

**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) AND  
INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE THREE MONTH PERIOD ENDED  
MARCH 31, 2020**

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) AND INDEPENDENT  
AUDITORS' REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

INDEX	PAGE
INDEPENDENT AUDITORS' REVIEW REPORT	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF INCOME	3
INTERIM STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM STATEMENT OF CHANGES IN EQUITY	5
INTERIM STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION	7-38



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Abdullah Al-Basri & Co.  
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## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### TO THE SHAREHOLDERS OF AL RAJHI COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

#### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al Rajhi Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at 31 March 2020 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 (ISRE), "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of 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 ("ISAs"), as endorsed in the Kingdom of Saudi Arabia and consequently 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.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers  
P. O. Box 8282  
Riyadh 11482  
Kingdom of Saudi Arabia

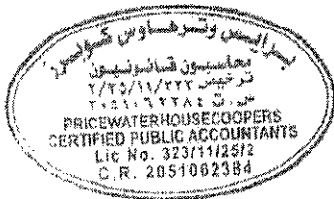
Ali H. Al Basri  
Certified Public Accountant  
License Number. 409

Aldar Audit Bureau  
Abdullah Al Basri & Co.  
P. O. Box 2195  
Riyadh 11451  
Kingdom of Saudi Arabia

Abdullah M. Al Basri  
Certified Public Accountant  
License Number. 171

Date: May 20, 2020

Corresponding to: Ramadan 27, 1441 AH

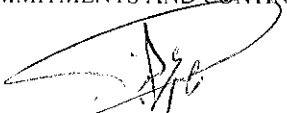



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)


INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

	Notes	SAR '000	
		March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	847,878	481,018
Contributions and re-takaful / reinsurance balances receivable, net	5	523,503	336,149
Re-takaful / reinsurance share of unearned contributions	9.2	127,883	111,870
Re-takaful / reinsurance share of outstanding claims	9.1 (a)	108,088	110,180
Re-takaful / reinsurance share of claims incurred but not reported	9.1 (a)	16,982	13,413
Re-takaful / reinsurance share of mathematical reserve at fair value through statement of income (FVSI)		23	21
Deferred policy acquisition costs		51,058	44,512
Investments mandatorily measured at fair value through statement of income (FVSI)	8 (a)	172,764	183,556
Investments designated as fair value through other comprehensive income (FVOCI)	8 (b)	266,145	276,696
Investments held at amortised cost	8 (c)	1,413,912	1,813,705
Prepayments and other assets		122,262	156,206
Property and equipment		42,072	25,263
Statutory deposit	7	39,969	39,969
Accrued income on statutory deposit		1,173	944
Right-of-use assets	6	8,540	9,772
<b>TOTAL ASSETS</b>		<b>3,742,252</b>	<b>3,603,274</b>
<b>LIABILITIES</b>			
Payable, accruals and other liabilities		148,043	128,702
Re-takaful / reinsurance balances payable		91,464	94,637
Unearned contributions	9.2	1,277,065	1,123,170
Unearned re-takaful / reinsurance commission income		10,025	8,792
Gross outstanding claims	9.1 (a)	347,024	353,601
Claims incurred but not reported	9.1 (a)	769,653	776,962
Contribution deficiency reserve	9.1 (a)	10,412	26,303
Unit linked liabilities at FVSI	9.1 (a), 15	87,378	86,821
End-of-service benefits (EOSB)		19,471	18,620
Provision for zakat and income tax	14	46,732	40,932
Payables to SAMA		5,883	5,654
Lease obligations		6,930	6,978
		2,820,080	2,671,172
Takaful operations' surplus payable		60,477	56,883
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>		<b>2,880,557</b>	<b>2,728,055</b>
<b>EQUITY</b>			
Share capital	16	400,000	400,000
Statutory reserve		120,348	113,082
Retained earnings		358,397	335,138
Remeasurement reserve for EOSB		(1,528)	(1,528)
Fair value reserve - investments designated as FVOCI		(15,522)	28,527
<b>TOTAL EQUITY</b>		<b>861,695</b>	<b>875,219</b>
<b>TOTAL LIABILITIES, ACCUMULATED SURPLUS AND EQUITY</b>			
		<b>3,742,252</b>	<b>3,603,274</b>
COMMITMENTS AND CONTINGENCIES	10	17,737	22,456

  
Naser Abdullah Aloufi  
Member-Board

  
Abdulaziz Mohammed Al Sedeas  
Chief Executive Officer

  
Robert Pereira  
Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME (Unaudited)  
FOR THE THREE MONTH PERIOD ENDED MARCH 31

	Notes	SAR '000	
		March 31, 2020	March 31, 2019 (Restated)
<b>REVENUES</b>			
Gross contribution written	9.2	787,542	843,573
Re-takaful / reinsurance contributions ceded - domestic	9.2	(2,305)	(272)
Re-takaful / reinsurance contributions ceded - foreign	9.2	(55,826)	(16,228)
Excess of loss expenses (XOL)	9.2	(2,063)	(924)
<b>Net contributions written</b>	9.2	<b>727,348</b>	<b>826,149</b>
Changes in unearned contributions, net		(137,883)	(134,478)
<b>Net contributions earned</b>		<b>589,465</b>	<b>691,671</b>
Re-takaful / reinsurance commission income		5,502	2,043
Other underwriting income		691	766
<b>TOTAL REVENUES</b>		<b>595,658</b>	<b>694,480</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid and loss adjustment expenses		(454,380)	(806,499)
Surrenders and maturities		(2,888)	(1,108)
Expenses incurred related to claims		(17,001)	(16,947)
Re-takaful / reinsurance share of claims paid		9,424	296,813
<b>Net claims and other benefits paid</b>		<b>(464,845)</b>	<b>(527,741)</b>
Changes in outstanding claims, net		4,485	(41,073)
Changes in incurred but not reported (IBNR) claims, net		10,878	(4,836)
Change in contribution deficiency reserve		15,891	(53,223)
<b>Net claims and other benefits incurred</b>		<b>(433,591)</b>	<b>(626,873)</b>
Change in unit linked liabilities at FVSI, net		(8,561)	(6,722)
Policy acquisition costs		(28,385)	(26,799)
Other underwriting expenses		(5,727)	(6,955)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(476,264)</b>	<b>(667,349)</b>
<b>NET UNDERWRITING INCOME</b>		<b>119,394</b>	<b>27,131</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>			
Allowance for doubtful debts - contributions and re-takaful / reinsurance balances receivable	5	(17,356)	(1,254)
General and administrative expenses		(81,174)	(44,148)
Special commission income		15,134	18,615
Net gains on investments mandatorily measured at FVSI		2,337	2,891
Dividend income		1,383	871
Impairment loss on financial assets		(72)	(71)
Other income		275	466
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>(79,473)</b>	<b>(22,630)</b>
<b>Net income for the period before zakat</b>		<b>39,921</b>	<b>4,501</b>
<b>Net income for the period attributable to takaful operations</b>	19.2	<b>(3,596)</b>	<b>(117)</b>
<b>Net income for the period before zakat attributable to the shareholders</b>		<b>36,325</b>	<b>4,384</b>
Provision for zakat	14	(5,800)	(4,815)
<b>Net income for the period after zakat attributable to the shareholders</b>		<b>30,525</b>	<b>(431)</b>
<b>Earnings/ (loss) per share</b>			
Basic and diluted earning / (loss) per share	18	0.76	(0.01)



Naser Abdullah Aloufi  
Member-Board



Abdulaziz Mohammed Al Sedeas  
Chief Executive Officer



Robert Pereira  
Chief Financial

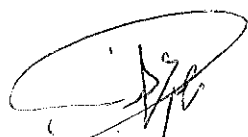
The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)  
FOR THE THREE MONTH PERIOD ENDED MARCH 31**

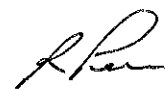
	Notes	SAR '000	
		March 31, 2020	March 31, 2019 (Restated)
Net income for the period after zakat attributable to the shareholders		30,525	(431)
<b>Other comprehensive (loss) / income:</b>			
<b>Items that will not be reclassified to statement of income in subsequent periods</b>			
- Net fair value changes on investments designated as FVOCI			
- Shareholder's operations (loss / income)	8 (b)	(40,356)	13,364
<b><u>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</u></b>		(9,831)	12,933
Net income for the period attributable to takaful operation		3,596	117
<b>Items that will not be reclassified to statement of income in subsequent periods</b>			
- Net fair value changes on investments designated as FVOCI			
- Takaful operations (loss / income)	8 (b)	(3,693)	962
<b><u>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO TAKAFUL OPERATIONS</u></b>		(97)	1,079
<b><u>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</u></b>		(9,928)	14,012



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AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
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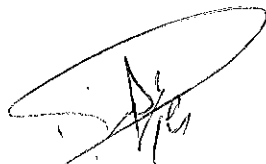
INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31

(SAR in '000')

