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

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

**FOR THE THREE AND NINE MONTH PERIODS ENDED
SEPTEMBER 30, 2019**

INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) AND INDEPENDENT
AUDITORS' REVIEW REPORT FOR THE THREE AND NINE MONTH PERIODS ENDED
SEPTEMBER 30, 2019

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	7-42



Aldar Audit Bureau
Abdullah Al-Basri & Co
Member firm of Grant Thornton International Ltd



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED 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 30 September 2019 and the related interim statements of income and comprehensive income for the three month and nine month periods then ended and the interim statements of changes in equity and cash flows for the nine months period then ended and other explanatory notes (*the interim condensed financial information*). Management is responsible for the preparation and presentation of this interim condensed 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 interim condensed 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 interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

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Kingdom of Saudi Arabia

Bader I. Benmohareb
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Riyadh 11451
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Abdullah M. Al Basri
Certified Public Accountant
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Date: November 6, 2019
Corresponding to: Rabi'1 9, 1441 AH

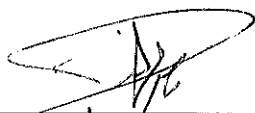


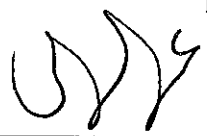
AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)


INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2019

	Notes	SAR '000	
		September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Cash and cash equivalents	4	558,114	492,182
Contributions and re-takaful / reinsurance balances receivable, net	5	393,572	456,575
Re-takaful / reinsurance share of unearned contributions	9.2	90,296	88,458
Re-takaful / reinsurance share of outstanding claims	9.1 (a)	102,777	371,580
Re-takaful / reinsurance share of claims incurred but not reported	9.1 (a)	11,903	13,411
Re-takaful / reinsurance share of mathematical reserve at fair value through statement of income (FVSI)		96	109
Deferred policy acquisition costs		45,548	60,868
Investments mandatorily measured at fair value through statement of income (FVSI)	8 (a)	168,099	163,828
Investments designated as fair value through other comprehensive income (FVOCI)	8 (b)	159,755	155,462
Investments held at amortised cost	8 (c)	1,813,655	1,788,646
Prepayments and other assets		186,491	69,602
Property and equipment		16,174	18,713
Statutory deposit	7	39,969	39,968
Accrued income on statutory deposit		120	3,439
Right-of-use assets	6	10,593	-
TOTAL ASSETS		3,597,162	3,722,841
LIABILITIES			
Payable, accruals and other liabilities		115,591	132,108
Re-takaful / reinsurance balances payable		58,061	56,127
Unearned contributions	9.2	1,184,797	1,302,633
Unearned re-takaful / reinsurance commission income		8,067	6,002
Gross outstanding claims	9.1 (a)	314,897	564,096
Claims incurred but not reported	9.1 (a)	820,750	731,714
Contribution deficiency reserve	9.1 (a)	24,419	9,034
Unit linked liabilities at FVSI	9.1 (a), 15	73,726	52,336
End-of-service benefits (EOSB)		18,068	15,119
Provision for zakat and income tax	14	35,332	33,689
Payables to SAMA		4,830	4,346
Lease obligations		8,247	-
		2,666,785	2,907,204
Takaful operations' surplus payable		58,223	47,236
TOTAL LIABILITIES AND ACCUMULATED SURPLUS		2,725,008	2,954,440
EQUITY			
Share capital	16	400,000	400,000
Statutory reserve		114,510	91,302
Retained earnings		346,465	270,733
Remeasurement reserve for EOSB		(187)	(187)
Fair value reserve - investments designated as FVOCI		11,366	6,553
TOTAL EQUITY		872,154	768,401
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND EQUITY		3,597,162	3,722,841
COMMITMENTS AND CONTINGENCIES	10	16,978	14,437


Naser Abdullah Aloufi
Member-Board

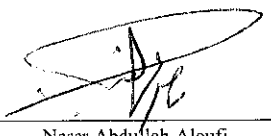

Abdulaziz Mohammed Al Sedeas
Chief Executive Officer



Robert Pereira
Chief Financial Officer

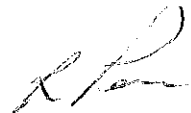
AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

