SEGMENT INFORMATION (CONTINUED)

The Group operates in the State of Qatar, UAE, Luxembourg and Jordan. The associate companies operate in the State of Qatar and the Republic of Yemen.

| | March 31, 2020 (Reviewed) | | December 31, 2019 (Audited) | | |
|---|---------------------------|---------------------|-----------------------------|---------------------|----------------------|
| | Qatar QR | International QR | Qatar QR | International QR | Total QR |
| Asset | | | | | |
| Total assets | 2,700,369,555 | 134,742,016 | 2,835,111,571 | 2,677,286,750 | 2,840,074,706 |
| Liabilities | | | | | |
| Insurance contract liabilities | (1,546,690,886) | (20,856,274) | (1,567,547,160) | (1,494,322,110) | (1,513,391,387) |
| Net surplus attributable to Islamic Takaful policyholders | (12,794,658) | -- | (12,794,658) | (11,665,870) | (11,665,870) |
| Other liabilities | (220,978,311) | (57,100,817) | (278,079,128) | (181,282,681) | (241,469,869) |
| Net assets | 919,905,700 | 56,784,925 | 976,690,625 | 990,016,089 | 1,073,547,580 |

DOHA INSURANCE GROUP Q.P.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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14. INVESTMENTS IN ASSOCIATES

The Group has following investment in associates:

| | <i>Country of incorporation</i> | <i>Percentage of ownership</i> | | <i>Principal activity</i> |
|---------------------------------------|---------------------------------|-------------------------------------|--------------------------------|---------------------------|
| | | March 31, 2020 (Reviewed) | December 31, 2019 (Audited) | |
| Yemeni Qatari Insurance Company | Republic of Yemen | 40% | 40% | Insurance |
| Qatar unified Insurance Bureau W.L.L. | State of Qatar | 25% | 25% | Insurance |

The carrying amounts of these investment are as follows:

| | March 31, 2020 QR. (Reviewed) | December 31, 2019 QR. (Audited) |
|---------------------------------------|--|---------------------------------------|
| Yemeni Qatari Insurance Company | 7,732,087 | 7,760,105 |
| Qatar Unified Insurance Bureau W.L.L. | 8,467,811 | 8,417,096 |
| | 16,199,898 | 16,177,201 |

Movements in the investment in associates are as follows:

| | March 31, 2020 QR. (Reviewed) | December 31, 2019 QR. (Audited) |
|---|--|---------------------------------------|
| Net carrying value at the beginning of the period | 16,177,201 | 16,069,469 |
| Equity share in net earnings | (139,688) | 609,793 |
| Cash dividends received | -- | (466,176) |
| Share of other comprehensive income / (loss) of associate | 161,791 | (72,267) |
| Foreign currency translation difference | 594 | 36,382 |
| Net carrying value at the ending of the period | 16,199,898 | 16,177,201 |

DOHA INSURANCE GROUP Q.P.S.C**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended March 31, 2020

15. RELATED PARTY DISCLOSURES**Related party transactions**

Related parties represent major shareholders, directors and 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.

Related party transactions

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

| | March 31, 2020 (Reviewed) | | December 31, 2019 (Audited) | |
|--------------------|----------------------------------|------------------|-----------------------------|------------------|
| | Premiums | Claims | Premiums | Claims |
| | QR | QR | QR | QR |
| Major shareholders | <u>13,690,024</u> | <u>1,839,664</u> | <u>21,226,141</u> | <u>7,047,003</u> |

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

| | March 31, 2020 (Reviewed) | | December 31, 2019 (Audited) | |
|--------------------|----------------------------------|----------------------------|-----------------------------|---------------------|
| | Receivables | Claims and payables | Receivables | Claims and payables |
| | QR | QR | QR | QR |
| Major shareholders | <u>17,485,890</u> | <u>13,500</u> | <u>11,500,176</u> | <u>280,262</u> |
| | <u>17,485,890</u> | <u>13,500</u> | <u>11,500,176</u> | <u>280,262</u> |

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

| | March 31, 2020 | March 31, 2019 |
|-----------------------------------|-----------------------|------------------|
| | QR | QR |
| | (Reviewed) | (Reviewed) |
| Short-term benefits | <u>1,095,000</u> | <u>1,095,000</u> |
| End of service and other benefits | <u>131,250</u> | <u>131,250</u> |
| | <u>1,226,250</u> | <u>1,226,250</u> |

DOHA INSURANCE GROUP Q.P.S.C**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended March 31, 2020

16. CONTINGENCIES AND COMMITMENTS**Guarantees**

At March 31, 2020, the Group had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 8,377,470 December 31, 2019: QR. 10,143,296).

Legal claims

The Group is subject to litigations in the normal course of its business. The Group does not believe that the outcome of these court cases will have a material impact on the Group's income or financial position.

17. FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique: Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date; Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. The following table provides the fair value measurement hierarchy of the Group's financial asset and liabilities at March 31, 2020 and December 31, 2019:

| | March 31, 2020 | Level 1 | Level 2 | Level 3 |
|--------------------------------------|----------------------|--------------------|-------------------|---------|
| | QR. | QR. | QR. | QR. |
| | (Reviewed) | | | |
| <i>Assets measured at fair value</i> | | | | |
| Investments in financial assets | <u>433,633,374</u> | <u>371,494,157</u> | <u>62,139,217</u> | -- |
| | December 31, 2019 | Level 1 | Level 2 | Level 3 |
| | QR. | QR. | QR. | QR. |
| | (Audited) | | | |
| <i>Assets measured at fair value</i> | | | | |
| Investments in financial assets | <u>504,433,572</u> | <u>437,784,796</u> | <u>66,648,776</u> | -- |

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17. FINANCIAL INSTRUMENTS (CONTINUED)

| | FVTPL | Mandatorily | FVOCI – | FVOCI – | Amortised | Total | Fair value |
|------------------------------------|-------------------|--------------------|--------------------|--------------------|----------------------|----------------------|--------------------|
| | QR | measured as | debt | – equity | cost | carrying | QR |
| | QR | at FVTPL | instruments | instruments | QR | amount | QR |
| | QR | QR | and funds | and funds | QR | QR | QR |
| | QR | QR | QR | QR | QR | QR | QR |
| <i>March 31, 2020 (Reviewed)</i> | | | | | | | |
| Cash and bank balances | -- | -- | -- | -- | 365,365,427 | 365,365,427 | -- |
| Investments in financial assets | 63,613,169 | 4,615,049 | 51,371,131 | 314,034,025 | -- | 433,633,374 | 433,633,374 |
| Reinsurance contract assets | -- | -- | -- | -- | 1,275,698,092 | 1,275,698,092 | -- |
| Insurance and other receivables | -- | -- | -- | -- | 398,566,922 | 398,566,922 | -- |
| | 63,613,169 | 4,615,049 | 51,371,131 | 314,034,025 | 2,039,630,441 | 2,473,263,815 | 433,633,374 |
| Insurance contract liabilities | -- | -- | -- | -- | 1,567,547,160 | 1,567,547,160 | -- |
| Borrowings | -- | -- | -- | -- | 50,648,736 | 50,648,736 | -- |
| | -- | -- | -- | -- | 1,618,195,896 | 1,618,195,896 | -- |
| <i>December 31, 2019 (Audited)</i> | | | | | | | |
| Cash and bank balances | -- | -- | -- | -- | 388,530,233 | 388,530,233 | -- |
| Investments in financial assets | 62,240,850 | 3,893,200 | 57,782,178 | 380,517,344 | -- | 504,433,572 | 504,433,572 |
| Reinsurance contract assets | -- | -- | -- | -- | 1,248,656,618 | 1,248,656,618 | -- |
| Insurance and other receivables | -- | -- | -- | -- | 335,387,289 | 335,387,289 | -- |
| | 62,240,850 | 3,893,200 | 57,782,178 | 380,517,344 | 1,972,574,140 | 2,477,007,712 | -- |
| Insurance contract liabilities | -- | -- | -- | -- | 1,513,391,387 | 1,513,391,387 | -- |
| Borrowings | -- | -- | -- | -- | 52,022,222 | 52,022,222 | -- |
| | -- | -- | -- | -- | 1,565,413,609 | 1,565,413,609 | -- |

DOHA INSURANCE GROUP Q.P.S.C**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended March 31, 2020

18. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (A ISLAMIC TAKAFUL)

The interim statement of financial position and interim statement of income of Doha Takaful L.L.C. are presented below:

(i) Interim statement of financial position as at period / year end

| | March 31, 2020 | December 31, 2019 |
|---|---------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Policyholders' assets | | |
| Cash on hand | 5,662 | 6,279 |
| Bank balances | 59,360,250 | 72,609,288 |
| Reinsurance contract assets | 10,000,136 | 8,545,202 |
| Due from policyholders, insurance and reinsurance companies | 22,062,063 | 16,215,467 |
| Prepayments and other assets | 4,554,919 | 3,060,700 |
| Total policyholders' assets | 95,983,030 | 100,436,936 |
| Shareholder's assets | | |
| Bank balances | 143,011,718 | 93,581,641 |
| Due from policyholders | 8,317,208 | 25,717,224 |
| Financial Investment | 13,624,031 | 5,038,325 |
| Property and equipment | 179,753 | 193,318 |
| Other assets | 1,808,906 | 1,074,520 |
| Total shareholder's assets | 166,941,616 | 125,605,028 |
| Total assets | 262,924,646 | 226,041,964 |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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**18. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (A ISLAMIC TAKAFUL)
(CONTINUED)**