	Notes	Share capital	Statutory reserve	Retained earnings	Remeasurement reserve for EOSB	Fair value reserve - investments designated as FVOCI	Total
<b>Balance as at January 1, 2020</b>		<b>400,000</b>	<b>113,082</b>	<b>335,138</b>	<b>(1,528)</b>	<b>28,527</b>	<b>875,219</b>
<b>Total comprehensive income attributable to the shareholders :</b>							
Net income for the period after zakat attributable to the shareholders		-	-	30,525	-	-	30,525
-Net fair value changes on investments designated as FVOCI	19.3	-	-	-	-	(44,049)	(44,049)
-Remeasurement of EOSB		-	-	-	-	-	-
		-	-	30,525	-	(44,049)	(13,524)
Transfer to statutory reserve		-	7,266	(7,266)	-	-	-
<b>Balance as at March 31, 2020</b>		<b>400,000</b>	<b>120,348</b>	<b>358,397</b>	<b>(1,528)</b>	<b>(15,522)</b>	<b>861,695</b>

		Share capital	Statutory reserve	Retained earnings	Remeasurement reserve for EOSB	Fair value reserve - investments designated as FVOCI	Total
Balance as at January 1, 2019		400,000	91,302	270,733	(187)	6,553	768,401
<b>Total comprehensive income attributable to the shareholders : (restated)</b>							
Net income for the period after zakat attributable to the shareholders		-	-	(431)	-	-	(431)
-Net fair value changes on investments designated as FVOCI	19.3	-	-	-	-	14,326	14,326
-Remeasurement of EOSB		-	-	-	-	-	-
		-	-	(431)	-	14,326	13,895
Transfer to statutory reserve		-	880	(880)	-	-	-
<b>Balance as at March 31, 2019</b>		<b>400,000</b>	<b>92,182</b>	<b>269,422</b>	<b>(187)</b>	<b>20,879</b>	<b>782,296</b>



Nasir Abdullah Aloufi  
Member-Board



Abdulaziz Mohammed Al Sedeas  
Chief Executive Officer



Robert Pereira  
Chief Financial Officer

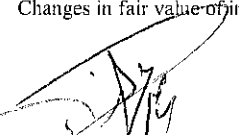
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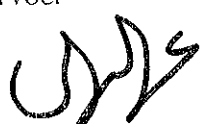



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASH FLOWS (Unaudited)  
FOR THE THREE MONTH PERIOD ENDED MARCH 31

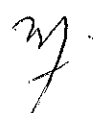
	Notes	SAR '000	
		March 31, 2020	March 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before zakat		39,921	4,501
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment		1,661	2,200
Depreciation of right-of-use assets		1,274	1,114
Allowance for doubtful debts -Contributions and re-takaful / reinsurance balances receivable	5	17,351	1,254
Unrealized gain on investments mandatorily measured at FVSI		8,065	(3,288)
Impairment loss on financial assets		72	71
Provision for end-of-service benefits (EOSB)		1,836	1,701
		<b>70,180</b>	<b>7,553</b>
<b>Changes in operating assets and liabilities:</b>			
Contributions and re-takaful / reinsurance balances receivable		(204,705)	(17,885)
Re-takaful / reinsurance share of unearned contributions		(16,013)	5,811
Re-takaful / reinsurance share of outstanding claims		2,092	266,469
Re-takaful / reinsurance share of claims incurred but not reported		(3,569)	621
Re-takaful / reinsurance share of mathematical reserve at FVSI		(2)	7
Deferred policy acquisition costs		(6,546)	937
Prepayments and other assets		33,944	4,580
Right-of-use assets		(42)	(13,970)
Accrued income on statutory deposit		(229)	(220)
Payable, accruals and other liabilities		19,340	6,697
Unit linked liabilities at FVSI		557	10,024
Re-takaful / reinsurance balances payable		(3,173)	(10,940)
Unearned contributions		153,895	128,667
Unearned re-takaful / reinsurance commission		1,233	153
Gross outstanding claims		(6,577)	(225,398)
Claims Incurred but not reported		(7,309)	4,216
Contribution deficiency reserve		(15,891)	53,223
Lease obligations		(48)	13,111
Deposit against guarantees		4,719	1,651
Payables to SAMA		229	221
		<b>22,085</b>	<b>235,528</b>
End-of-service benefits paid (EOSB)		(985)	(467)
<b>Net cash generated from operating activities</b>		<b>21,100</b>	<b>235,061</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments mandatorily measured at FVSI	8 (a)	(661,028)	(547,075)
Disposals of investments mandatorily measured at FVSI	8 (a)	663,755	541,052
Purchase of investments designated as FVOCI	8 (b)	(10,140)	-
Movement in cash balance in equity share portfolio		(23,358)	(358)
Purchase of investments held at amortised cost		-	(500,000)
Disposal of investments held at amortised cost	8 (c)	400,000	520,000
Additions in property and equipment		(18,470)	(1,622)
<b>Net cash generated from investing activities</b>		<b>350,759</b>	<b>11,997</b>
Net change in cash and cash equivalents		371,859	247,058
Cash and cash equivalents, at the beginning of the period	4	453,880	476,940
<b>Cash and cash equivalents, at the end of the period</b>	4	<b>825,739</b>	<b>723,998</b>
<b>NON-CASH INFORMATION</b>			
Changes in fair value of investments designated as FVOCI	8 (b)	(44,049)	14,326

  
Naşer Abdullah Aloufi  
Member-Board

  
Abdulaziz Mohammed Al Sedeas  
Chief Executive Officer

  
Robert Pereira  
Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial information.





# AL RAJHI COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

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## Notes to the interim condensed financial information For the three month period ended March 31, 2020

### 1. GENERAL

Al Rajhi Company for Cooperative Insurance (a Saudi Joint Stock Company incorporated in Kingdom of Saudi Arabia), "the Company", was formed pursuant to Royal Decree No. (M/35) dated Jumada al thani 27, 1429. (January 1, 2008). The Company operates under Commercial Registration no. 1010270371 dated Rajab 5, 1430, corresponding to June 28, 2009. The registered address of the Company's head office is as follows:

Al Rajhi Company for Cooperative Insurance  
P.O. Box 67791  
Riyadh 11517  
Kingdom of Saudi Arabia.

The purpose of the Company is to conduct takaful operations and all related activities including re-takaful / re-insurance and agency activities. Its principal lines of business include motor, medical, protection & savings, marine, fire, engineering and casualty insurance.

On July 31, 2003, corresponding to Jumada al thani 2, 1424, the Saudi Arabian Monetary Authority ("SAMA"), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia. On April 20, 2004, corresponding to Rabi' al-awwal 1, 1425, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32).

As a commitment from the Company for its activities to be in compliance with Islamic Shari'a legislations, since its inception, the Company has established a Shari'a Authority to review and approve the activities and the products of the Company.

#### Statement of compliance

The interim condensed financial statements (interim condensed financial information) of the Company as at and for the three months period ended 31 March 2020 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia (KSA), and other standards and pronouncements issued by Saudi Organization of Certified Public Accountants (SOCPA)."

The financial statements of the Company as at and for the three month period ended 31 March 2019, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards ("IFRS") respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – "Income Taxes" and IFRIC 21 – "Levies" so far as these relate to zakat).

On 23 July 2019, SAMA instructed the insurance and / or reinsurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed in the kingdom of Saudi Arabia and with other standards and pronouncement that are issued by the SOCPA (collectively) referred to as IFRS, as endorsed in the kingdom of Saudi Arabia.

Accordingly, beginning period ended June 30 2019 and onwards, the Company changed its accounting treatment for zakat by retrospectively adjusting the impact in line with International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (as disclosed in note 3a) and the effects of this change are disclosed in note 14 to the interim condensed financial statements).

**Notes to the interim condensed financial information**  
**For the three month period ended March 31, 2020**

**2. BASIS OF PREPARATION**

**(a) Basis of presentation**

The interim condensed financial information does not include all of the information required and should be read in conjunction with the annual financial statement as of and for the year ended December 31, 2019. This interim condensed financial information is expressed in Saudi Arabian Riyals (SAR) and is rounded off to the nearest thousand.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for financial assets measured at fair value through statement of income (FVSI), financial assets measured at fair value through other comprehensive income (FVOCI), financial liabilities measured at fair value through statement of income (FVSI), and end of service benefits (EOSB) at present value.

The Company's interim statement of financial position is not presented using a current / non-current classification. The following balances would generally be classified as non-current: financial assets at fair value through other comprehensive income, financial asset at amortised cost, property and equipment, statutory deposit, other assets, end of service benefits and payable to shareholders. All other assets and liabilities are classified as current.

As required by the Saudi Arabian Insurance Regulations and guidelines of the sharia board, the Company maintains separate books of accounts for takaful operations and shareholders' operations and presents the financial information accordingly (refer note 19). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

As per the Company's policy, all general and administrative expenses of takaful operations are charged to shareholders' operations. The Company in accordance with the Islamic Shariah provisions manages the co-operative insurance operations and calculates the management fee in the below manner and pays it in full shortly after at the end of the fiscal year.