**INTERIM STATEMENT OF INCOME (Unaudited)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER**

	Notes	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
		SAR '000		SAR '000	
		September 30, 2019	September 30, 2018 (restated)	September 30, 2019	September 30, 2018 (restated)
REVENUES					
Gross contribution written	9.2	583,385	703,387	1,971,616	2,357,236
Re-takaful / reinsurance contributions ceded - domestic	9.2	(1,274)	(444)	(2,085)	(1,044)
Re-takaful / reinsurance contributions ceded - foreign	9.2	(30,925)	(27,615)	(64,880)	(79,106)
Excess of loss expenses (XOL)	9.2	(2,304)	(3,114)	(5,536)	(9,341)
Net contributions written	9.2	548,882	672,214	1,899,115	2,267,745
Changes in unearned contributions, net		91,285	56,154	119,673	(98,717)
Net contributions earned		640,167	728,368	2,018,788	2,169,028
Re-takaful / reinsurance commission income		2,652	5,706	6,591	11,181
Other underwriting income		464	618	1,567	6,912
TOTAL REVENUES		643,283	734,692	2,026,946	2,187,121
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid and loss adjustment expenses		(480,564)	(551,911)	(1,789,231)	(1,587,966)
Surrenders and maturities		(2,696)	(921)	(5,704)	(2,601)
Expenses incurred related to claims		(14,506)	(15,620)	(47,576)	(48,790)
Re-takaful / reinsurance share of claims paid		2,041	63,936	305,558	84,526
Net claims and other benefits paid		(495,725)	(504,516)	(1,536,953)	(1,554,831)
Changes in outstanding claims, net		24,652	(18,627)	(19,602)	(3,471)
Changes in incurred but not reported (IBNR) claims, net		(38,918)	(17,298)	(81,510)	(161,133)
Change in contribution deficiency reserve		23,381	-	(24,419)	-
Net claims and other benefits incurred		(486,610)	(540,441)	(1,662,484)	(1,719,435)
Change in unit linked liabilities at FVSI, net		(5,173)	(5,320)	(17,919)	(14,755)
Policy acquisition costs		(30,678)	(26,182)	(86,814)	(84,711)
Other underwriting expenses		(3,474)	(8,322)	(17,338)	(22,223)
TOTAL UNDERWRITING COSTS AND EXPENSES		(525,935)	(580,265)	(1,784,555)	(1,841,124)
NET UNDERWRITING INCOME		117,348	154,427	242,391	345,997
OTHER OPERATING (EXPENSES)/ INCOME					
Allowance for doubtful debts - contributions and re-takaful / reinsurance balances receivable		(9,535)	(32,874)	(12,859)	(43,773)
General and administrative expenses		(63,771)	(56,793)	(174,343)	(172,267)
Special commission income		17,484	16,226	54,633	47,749
Net gains on investments mandatorily measured at FVSI		2,820	2,467	10,546	6,796
Dividend income		2,007	1,399	5,409	3,413
Impairment loss on financial assets		(55)	58	59	(322)
Other income		312	593	1,191	1,711
TOTAL OTHER OPERATING EXPENSES		(50,738)	(68,924)	(115,364)	(156,692)
Net income for the period before zakat		66,610	85,503	127,027	189,305
Net income for the period attributable to takaful operations	19	(6,030)	(8,093)	(10,987)	(17,650)
Net income for the period before zakat attributable to the shareholders		60,580	77,410	116,040	171,655
Provision for zakat	14	(6,600)	(6,300)	(17,100)	(14,500)
Net income for the period after zakat attributable to the shareholders		53,980	71,110	98,940	157,155
Earnings per share (EPS)					
Basic and diluted EPS	18	1.35	1.78	2.47	3.93


Naser Abdullah Aloufi
Member-Board


Abdulaziz Mohammed Al Sedeas
Chief Executive Officer


Robert Pereira
Chief Financial Officer



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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**INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30**

Notes	<i>For the three month period ended</i>		<i>For the nine month period ended</i>	
	SAR '000		SAR '000	
	September 30, 2019	September 30, 2018 (restated)	September 30, 2019	September 30, 2018 (restated)
	53,980	71,110	98,940	157,155
Net income for the period after zakat attributable to the shareholders				
Other comprehensive income:				
Items that will not be reclassified to statement of income in subsequent periods				
	- Net fair value changes on investments designated as FVOCI			
	- Shareholder's operations			
8 (b)	(8,731)	(1,066)	2,858	12,577
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</u>				
	45,249	70,044	101,798	169,732
	Net income for the period attributable to takaful operation			
	6,030	8,093	10,987	17,650
Items that will not be reclassified to statement of income in subsequent periods				
	- Net fair value changes on investments designated as FVOCI			
	- Takaful operations			
8 (b)	279	(2,576)	1,955	(6,146)
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO TAKAFUL OPERATIONS</u>				
	6,309	5,517	12,942	11,504
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u>				
	51,558	75,561	114,740	181,236



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Chief Executive Officer



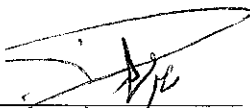
Robert Pereira
Chief Financial Officer




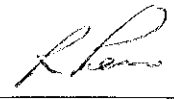
AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30
(SAR in '000')