(i) Interim statement of financial position as at period / year end (continued)

| | March 31, 2020 QR (Reviewed) | December 31, 2019 QR (Audited) |
|---|---------------------------------------|---|
| Shareholder's equity | | |
| Capital | 150,000,000 | 110,000,000 |
| Legal reserve | 1,308,149 | 1,308,149 |
| Retained earnings | 14,169,526 | 11,762,471 |
| Fair value reserve | -- | 10,871 |
| Total shareholder's equity | <u>165,477,675</u> | <u>123,081,491</u> |
| Shareholder's liability | | |
| Accrued expenses | <u>1,463,941</u> | <u>2,523,537</u> |
| Total shareholder's equity and liability | <u>166,941,616</u> | <u>125,605,028</u> |
| Policyholders' fund | | |
| Policyholders' equity | <u>12,794,654</u> | <u>11,665,870</u> |
| Policyholder liabilities | | |
| Insurance Contract liabilities | 58,394,555 | 49,709,698 |
| Provisions, insurance and other payables | 16,476,613 | 13,344,143 |
| Due to shareholders | 8,317,208 | 25,717,225 |
| Total policyholder's liabilities | <u>83,188,376</u> | <u>88,771,066</u> |
| Total policyholder's equity and liabilities | <u>95,983,030</u> | <u>100,436,936</u> |
| Total policyholders' fund and liability and shareholder's equity and liability | <u>262,924,646</u> | <u>226,041,964</u> |

(ii) Interim statement of income for the period

| | Three month period ended March 31, | |
|--|---------------------------------------|------------------|
| | 2020 QR | 2019 QR |
| Policyholder's revenues and expenses | | |
| Revenue | | |
| Net takaful income / (loss) | 1,009,611 | (362,478) |
| Other income | 501,408 | 393,704 |
| | <u>1,511,019</u> | <u>31,226</u> |
| Expenses | | |
| General and administrative expenses | <u>(382,235)</u> | <u>(306,842)</u> |
| Net surplus / (deficit) for the year transferred to policyholder's fund | <u>1,128,784</u> | <u>(275,616)</u> |

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**18. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (A ISLAMIC TAKAFUL)
(CONTINUED)**

| | Three month period ended March 31, | |
|---|---------------------------------------|------------------|
| | 2020 QR | 2019 QR |
| Shareholder's revenue and expenses | | |
| Revenue | | |
| Wakala fees | 5,458,999 | 3,479,181 |
| Mudarabah fees | 350,985 | 275,592 |
| Murabaha | (175,604) | 466,053 |
| | <u>5,634,380</u> | <u>4,220,826</u> |
| Expenses | | |
| General and administrative expenses | (3,227,325) | (2,247,092) |
| | <u>2,407,055</u> | <u>1,973,734</u> |

19. COVID-19 IMPACT

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (Covid-19) as a global pandemic. This event has caused widespread disruptions to businesses and economic activity.

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

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of IFRS, and incorporated the outcome in these interim condensed consolidated financial statements.

i) Insurance contract liabilities

The Group is required to assess adequacy of insurance contract liabilities at each reporting date. Due to exceptional circumstance and uncertain market conditions, the Group has involved actuarial expert to assess required Claims incurred but not reported reserves (IBNR), Unallocated Loss Adjustment Expense (ULAE) and Premium Deficiency Reserve (PDR) based on the updated inputs and assumptions as at March 31, 2020. As of reporting date, the assessment is still in progress.

Also, the Group has made an assessment of outstanding claims as of March 31, 2020 and has concluded that there is no material impact on the outstanding claims due to Covid 19.

Furthermore, the Group has made an assessment of currently active insurance policies for trade credit, and workers' compensation of business. Since the business activity in these lines of business is very limited and does not include claims under pandemic situations, therefore, the Group does not foresee any unusual insurance claims arising out of these lines of business. Similarly for medical line of business, all Covid 19 impacted patients are referred to state medical facility therefore, group does not foresee any significant claims related to Covid 19 patients.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2020

19. COVID-19 IMPACT (CONTINUED)

ii) Impact on investment portfolio

Substantial portfolio of the Group consists of quoted investments that are carried at fair value. The Group believes that the quoted fair values used to value the investments includes the impact of Covid 19 and hence the investment portfolio is adjusted for the impact of Covid 19.

For unquoted investments, Group has evaluated these with reference to current economic conditions and the related impact on cash flow forecasts and has concluded that the investments are not materially impact by Covid 19.

iii) Impact on other assets and liabilities

The Group has also assessed the impact of COVID- 19 on other assets and liabilities and ensured that proper adjustments and adequate disclosures are made in the interim condensed consolidated financial statements.

iv) Subsequent events

The implications of the COVID-19 are ongoing and the outcome of this event is unknown and therefore the impact on the Group for conditions that arose after the period end i.e. “non-adjusting events” in line with IAS 10 “Subsequent events” cannot be reasonably quantified at the date of issuance of these interim financial information.