The first component of the management fee is calculated based on the net contributions written for the period after adjusting commission income and cost of production for motor and general at 40% and for health at 30% and is limited to the extent of general and administrative expenses charged in the interim statement of income – shareholders (refer note 19); and the other component of the management fee is determined up to 90% of the net surplus, if any, for the period from takaful operations remaining after computing the first component of management fee. The Company is required to distribute the remaining 10% of the net surplus from Takaful operations to policyholders in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Authority ("SAMA").

# AL RAJHI COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

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## 2. BASIS OF PREPARATION

### (a) Basis of presentation (continued)

The interim statement of financial position, statements of income, comprehensive income and cash flows of the takaful operations and shareholders' operations which are presented in note 19 of the condensed interim financial information have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the takaful operations and the shareholders' operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the takaful operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial information in compliance with IFRSs, the balances and transactions of the takaful operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the takaful operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

### b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019. Further, the Company has considered the following:

On 11 March 2020, the World Health Organization ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the Covid-19 virus in the country where the Company operates and its consequential disruption to the social and economic activities in the market, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

Also refer subsequent event note 20 in relation to SAMA Circular 189 issued on 8 May 2020 in response to the Covid-19 pandemic.

### Impact of covid-19 on the medical technical reserves and financial assets

#### Medical technical reserves

Notwithstanding these challenges, the Company's management believes that the technical reserves for medical line of business remain largely unaffected as the insurance industry is facilitated by the Saudi Arabian Government initiative of bearing all costs associated with Covid-19 pandemic, which include testing and treatment cost. Moreover, there is a general decrease in trend in medical claims which are of routine nature. Furthermore, the industry has not experienced significantly high number of reported claims and therefore has helped the Company to sustain the profitability. Based on these factors, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three-month period ended 31 March 2020. The Company's management continues to monitor the situation closely.

# AL RAJHI COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

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## 2. BASIS OF PREPARATION

### b) Critical accounting judgments, estimates and assumptions (continued)

#### Financial assets

The Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine the impact of expected credit losses ("ECL") on its financial assets. These current events and the prevailing economic condition may require the Company to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These would primarily revolve around either adjusting macroeconomic factors used by the Company in estimation of expected credit losses (and or) revisions to the scenario probabilities currently being used by the Company in ECL estimation. However, the management believe these factors are not certain yet and will incorporate any such adjustment in Q2 2020 financial statements.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three-month period ended 31 March 2020. The Company's management will continue to reassess its position and the related impact on a regular basis.

#### Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required. Based on the review, the Company has identified that certain sectors like government contractors, airlines, retail sector and hospitality industry being impacted significantly by the Covid-19 pandemic and lower oil prices.

### c) Seasonality of operations

There are no seasonal changes that may affect takaful operations of the Company.

### d) Functional and presentation currency

The functional and presentational currency of the Company is Saudi Riyals. The financial information values are presented in Saudi Riyals rounded to the nearest thousand (SAR'000), unless otherwise indicated.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions adopted in the preparation of this interim condensed financial information are consistent with those described in the annual financial statements for the year ended December 31, 2019

### (a) Change in accounting policy in relation to accounting for zakat

As mentioned in Statement of compliance (note 1) the basis of preparation has been changed at the beginning of the period ended 30, June, 2019 based on the issuance of latest instructions from SAMA dated 17 July 2019. Previously, zakat was recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. As per SAMA instruction dated 23 July 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat retrospectively (see note 14) to the interim condensed financial information. The change has resulted in reduction of reported income of the Company for the three month period ended 31 March 2019 by SAR 4.8 million. The change has had no impact on the interim statement of cash flows for the three month period ended 31 March 2019.

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim statement of cash flows comprise the following:

SAR'000	Takaful operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Bank balances and cash	356,204	319,609
Deposits maturing within 3 months from the acquisition date	100,000	100,000
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>456,204</b>	<b>419,609</b>
Less : Impairment loss	(77)	(27)
<b>Cash and bank balances, net</b>	<b>456,127</b>	<b>419,582</b>
Deposits against letters of guarantee	17,737	22,456
<b>Total</b>	<b>473,864</b>	<b>442,038</b>

SAR'000	Shareholders' operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Bank balances and cash	69,535	34,271
Deposits maturing within 3 months from the acquisition date	300,000	-
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>369,535</b>	<b>34,271</b>
Less : Impairment loss	(230)	-
<b>Cash and bank balances, net</b>	<b>369,305</b>	<b>34,271</b>
Cash at banks (statutory deposit income)	4,709	4,709
<b>Total</b>	<b>374,014</b>	<b>38,980</b>

<b>Total</b>	<b>847,878</b>	<b>481,018</b>
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5. CONTRIBUTIONS AND RE-TAKAFUL / RE-INSURANCE BALANCES RECEIVABLE - NET

Receivables comprise amounts due from the following:

SAR'000	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Policyholders	227,257	147,344
Brokers and agents	105,700	132,590
Related parties	297,396	143,711
Receivables from re-takaful / reinsurance	6,462	8,465
	<b>636,815</b>	<b>432,110</b>
Provision for doubtful receivables	(113,312)	(95,961)
<b>Contributions and re-takaful / reinsurance balances receivable – net</b>	<b>523,503</b>	<b>336,149</b>

6. RIGHT -OF-USE ASSETS

The following table presents the right-of-use assets for the Company:

	Offices	Vehicles	Equipments	Total
Balance at January 1, 2020	7,213	1,370	1,189	9,772
Additions	42	-	-	42
Depreciation / Amortization	(1,017)	(125)	(132)	(1,274)
<b>Balance at March 31, 2020</b>	<b>6,238</b>	<b>1,245</b>	<b>1,057</b>	<b>8,540</b>
Balance at December 31, 2020	7,213	1,370	1,189	9,772

**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)**

**7. STATUTORY DEPOSIT**

Statutory deposit amounting to SAR 40 million (December 2019: SAR 40 million) kept with a local bank, represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Authority ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA. Under ECL method the Company charged an impairment loss amounting to SAR 0.03 million (2019: SAR 0.03 million)

**8. INVESTMENTS**

Investments are classified as follows:

SAR'000	Notes	Takaful operations	
		March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
- Investments mandatorily measured at FVSI (mutual funds)	8 (a)	166,657	170,552
- Investments designated as FVOCI (equity shares) Unit linked	8 (b)	26,289	29,982
- Investments held at amortised cost (deposits and sukuks)	8 (c)	1,298,888	1,598,708
<b>Total</b>		<b>1,491,834</b>	<b>1,799,242</b>

SAR'000	Notes	Shareholders' operations	
		March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
- Investments mandatorily measured at FVSI (mutual funds)	8 (a)	6,107	13,004
- Investments designated as FVOCI (equity shares)	8 (b)	239,856	246,714
- Investments held at amortised cost (deposits and sukuks)	8 (c)	115,024	214,997
<b>Total</b>		<b>360,987</b>	<b>474,715</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

8. INVESTMENTS (continued)

Movement in the investment balance is as follows:

a) Investments mandatorily measured at FVSI (mutual funds)

SAR'000	Takaful operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
At the beginning of the period / year	170,552	129,853
Purchased during the period / year	328,028	1,219,416
Sold during the period / year	(323,909)	(1,185,249)
Net change in fair values during the period / year	(8,014)	6,532
At the end of the period / year	166,657	170,552

SAR'000	Shareholders' operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
At the beginning of the period / year	13,004	33,975
Purchased during the period / year	333,000	545,000
Sold during the period / year	(339,846)	(565,829)
Net change in fair values during the period / year	(51)	(142)
At the end of the period / year	6,107	13,004

<b>Total</b>	<b>172,764</b>	<b>183,556</b>
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AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

8. INVESTMENTS (continued)

b) Investments designated as FVOCI (equity shares) Unit linked

SAR'000	Takaful operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Opening balance	29,982	25,327
Purchases	-	-
Changes in fair value of investments	(3,693)	4,655
<b>Closing balance</b>	<b>26,289</b>	<b>29,982</b>
	Shareholders' operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
At the beginning of the period / year		
Balance of equity shares portfolio with Al Rajhi Capital	239,276	122,507
Cash balance with Al Rajhi Capital	(104)	86
Equity - unlisted shares	7,542	7,542
Total at the beginning of the period / year	246,714	130,135
<b>Movement during the period / year</b>		
Purchased during the period / year	10,140	99,450
Sold during the period / year	-	-
Net change in fair values during the period / year	(40,356)	17,319
Net change in cash balance with Al Rajhi Capital	23,358	(190)
Closing balance of equity shares portfolio	239,856	246,714
Portfolio balance with Al Rajhi Capital at the end of the period	209,060	239,276
Cash balance with Al Rajhi Capital	23,254	(104)
Equity - unlisted shares	7,542	7,542
At the end of the period / year	239,856	246,714
<b>Total</b>	<b>266,145</b>	<b>276,696</b>



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

8. INVESTMENTS (continued)

c) Investments held at amortised cost (deposits and sukuks)

Investments in Murabaha deposits and Sukuks are classified as investments measured at amortised cost. The Company's business model for these investments is to hold to collect the contractual cash flows. The cash flows of Murabaha deposits and Sukuks represent solely payments of principal and profit on the principal outstanding.

The movement during the period / year is set out below:

SAR'000	SAR' 000	
	Takaful operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
At the beginning of the period / year		
Murabaha deposits	1,550,000	1,655,000
Sukuk	50,000	50,000
Purchases	-	1,250,000
Disposals / maturities	(300,000)	(1,355,000)
At the end of the period / year, gross	1,300,000	1,600,000
Less: Impairment loss	(1,112)	(1,292)
At the end of the period / year, net	1,298,888	1,598,708

SAR'000	SAR' 000	
	Shareholders' operations	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
At the beginning of the period / year		
Murabaha deposits	175,000	65,000
Sukuk	40,074	20,074
Purchased during the period / year	-	545,001
Maturities during the period / year	(100,000)	(415,000)
At the end of the period / year, gross	115,074	215,075
Less: Impairment loss	(50)	(78)
At the end of the period / year, net	115,024	214,997
<b>Total</b>	<b>1,413,912</b>	<b>1,813,705</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

d) Maximum exposure to credit risk – financial instruments subject to ECL

The following tables contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below also represents the Company's maximum exposure to credit risk on these assets.

i) Takaful operations

Financial statement line item	March 31, 2020 (Unaudited)			December 31,	
	Stage 1	Stage 2	Stage 3	Total	2019
	12-month ECL	Lifetime ECL	Lifetime ECL		
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Bank balances	473,864	-	-	473,864	442,038
Investments held at amortised cost	1,300,000	-	-	1,300,000	1,600,000
<b>Gross carrying amount</b>	<b>1,773,864</b>	<b>-</b>	<b>-</b>	<b>1,773,864</b>	<b>2,042,038</b>
Loss allowance	(1,189)	-	-	(1,189)	(1,319)
<b>Carrying amount</b>	<b>1,772,675</b>	<b>-</b>	<b>-</b>	<b>1,772,675</b>	<b>2,040,719</b>

Credit grade	March 31, 2020 (Unaudited)			December 31,	
	Stage 1	Stage 2	Stage 3	Total	2019
	12-month ECL	Lifetime ECL	Lifetime ECL		
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Investment grade	1,773,864	-	-	1,773,864	2,042,038
Non investment grade	-	-	-	-	-
<b>Gross carrying amount</b>	<b>1,773,864</b>	<b>-</b>	<b>-</b>	<b>1,773,864</b>	<b>2,042,038</b>
Loss allowance	(1,189)	-	-	(1,189)	(1,319)
<b>Carrying amount</b>	<b>1,772,675</b>	<b>-</b>	<b>-</b>	<b>1,772,675</b>	<b>2,040,719</b>

The Company's exposures to credit risk are not collateralized.

Investment grade includes those investments having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. Non investment grade represents un-rated exposures.

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

d) Maximum exposure to credit risk – financial instruments subject to ECL (continued)

ii) Shareholders' operations

Financial statement line item	March 31, 2020 (Unaudited)			December 31, 2019	
	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000	SAR'000
Bank balances	374,244	-	-	374,244	38,980
Investments held at amortised cost	115,074	-	-	115,074	215,075
Statutory deposit	40,000	-	-	40,000	40,000
<b>Gross carrying amount</b>	<b>529,318</b>	<b>-</b>	<b>-</b>	<b>529,318</b>	<b>294,055</b>
Loss allowance	(311)	-	-	(311)	(109)
<b>Carrying amount</b>	<b>529,007</b>	<b>-</b>	<b>-</b>	<b>529,007</b>	<b>293,946</b>

Credit grade	March 31, 2020 (Unaudited)			December 31, 2019	
	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000	SAR'000
Investment grade	529,318	-	-	529,318	294,055
Non investment grade	-	-	-	-	-
<b>Gross carrying amount</b>	<b>529,318</b>	<b>-</b>	<b>-</b>	<b>529,318</b>	<b>294,055</b>
Loss allowance	(311)	-	-	(311)	(109)
<b>Carrying amount</b>	<b>529,007</b>	<b>-</b>	<b>-</b>	<b>529,007</b>	<b>293,946</b>

The Company's exposures to credit risk are not collateralized.

Investment Grade includes those investments having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. Non investment grade represents un-rated exposures.

**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)**

**e) Loss allowance**

The loss allowance recognised in the period and the change in the loss allowance between the beginning and the end of the annual period is given below.

**i) Takaful operations:**

	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000
<b>Loss allowance as at January 1, 2020</b>	<b>1,319</b>	-	-	<b>1,319</b>
<b>Movements with the statement of income</b>				
Transfers:				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
New financial assets originated or purchased	77	-	-	77
Net re-measurement of loss allowance	-	-	-	-
Financial assets derecognised during the period	(207)	-	-	(207)
Write-offs	-	-	-	-
<b>Total loss allowance for the period / year</b>	<b>(130)</b>	-	-	<b>(130)</b>
<b>Loss allowance as at March 31, 2020</b>	<b>1,189</b>	-	-	<b>1,189</b>

1,189

-

**ii) Shareholders' operations:**

	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000
<b>Loss allowance as at January 1, 2020</b>	<b>109</b>	-	-	<b>109</b>
<b>Movements with the statement of income</b>				
Transfers:				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
New financial assets originated or purchased	230	-	-	230
Net re-measurement of loss allowance	-	-	-	-
Financial assets derecognised during the period / year	(28)	-	-	(28)
Write-offs	-	-	-	-
<b>Total loss allowance for the period / year</b>	<b>202</b>	-	-	<b>202</b>
<b>Loss allowance as at March 31, 2020</b>	<b>311</b>	-	-	<b>311</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

9. TECHNICAL RESERVES

9.1 Net outstanding claims and reserves

a) Net outstanding claims and reserves comprise of the following:

SAR'000	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Outstanding claims	453,206	458,876
Less: Realizable value of salvage and subrogation	(106,182)	(105,275)
	<u>347,024</u>	<u>353,601</u>
Claims incurred but not reported	769,653	776,962
Contribution deficiency reserve	10,412	26,303
	<u>1,127,089</u>	<u>1,156,866</u>
Unit linked liabilities at FVSI	87,378	86,821
	<u>1,214,467</u>	<u>1,243,687</u>
Less:		
Re-takaful / reinsurance share of outstanding claims	108,088	110,180
Re-takaful / reinsurance share of claims incurred but not reported	16,982	13,413
	<u>125,070</u>	<u>123,593</u>
<b>Net outstanding claims and reserves</b>	<u><b>1,089,397</b></u>	<u><b>1,120,094</b></u>

9.2 Movement in unearned contributions

Movement in unearned contributions comprise of the following:

SAR'000	Three month period ended March 31, 2020 (Unaudited)			
	Gross	Re-takaful (Reinsurance)	XOL	Net
Balance at the beginning of the period	1,123,170	(111,870)	-	1,011,300
Contribution written during the period	787,542	(58,132)	(2,063)	727,347
Contribution earned during the period	(633,647)	42,119	2,063	(589,465)
Balance at the end of the period	<u>1,277,065</u>	<u>(127,883)</u>	-	<u>1,149,182</u>
SAR'000	Year ended December 31, 2019 (Audited)			
	Gross	Re-takaful (Reinsurance)	XOL	Net
Balance at the beginning of the year	1,302,633	(88,458)	-	1,214,175
Contribution written during the year	2,569,804	(125,835)	(7,833)	2,436,136
Contribution earned during the year	(2,749,267)	102,423	7,833	(2,639,011)
Balance at the end of the year	<u>1,123,170</u>	<u>(111,870)</u>	-	<u>1,011,300</u>

**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)**

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**10. COMMITMENTS AND CONTINGENCIES**

a) The Company's commitments and contingencies are as follows:

<b>SAR'000</b>	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Letters of guarantee	17,737	22,456
<b>Total</b>	<b>17,737</b>	<b>22,456</b>

b) The Company enters into takaful contracts and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all the pending and threatened legal proceedings, management does not believe that any such proceedings (including litigation) that are in progress at reporting date will have a material effect on its results and financial position.

**11. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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 takes place either:

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

**Determination of fair value and fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

**a. Carrying amounts and fair value**

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

Determination of fair value and fair value hierarchy (continued)

a. Carrying amounts and fair value (continued)

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>March 31, 2020 (Unaudited)</b>					
<b>Financial assets measured at fair value</b>					
- Investments mandatorily measured at FVSI	172,764	172,764	-	-	172,764
- Investments designated as FVOCI – Quoted securities	258,603	258,603	-	-	258,603
- Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542	7,542
	<b>438,909</b>	<b>431,367</b>	<b>-</b>	<b>7,542</b>	<b>438,909</b>
<b>Financial assets not measured at fair value</b>					
- Cash and cash equivalents	847,878	-	-	-	847,878
- Investments held at amortised cost	1,413,912	-	-	-	1,413,912
- Statutory deposit	39,969	-	-	-	39,969
- Other assets	17,152	-	-	-	17,152
	<b>2,318,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,318,911</b>

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>December 31, 2019 (Audited)</b>					
<b>Financial assets measured at fair value</b>					
- Investments mandatorily measured at FVSI	183,556	183,556	-	-	183,556
- Investments designated as FVOCI – Quoted securities	269,154	269,154	-	-	269,154
- Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542	7,542
	<b>460,252</b>	<b>452,710</b>	<b>-</b>	<b>7,542</b>	<b>460,252</b>
<b>Financial assets not measured at fair value</b>					
- Cash and cash equivalents	481,018	-	-	-	481,018
- Investments held at amortised cost	1,813,705	-	-	-	1,813,705
- Statutory deposits at amortised cost	39,969	-	-	-	39,969
- Other assets	17,152	-	-	-	17,152
	<b>2,351,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,351,844</b>

The fair values of the financial assets not measured at fair value are not materially different from their carrying values.

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

Determination of fair value and fair value hierarchy (continued)

a. Carrying amounts and fair value (continued)

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>March 31, 2020 (Unaudited)</b>					
<b>Financial liabilities measured at fair value</b>					
- Unit linked liabilities at FVSI	87,378	87,378	-	-	87,378
	<u>87,378</u>	<u>87,378</u>	<u>-</u>	<u>-</u>	<u>87,378</u>

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>December 31, 2019 (Audited)</b>					
<b>Financial liabilities measured at fair value</b>					
- Unit linked liabilities at FVSI	86,821	86,821	-	-	86,821
	<u>86,821</u>	<u>86,821</u>	<u>-</u>	<u>-</u>	<u>86,821</u>

i) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Shareholders' operations

SAR'000s	Financial assets at FVOCI – Unquoted securities
Balance at January 1, 2020	7,542
Purchases	-
Sales	-
Gain / loss included in statement of income	-
Gain / loss included in OCI	-
<b>Balance at March 31, 2020</b>	<u><u>7,542</u></u>

The fair value of unquoted securities at level 3 is not materially different than its cost price.



**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE**  
**(A SAUDI JOINT STOCK COMPANY)**

**12. OPERATING SEGMENTS**

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim income statement. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment surplus or deficit since December 31, 2019.

Segment assets do not include takaful operations' bank balances and cash, net contributions receivable, investments etc., accordingly, they are included in unallocated assets. Segment liabilities do not include takaful operations' payables accruals and other liabilities and re-takaful / re-insurance balances payable etc., accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at March 31, 2020 and December 31, 2019, its total revenues, expenses, and net income for period ended, are as follows:

**For the three month period ended March 31, 2020**  
(Unaudited)

Customers' category	Medical	Motor	Property	Protection	Total
			& casualty	& Savings	
SAR'000					
<u>GROSS CONTRIBUTION WRITTEN</u>					
Retail	6,754	157,730	3,370	16,999	184,853
Very small	3,280	-	-	-	3,280
Small	12,375	5,879	-	-	18,254
Medium	14,024	26,292	-	-	40,316
Corporate	55,222	413,150	53,833	18,634	540,839
<u>TOTAL GROSS CONTRIBUTION WRITTEN</u>	<u>91,655</u>	<u>603,051</u>	<u>57,203</u>	<u>35,633</u>	<u>787,542</u>

**For the three month period ended March 31, 2019**  
(Unaudited)

Customers' category	Medical	Motor	Property	Protection	Total
			& casualty	& Savings	
SAR'000					
<u>GROSS CONTRIBUTION WRITTEN</u>					
Retail	6,234	113,559	1,371	10,754	131,918
Very small	35,501	3,550	-	-	39,051
Small	27,624	4,038	-	-	31,662
Medium	51,648	5,871	3	-	57,522
Corporate	71,871	483,437	16,372	11,741	583,421
<u>TOTAL GROSS CONTRIBUTION WRITTEN</u>	<u>192,877</u>	<u>610,455</u>	<u>17,746</u>	<u>22,495</u>	<u>843,573</u>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

12. OPERATING SEGMENTS (continued)

As at March 31, 2020  
(Unaudited)

	Takaful operations						
	SAR'000					Total	
	Medical	Motor	Property & Casualty	Protection & Savings	Total - Takaful operations		Shareholders' operations
<b>Operating segments</b>							
<b>Assets:</b>							
Cash and cash equivalents	-	-	-	-	473,864	374,014	847,878
Contributions and re-takaful / reinsurance balances receivable – net	-	-	-	-	523,503	-	523,503
Re-takaful / reinsurance share of unearned contributions	-	28,595	96,627	2,661	127,883	-	127,883
Re-takaful / reinsurance share of outstanding claims	-	13,800	83,393	10,895	108,088	-	108,088
Re-takaful / reinsurance share of claims incurred but not reported	-	-	7,531	9,451	16,982	-	16,982
Deferred policy acquisition costs	12,522	31,828	6,199	509	51,058	-	51,058
Investments mandatorily measured at FVSI	-	-	-	-	166,657	6,107	172,764
Investments designated as FVOCI	-	-	-	-	26,289	239,856	266,145
Investments held at amortised cost	-	-	-	-	1,298,888	115,024	1,413,912
Right-of-use assets	-	-	-	-	-	8,540	8,540
Unallocated assets	-	-	-	-	59,319	146,180	205,499
<b>Total assets</b>	<b>12,522</b>	<b>74,223</b>	<b>193,750</b>	<b>23,516</b>	<b>2,852,531</b>	<b>889,721</b>	<b>3,742,252</b>
<b>Liabilities:</b>							
Unearned contributions	178,150	984,456	110,077	4,382	1,277,065	-	1,277,065
Unearned re-takaful / reinsurance commission	-	1,074	8,951	-	10,025	-	10,025
Gross outstanding claims	12,797	230,544	87,274	16,409	347,024	-	347,024
Claims incurred but not reported	135,389	610,582	9,147	14,535	769,653	-	769,653
Contribution deficiency reserve	9,731	-	681	-	10,412	-	10,412
Lease obligations	-	-	-	-	-	6,930	6,930
Unallocated liabilities, equity and surplus	-	-	-	-	324,815	996,328	1,321,143
<b>Total liabilities, accumulated surplus and equity</b>	<b>336,067</b>	<b>1,826,656</b>	<b>216,130</b>	<b>35,326</b>	<b>2,738,994</b>	<b>1,003,258</b>	<b>3,742,252</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

12. OPERATING SEGMENTS (continued)

As at December 31, 2019  
(Audited)

	Takaful operations					Total
	Property & Protection & Savings				Shareholders' operations	
	Medical	Motor	casualty	Total - Takaful operations		
Operating segments						
	SAR '000					
Assets:						
Cash and cash equivalents	-	-	-	-	38,980	481,018
Contributions and re-takaful / reinsurance balances receivable – net	-	-	-	-	-	336,149
Re-takaful / reinsurance share of unearned contributions	-	30,343	79,824	1,703	-	111,870
Re-takaful / reinsurance share of outstanding claims	-	19,531	80,685	9,964	-	110,180
Re-takaful / reinsurance share of claims incurred but not reported	-	-	6,815	6,598	-	13,413
Deferred policy acquisition costs	13,430	24,567	6,096	419	-	44,512
Investments mandatorily measured at FVSI	-	-	-	-	13,004	183,556
Investments designated as FVOCI	-	-	-	-	246,714	276,696
Investments held at amortised cost	-	-	-	-	214,997	1,813,705
Right-of-use assets	-	-	-	-	9,772	9,772
Unallocated assets	-	-	-	-	89,093	222,403
Total assets	13,430	74,441	173,420	18,684	984,788	3,603,274
Liabilities:						
Unearned contributions	193,718	827,478	97,831	4,143	-	1,123,170
Unearned re-takaful / reinsurance commission	-	1,291	7,501	-	-	8,792
Gross outstanding claims	23,172	231,011	84,827	14,591	-	353,601
Claims incurred but not reported	173,995	584,603	8,454	9,910	-	776,962
Contribution deficiency reserve	25,292	-	1,011	-	-	26,303
Lease obligations	-	-	-	-	6,978	6,978
Unallocated liabilities, equity and surplus	-	-	-	-	977,810	1,307,468
Total liabilities, accumulated surplus and equity	416,177	1,644,383	199,624	28,644	984,788	3,603,274

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

12. OPERATING SEGMENTS (continued)

Operating segments	For the three month period ended March 31, 2020				Total
	(Unaudited)				
	Medical	Motor	Property & Casualty	Protection & Savings	
SAR'000					
<b>REVENUES</b>					
Gross contributions written	91,655	603,051	57,203	35,633	787,542
Re-takaful / reinsurance contributions ceded	-	(1,176)	(50,801)	(6,154)	(58,131)
Excess of loss expenses (XOL)	-	(1,215)	(848)	-	(2,063)
<b>Net contributions written</b>	<b>91,655</b>	<b>600,660</b>	<b>5,554</b>	<b>29,479</b>	<b>727,348</b>
Changes in unearned contributions, net	15,568	(158,726)	4,557	718	(137,883)
<b>Net contributions earned</b>	<b>107,223</b>	<b>441,934</b>	<b>10,111</b>	<b>30,197</b>	<b>589,465</b>
Re-takaful / reinsurance commission income	-	478	5,024	-	5,502
Other underwriting income	(1)	184	14	494	691
<b>TOTAL REVENUES</b>	<b>107,222</b>	<b>442,596</b>	<b>15,149</b>	<b>30,691</b>	<b>595,658</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid and loss adjustment expenses	(156,776)	(283,934)	(1,938)	(11,732)	(454,380)
Surrender and maturities	-	-	-	(2,888)	(2,888)
Expenses incurred related to claims	(731)	(16,270)	-	-	(17,001)
Re-takaful / reinsurance share of claims paid	-	79	1,505	7,840	9,424
<b>Net claims and other benefits paid</b>	<b>(157,507)</b>	<b>(300,125)</b>	<b>(433)</b>	<b>(6,780)</b>	<b>(464,845)</b>
Changes in outstanding claims, net	10,375	(5,263)	260	(887)	4,485
Changes in incurred but not reported (IBNR) claims, net	38,606	(25,979)	23	(1,772)	10,878
Contribution deficiency reserve	15,561	-	330	-	15,891
<b>Net claims and other benefits incurred</b>	<b>(92,965)</b>	<b>(331,367)</b>	<b>180</b>	<b>(9,439)</b>	<b>(433,591)</b>
Change in unit linked liabilities at FVSI, net	-	-	-	(8,561)	(8,561)
Policy acquisition costs	(7,496)	(13,681)	(3,018)	(4,190)	(28,385)
Other underwriting expenses	(482)	(4,563)	(418)	(264)	(5,727)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(100,943)</b>	<b>(349,611)</b>	<b>(3,256)</b>	<b>(22,454)</b>	<b>(476,264)</b>
<b>NET UNDERWRITING INCOME</b>	<b>6,279</b>	<b>92,985</b>	<b>11,893</b>	<b>8,237</b>	<b>119,394</b>
<b>OTHER OPERATING EXPENSES</b>					
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	-	-	-	-	(17,356)
General and administrative expenses	-	-	-	-	(81,174)
Special commission income	-	-	-	-	15,134
Net gains on investments mandatorily measured	-	-	-	-	2,337
Dividend income	-	-	-	-	1,383
Impairment loss on financial assets	-	-	-	-	(72)
Other income	-	-	-	-	275
<b>NET INCOME FOR THE PERIOD BEFORE ZAKAT</b>					<b>39,921</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

12. OPERATING SEGMENTS (continued)

For the three month period ended March 31, 2019					
(Unaudited)					
Operating segments	Medical	Motor	Property & casualty	Protection & Savings	Total
			SAR'000		
<b>REVENUES</b>					
Gross contributions written	192,877	610,455	17,746	22,495	843,573
Re-takaful / reinsurance contributions ceded	-	(1,158)	(12,071)	(3,271)	(16,500)
Excess of loss expenses (XOL)	-	(1,071)	147	-	(924)
Net contributions written	192,877	608,226	5,822	19,224	826,149
Changes in unearned contributions, net	(9,321)	(125,183)	428	(402)	(134,478)
Net contributions earned	183,556	483,043	6,250	18,822	691,671
Re-takaful / reinsurance commission income	-	230	1,813	-	2,043
Other underwriting income	-	240	83	443	766
<b>TOTAL REVENUES</b>	183,556	483,513	8,146	19,265	694,480
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid and loss adjustment expenses	(162,984)	(347,316)	(293,426)	(2,773)	(806,499)
Surrender and maturities	-	-	-	(1,108)	(1,108)
Expenses incurred related to claims	(649)	(16,298)	-	-	(16,947)
Re-takaful / reinsurance share of claims paid	-	2,718	292,469	1,626	296,813
Net claims and other benefits paid	(163,633)	(360,896)	(957)	(2,255)	(527,741)
Changes in outstanding claims, net	(42,149)	1,819	(37)	(706)	(41,073)
Changes in incurred but not reported (IBNR) claims, net	(30,549)	26,401	142	(830)	(4,836)
Change in contribution deficiency reserve	(50,657)	-	(2,566)	-	(53,223)
Net claims and other benefits incurred	(286,988)	(332,676)	(3,418)	(3,791)	(626,873)
Change in unit linked liabilities at FVSI	-	-	-	(6,722)	(6,722)
Policy acquisition costs	(15,345)	(8,259)	(1,829)	(1,366)	(26,799)
Other underwriting expenses	(3,330)	(3,871)	358	(112)	(6,955)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(305,663)	(344,806)	(4,889)	(11,991)	(667,349)
<b>NET UNDERWRITING INCOME</b>	(122,107)	138,707	3,257	7,274	27,131
<b>OTHER OPERATING EXPENSES</b>					
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	-	-	-	-	(1,254)
General and administrative expenses	-	-	-	-	(44,148)
Special commission income	-	-	-	-	18,615
Net gains on investments mandatorily measured at FVSI	-	-	-	-	2,891
Dividend income	-	-	-	-	871
Impairment loss on financial assets	-	-	-	-	(71)
Other income	-	-	-	-	466
<b>NET INCOME FOR THE PERIOD BEFORE ZAKAT</b>					4,501

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

	Transactions for the period ended		Balance receivable / (payable) as at	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
	SAR'000			
<b>Major shareholders</b>				
Gross contribution written	209,670	210,308	288,056	142,152
Claims paid	135,977	177,482	-	(3,348)
Claims incurred and notified during the period	146,841	147,470	(205,176)	(194,312)
Reimbursement from related party	-	-	-	-
Bank Balance	-	-	413,050	332,713
Investment in shares of Al Rajhi Banking and Investment Corporation	-	-	24,500	29,783
<b>Entities controlled, jointly controlled or significantly influenced by related parties</b>				
Gross contribution written	9,039	203	9,340	1,559
Claims paid	235	274,533	-	-
Claims incurred and notified during the period	178	(322)	(402)	(568)
Investments managed by affiliates	1,685	1,927	104,436	115,228
Income received from sale of investment in Al Rajhi Capital commodity fund	1,744	1,948	-	-
Investment management fee paid to Al Rajhi Capital Company	682	764	-	-

The compensation of key management personnel during the period is as follows:

	For the period ended	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
	SAR'000	
Salaries and other allowances	1,783	1,783
End of service benefits	3,637	2,670
	<u>5,420</u>	<u>4,453</u>
Shariah committee remuneration	<u>60</u>	<u>60</u>

**14. ZAKAT AND INCOME TAX**

A summary of Movement in the Zakat and income tax accrued during the three month period ended 31 March 2020 and the year ended 31 December 2019 are as follows:

	<b>Zakat payable</b>	
	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR '000</b>	<b>SR '000</b>
Balance at beginning of the year	40,932	33,689
Provided during the period / year	5,800	22,700
Payments during the period / year	-	(15,457)
<b>Balance at end of the period / year</b>	<b>46,732</b>	<b>40,932</b>

**Status of assessments**

The Company had filed zakat and income tax returns with the General Authority of Zakat and Tax ("GAZT") for the years from 2010 to 2018.

GAZT requested data from the company for the assessment years 2010 to 2015. The Company is fully engaged with the consultant. The requested information has been provided to the consultant who is in the process of submitting reply to GAZT

For the year 2011, the Company has filed an appeal to recover the additional paid zakat against the additional zakat assessment of SAR 1.852 million raised by the GAZT. The appeal is still pending, accordingly no receivable is recorded or contingent asset is disclosed.

The Zakat and income tax payable by the Company has been calculated based on the best estimate of the management.

**Change in accounting treatment in relation to zakat**

The change in accounting treatment for zakat and income tax (as explained in note 3(a)) has the following impact on the line items of interim statement of income, comprehensive income and shareholders equity

<b>Interim statement of income (Unaudited)</b>	<b>SAR '000</b>
<b>Account</b>	<b>As previously stated for three months ended March 31, 2019</b>
Net income for the period attributable to the shareholders before Zakat	4,384
Effect of restatement relating to zakat (Zakat charge for the period)	(4,815)
<b>Net income for the period after Zakat</b>	<b>(431)</b>

<b>Interim statement of comprehensive income (unaudited)</b>	<b>SAR '000</b>
<b>Account</b>	<b>As previously stated for three months ended March 31, 2019</b>
Total comprehensive income for the period before zakat	18,827
Effect of restatement relating to zakat (Zakat charge for the period)	(4,815)
<b>Total comprehensive income for the period</b>	<b>14,012</b>

#### 14. ZAKAT AND INCOME TAX (continued)

Interim statement of changes in equity (Unaudited)	SAR '000		
	As previously stated	Effect of restatement relating to zakat	As restated
Account			
Net income for the period three month ended March 31, 2019	4,384	(4,815)	(431)

The basic and diluted earning per share have been restated for the effects of the change in accounting policy, as mentioned below:

Basic and diluted earning per share	SAR		
	As previously stated	Effect of restatement relating to zakat	As restated
Account			
Basic and diluted earning per share for the three month period ended March 31, 2019	0.11	(0.12)	(0.01)

#### 15. UNIT LINKED LIABILITIES AT FVSI

The movement during the period / year in financial liabilities at fair value through statement of income is set out below:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
	SAR'000	SAR'000
At the beginning of the period / year	86,821	52,336
Net changes in reserve during the period / year	8,563	27,946
Net change in fair values during the period / year	(8,006)	6,539
At the end of the period / year	87,378	86,821

#### 16. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 400 million at March 31, 2020 (December 31, 2019: SAR 400 million) consisting of 40 million shares (December 31, 2019: 40 million shares) of SAR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat.

	March 31, 2020 (Unaudited)		
	Authorized and issued	Paid up	
	No. of shares	SAR'000	
Al Rajhi Insurance Co. Ltd. (Bahrain)	10,600,000	106,000	106,000
Al Rajhi Banking and Investment Corporation	9,000,000	90,000	90,000
Oman Insurance Company - Dubai	2,400,000	24,000	24,000
Others	18,000,000	180,000	180,000
	40,000,000	400,000	400,000
	December 31, 2019 (Audited)		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Al Rajhi Insurance Co. Ltd. (Bahrain)	10,600,000	106,000	106,000
Al Rajhi Banking and Investment Corporation	9,000,000	90,000	90,000
Oman Insurance Company - Dubai	2,400,000	24,000	24,000
Others	18,000,000	180,000	180,000
	40,000,000	400,000	400,000



# AL RAJHI COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

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## 17. CAPITAL MANAGEMENT

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. 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 and to enable them to meet unforeseen liabilities as these arise.

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

Minimum Capital Requirement of SAR 200 million

Premium Solvency Margin

Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at March 31, 2020 consists of paid-up share capital of SAR 400 million, statutory reserves of SAR 120.3 million and retained earnings of SAR 358.4 million (December 31, 2019: paid-up share capital of SAR 400 million, statutory reserves of SAR 113.1 million and retained earnings of SAR 335.1 million.) in the statement of financial position

The Company's management, through various scenario analysis as required by the regulator, has assessed the potential of the Covid-19 pandemic by performing stress testing for various variables like: gross premium growth, increase in employee cost, YTD loss ratio, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratio and solvency ratio. The Company's management has concluded that based on the stress testing performed the solvency margin of the Company can be impacted  $\pm 1\%$  to 5%. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgements and uncertainties and, therefore, the actual outcomes may be different to those projected. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

## 18. EARNINGS / (LOSS) PER SHARE

Earnings per share for the period ended March 31, 2020 and year ended December 31, 2019 is calculated by dividing the net income for the period attributable to the equity holders by 40 million shares. There were no dilutive potential shares in issue as at March 31, 2020 and December 31, 2019.

**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)**

**19. SUPPLEMENTARY INFORMATION**  
19.1 Interim Statement of financial position

	SAR '000					
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)				
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
<b>ASSETS:</b>						
Cash and cash equivalents	473,864	374,014	847,878	442,038	38,980	481,018
Contributions and re-takaful / reinsurance balances receivable - net	523,503	-	523,503	336,149	-	336,149
Re-takaful / reinsurance share of unearned contributions	127,883	-	127,883	111,870	-	111,870
Re-takaful / reinsurance share of outstanding claims	108,088	-	108,088	110,180	-	110,180
Re-takaful / reinsurance share of outstanding claims IBNR	16,982	-	16,982	13,413	-	13,413
Re-takaful / reinsurance share of mathematical reserve at FVSI	23	-	23	21	-	21
Deferred policy acquisition costs	51,058	-	51,058	44,512	-	44,512
Investments mandatorily measured at FVSI	166,657	6,107	172,764	170,552	13,004	183,556
Investments designated as FVOCI	26,289	239,856	266,145	29,982	246,714	276,696
Due (to)/ from shareholders' / takaful operations	(113,537)	113,537	-	(328,011)	328,011	-
Investments held at amortised cost	1,298,888	115,024	1,413,912	1,598,708	214,997	1,813,705
Prepayments and other assets	59,296	62,966	122,262	89,074	67,132	156,206
Property and equipment	-	42,072	42,072	-	25,263	25,263
Statutory deposit	-	39,969	39,969	-	39,969	39,969
Accrued income on statutory deposit	-	1,173	1,173	-	944	944
Right-of-use assets	-	8,540	8,540	-	9,772	9,772
<b>TOTAL ASSETS</b>	<b>2,738,994</b>	<b>1,003,258</b>	<b>3,742,252</b>	<b>2,618,488</b>	<b>984,786</b>	<b>3,603,274</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

19. SUPPLEMENTARY INFORMATION (continued)  
19.1 Interim Statement of financial position (continued)

	SAR '000					
	March 31, 2020 (Unaudited)		December 31, 2019 (Audited)			
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
<b>LIABILITIES:</b>						
Payable, accruals and other liabilities	90,245	57,798	148,043	92,374	36,328	128,702
Re-takaful / reinsurance balances payable	91,464	-	91,464	94,637	-	94,637
Unearned contributions	1,277,065	-	1,277,065	1,123,170	-	1,123,170
Unearned re-takaful / reinsurance commission income	10,025	-	10,025	8,792	-	8,792
Gross outstanding claims	347,024	-	347,024	353,601	-	353,601
Claim Incurred but not reported	769,653	-	769,653	776,962	-	776,962
Contribution deficiency reserve	10,412	-	10,412	26,303	-	26,303
Unit linked liabilities at FVSI	87,378	-	87,378	86,821	-	86,821
End-of-service benefits	-	19,471	19,471	-	18,620	18,620
Provision for zakat and income tax	-	46,732	46,732	-	40,932	40,932
Payables to SAMA	-	5,883	5,883	-	5,654	5,654
Lease obligations	-	6,930	6,930	-	6,978	6,978
	<b>2,683,266</b>	<b>136,814</b>	<b>2,820,080</b>	<b>2,562,660</b>	<b>108,512</b>	<b>2,671,172</b>
	<b>60,477</b>	<b>-</b>	<b>60,477</b>	<b>56,883</b>	<b>-</b>	<b>56,883</b>
	<b>2,743,743</b>	<b>136,814</b>	<b>2,880,557</b>	<b>2,619,543</b>	<b>108,512</b>	<b>2,728,055</b>
<b>TOTAL LIABILITIES AND ACCUMULATED SURPLUS</b>						
<b>EQUITY:</b>						
Share capital	-	400,000	400,000	-	400,000	400,000
Statutory reserve	-	120,348	120,348	-	113,082	113,082
Retained earnings	-	358,397	358,397	-	335,138	335,138
Remeasurement reserve for EOSB	-	(1,528)	(1,528)	-	(1,528)	(1,528)
Fair value reserve - Investments designated as FVOCI	(4,749)	(10,773)	(15,522)	(1,055)	29,582	28,527
<b>TOTAL EQUITY</b>	<b>(4,749)</b>	<b>866,444</b>	<b>861,695</b>	<b>(1,055)</b>	<b>876,274</b>	<b>875,219</b>
<b>TOTAL LIABILITIES, ACCUMULATED SURPLUS AND EQUITY</b>	<b>2,738,994</b>	<b>1,003,258</b>	<b>3,742,252</b>	<b>2,618,488</b>	<b>984,786</b>	<b>3,603,274</b>
	<b>17,737</b>	<b>-</b>	<b>17,737</b>	<b>22,456</b>	<b>-</b>	<b>22,456</b>
<b>COMMITMENTS AND CONTINGENCIES</b>						

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

19. SUPPLEMENTARY INFORMATION (continued)

19.2 Interim Statement of income

(For the three month period ended)

	SAR '000					
	March 31, 2020			March 31, 2019		
				Restated		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross contributions written	787,542	-	787,542	843,573	-	843,573
Re-takaful / reinsurance contributions ceded - domestic	(2,305)	-	(2,305)	(272)	-	(272)
Re-takaful / reinsurance contributions ceded - foreign	(55,826)	-	(55,826)	(16,228)	-	(16,228)
Excess of loss expenses – foreign	(2,063)	-	(2,063)	(924)	-	(924)
<b>Net contributions written</b>	<b>727,348</b>	<b>-</b>	<b>727,348</b>	<b>826,149</b>	<b>-</b>	<b>826,149</b>
Changes in unearned contributions, net	(137,883)	-	(137,883)	(134,478)	-	(134,478)
<b>Net contributions earned</b>	<b>589,465</b>	<b>-</b>	<b>589,465</b>	<b>691,671</b>	<b>-</b>	<b>691,671</b>
Re-takaful / reinsurance commission income	5,502	-	5,502	2,043	-	2,043
Other underwriting income	691	-	691	766	-	766
<b>TOTAL REVENUES</b>	<b>595,658</b>	<b>-</b>	<b>595,658</b>	<b>694,480</b>	<b>-</b>	<b>694,480</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid and loss adjustment expenses	(454,380)	-	(454,380)	(806,499)	-	(806,499)
Surrenders and maturities	(2,888)	-	(2,888)	(1,108)	-	(1,108)
Expenses incurred related to claims	(17,001)	-	(17,001)	(16,947)	-	(16,947)
Reinsurers' share of claims paid	9,424	-	9,424	296,813	-	296,813
<b>Net claims and other benefits paid</b>	<b>(464,845)</b>	<b>-</b>	<b>(464,845)</b>	<b>(527,741)</b>	<b>-</b>	<b>(527,741)</b>
Changes in outstanding claims, net	4,485	-	4,485	(41,073)	-	(41,073)
Changes in incurred but not reported (IBNR) claims, net	10,878	-	10,878	(4,836)	-	(4,836)
Change in contribution deficiency reserve	15,891	-	15,891	(53,223)	-	(53,223)
<b>Net claims and other benefits incurred</b>	<b>(433,591)</b>	<b>-</b>	<b>(433,591)</b>	<b>(626,873)</b>	<b>-</b>	<b>(626,873)</b>
Change in unit linked liabilities at FVSI, net	(8,561)	-	(8,561)	(6,722)	-	(6,722)
Policy acquisition costs	(28,385)	-	(28,385)	(26,799)	-	(26,799)
Other underwriting expenses	(5,727)	-	(5,727)	(6,955)	-	(6,955)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(476,264)</b>	<b>-</b>	<b>(476,264)</b>	<b>(667,349)</b>	<b>-</b>	<b>(667,349)</b>
<b>NET UNDERWRITING INCOME</b>	<b>119,394</b>	<b>-</b>	<b>119,394</b>	<b>27,131</b>	<b>-</b>	<b>27,131</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	(17,356)	-	(17,356)	(1,254)	-	(1,254)
Management fee for administration of takaful operations	(81,174)	81,174	-	(44,148)	44,148	-
General and administrative expenses	-	(81,174)	(81,174)	-	(44,148)	(44,148)
Special commission income	13,229	1,905	15,134	17,189	1,426	18,615
Net gains on investments mandatorily measured at FVSI	1,734	603	2,337	2,182	709	2,891
Dividend income	-	1,383	1,383	-	871	871
Reversal / (Impairment loss) of impairment loss	130	(202)	(72)	71	(142)	(71)
Other income	-	275	275	-	466	466
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	<b>(83,437)</b>	<b>3,964</b>	<b>(79,473)</b>	<b>(25,960)</b>	<b>3,330</b>	<b>(22,630)</b>
<b>NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF MANAGEMENT FEE</b>	<b>35,957</b>	<b>3,964</b>	<b>39,921</b>	<b>1,171</b>	<b>3,330</b>	<b>4,501</b>
Management fee attributable to shareholders' operations	(32,361)	32,361	-	(1,054)	1,054	-
<b>NET INCOME FOR THE PERIOD AFTER ATTRIBUTION OF MANAGEMENT FEE</b>	<b>3,596</b>	<b>36,325</b>	<b>39,921</b>	<b>117</b>	<b>4,384</b>	<b>4,501</b>
Provision for zakat	-	(5,800)	(5,800)	-	(4,815)	(4,815)
<b>Net income for the period after zakat</b>	<b>3,596</b>	<b>30,525</b>	<b>34,121</b>	<b>117</b>	<b>(431)</b>	<b>(314)</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

19. SUPPLEMENTARY INFORMATION (continued)

19.3 Interim Statement of comprehensive income

	For the three month period ended					
	(Unaudited)					
	SAR '000					
	March 31, 2020			March 31, 2019		
			Restated			
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net income after attribution of management fee to shareholders' operations	3,596	30,525	34,121	117	(431)	(314)
<b>Other comprehensive income / (loss) :</b>						
<b>Items that will not be reclassified to statement of income in subsequent periods</b>						
- Net change in fair value in investments designated as FVOCI	(3,693)	(40,356)	(44,049)	962	13,364	14,326
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(97)</b>	<b>(9,831)</b>	<b>(9,928)</b>	<b>1,079</b>	<b>12,933</b>	<b>14,012</b>

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

19. SUPPLEMENTARY INFORMATION (continued)  
19.4 Interim Statement of cash flows

	SAR '000					
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the period before zakat	3,596	36,325	39,921	117	4,384	4,501
Adjustments for non-cash items:						
Depreciation of property and equipment	-	1,661	1,661	-	2,200	2,200
Depreciation of right-of-use assets	-	1,274	1,274	-	1,114	1,114
Management fee for administration of takaful operations	81,174	(81,174)	-	44,148	(44,148)	-
Management fee attributable to shareholders' operations	32,363	(32,363)	-	1,054	(1,054)	-
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	17,351	-	17,351	1,254	-	1,254
Unrealized gain on investments mandatorily measured at FVSI	8,014	51	8,065	(3,303)	15	(3,288)
Reversal / Impairment of impairment of investments held at amortised cost	(130)	202	72	(71)	142	71
Provision for end-of-service benefits	-	1,836	1,836	-	1,701	1,701
	142,368	(72,188)	70,180	43,199	(35,646)	7,553
Changes in operating assets and liabilities:						
Contributions and re-takaful balances receivable	(204,705)	-	(204,705)	(17,885)	-	(17,885)
Re-takaful / reinsurance share of unearned contributions	(16,013)	-	(16,013)	5,811	-	5,811
Re-takaful / reinsurance share of outstanding claims	2,092	-	2,092	266,469	-	266,469
Re-takaful / reinsurance share of claims incurred but not reported	(3,569)	-	(3,569)	621	-	621
Re-takaful / reinsurance share of financial liabilities at FVSI	(2)	-	(2)	7	-	7
Deferred policy acquisition costs	(6,546)	-	(6,546)	937	-	937
Prepayments and other assets	29,778	4,166	33,944	10,817	(6,237)	4,580
Right-of-use assets	-	(42)	(42)	-	(13,970)	(13,970)
Accrued income on statutory deposit	-	(229)	(229)	-	(220)	(220)
Payable to SAMA	-	229	229	-	221	221
Payable, accruals and other liabilities	(2,132)	21,472	19,340	15,316	(8,619)	6,697
Financial liabilities at FVSI	557	-	557	10,024	-	10,024
Re-takaful / reinsurance balances payable	(3,173)	-	(3,173)	(10,940)	-	(10,940)
Unearned contributions	153,895	-	153,895	128,667	-	128,667
Unearned re-takaful / reinsurance commission	1,233	-	1,233	153	-	153

AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)

19. SUPPLEMENTARY INFORMATION (continued)  
19.4 Interim Statement of cash flows (continued)

	SAR '000			
	Takaful operations	Shareholders' operations	Total	Takaful operations
	March 31, 2020	March 31, 2019	March 31, 2019	Total
Gross outstanding claims	(6,577)	-	(6,577)	(225,398)
Claims Incurred but not reported	(7,309)	-	(7,309)	4,216
Contribution deficiency reserve	(15,891)	-	(15,891)	53,223
Lease obligations	-	(48)	(48)	13,111
Deposit against letters of guarantee	4,719	-	4,719	1,651
Management fee (paid) / received	68,725	(46,640)	22,085	286,888
Zakat paid	(328,011)	328,011	-	-
End-of-service benefits paid	-	-	-	-
Net cash generated from operating activities	(259,286)	280,386	21,100	286,888
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments mandatorily measured at FVSI	(328,028)	(333,000)	(661,028)	(332,075)
Disposals of investments mandatorily measured at FVSI	323,909	339,846	663,755	323,776
Purchase of investments designated as FVOCI	-	(10,140)	(10,140)	-
Disposals of investments designated as FVOCI	-	-	-	-
Movement in cash balance in equity share portfolio	-	(23,358)	(23,358)	(358)
Purchase of investments held at amortised cost	-	-	-	(200,000)
Disposal of investments held at amortised cost	300,000	100,000	400,000	520,000
Additions in property and equipment	-	(18,470)	(18,470)	(1,622)
Net cash (used in) investing activities	295,881	54,878	350,759	311,701
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Due (to) / from shareholders / takaful operations	-	-	-	(401,889)
Net cash generated from / (used in) financing activities	-	-	-	(401,889)
Net change in cash and cash equivalents	36,595	335,264	371,859	196,700
Cash and cash equivalents, beginning of the period	419,609	34,271	453,880	355,425
Cash and cash equivalents, end of the period	456,204	369,535	825,739	552,125
<b>NON-CASH INFORMATION</b>				
Changes in fair value of investments designated as FVOCI	(3,693)	(40,356)	(44,049)	962
				13,364
				14,326

**20. SUBSEQUENT EVENT**

In response to the Covid-19 pandemic, SAMA issued a decree 189 (the “decree”) dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the decree instructs insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this decree. The management believes the requirements of the decree to be a non-adjusting event.

**21. APPROVAL OF THE FINANCIAL STATEMENTS**

These Interim financial statements were approved by the Board of Directors of the Company, on Ramadan 7, 1441, corresponding April 30, 2020.