	Notes	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
Total comprehensive income attributable to the shareholders :							
Net income for the period after zakat attributable to the shareholders		-	-	98,940	-	-	98,940
-Net fair value changes on investments designated as FVOCI	8 (b)	-	-	-	-	4,813	4,813
		-	-	98,940	-	4,813	103,753
Transfer to statutory reserve		-	23,208	(23,208)	-	-	-
Balance as at September 30, 2019		400,000	114,510	346,465	(187)	11,366	872,154
		Share capital	Statutory reserve	Retained earnings	Remeasurement reserve for EOSB	Fair value reserve - investments designated as FVOCI	Total
Balance as at January 1, 2018		400,000	54,297	142,211	-	1,552	598,060
Total comprehensive income attributable to the shareholders : (restated)							
Net income for the period after zakat attributable to the shareholders		-	-	157,155	-	-	157,155
-Net fair value changes on investments designated as FVOCI	19.3	-	-	-	-	12,577	12,577
		-	-	157,155	-	12,577	169,732
Transfer to statutory reserve		-	34,333	(34,333)	-	-	-
Balance as at September 30, 2018		400,000	88,630	265,033	-	14,129	767,792


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AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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**INTERIM STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED**

	Notes	SAR '000	
		September 30, 2019	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before zakat		127,027	189,305
Adjustments for non-cash items:			
Depreciation of property and equipment		6,440	5,846
Depreciation of right-of-use assets		4,310	-
Allowance for doubtful debts -Contributions and re-takaful / reinsurance balances receivable	5	12,867	43,773
Unrealized gain on investments mandatorily measured at FVSI		(3,372)	(1,961)
Impairment loss on financial assets		(59)	322
Provision for end-of-service benefits (EOSB)		4,124	3,634
		151,337	240,918
Changes in operating assets and liabilities:			
Contributions and re-takaful / reinsurance balances receivable		50,136	(354,254)
Re-takaful / reinsurance share of unearned contributions		(1,838)	(10,941)
Re-takaful / reinsurance share of outstanding claims		268,803	(216,274)
Re-takaful / reinsurance share of claims incurred but not reported		1,508	-
Re-takaful / reinsurance share of mathematical reserve at FVSI		13	5
Deferred policy acquisition costs		15,320	(20,845)
Prepayments and other assets		(116,889)	(14,573)
Right-of-use assets		(14,903)	(2,404)
Accrued income on statutory deposit		(483)	(648)
Payable, accruals and other liabilities		(16,517)	52,741
Unit linked liabilities at FVSI		21,390	10,558
Re-takaful / reinsurance balances payable		1,934	(9,598)
Unearned contributions		(117,836)	109,657
Unearned re-takaful / reinsurance commission		2,065	223
Gross outstanding claims		(249,199)	380,878
Claims Incired but not reported		89,036	-
Contribution deficiency reserve		15,385	-
Lease obligations		8,247	-
Deposit against guarantees		(2,541)	(284)
Payables to SAMA		484	648
		105,452	165,807
Zakat paid	14	(15,457)	(12,301)
End-of-service benefits paid (EOSB)		(1,175)	(590)
Net cash generated from operating activities		88,820	152,916
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments mandatorily measured at FVSI		(1,454,436)	(1,459,314)
Disposals of investments mandatorily measured at FVSI		1,453,537	1,469,775
Purchase of investments designated as FVOCI		-	(125,486)
Disposals of investments designated as FVOCI		-	59,899
Movement in cash balance in equity share portfolio		520	35
Purchase of investments held at amortised cost		(1,245,001)	(1,070,000)
Disposal of investments held at amortised cost		1,220,000	350,000
Additions in property and equipment		(3,901)	(4,348)
Net cash (used in) investing activities		(29,281)	(779,439)
Net change in cash and cash equivalents		59,539	(626,523)
Cash and cash equivalents, at the beginning of the period	4	476,940	816,779
Cash and cash equivalents, at the end of the period	4	536,479	190,256
NON-CASH INFORMATION			
Changes in fair value of investments designated as FVOCI		4,813	6,431



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Abdulaziz Mohammed Al Sedeas
Chief Executive Officer



Robert Pereira
Chief Financial Officer



AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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**Notes to the interim condensed financial information
For the nine month period ended September 30, 2019**

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 of the Company as at and for the period ended 30 September 2019 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 period and year ended 31 March 2019 and 31 December 2018, respectively, 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, and 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 3b) 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 nine month period ended September 30, 2019

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, 2018. 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").

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 including the risk management policies were the same as those applied to the annual financial statements as at and for the year ended December 31, 2018.

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 is consistent with those described in the annual financial statements for the year ended December 31, 2018, except for the change in accounting policy for zakat (3b) and adoption of the new standard (IFRS16) and corresponding changes in accounting policies (3a) as explained below:

(a) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Lease terms range from 2 to 10 years for offices, vehicles and equipments. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. The lease liability is measured at amortized cost using the incremental borrowing cost. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

IFRS 16: Leases ("IFRS 16")

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease obligations of SAR 13.8 million were recorded as of January 1, 2019, with no net impact on retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019, the rate applied is 6.15%

The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

The following table reconciles the Company's operating lease obligations at December 31, 2018, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019:

Operating lease commitments at December 31, 2018	80,356
Discounted using the incremental borrowing rate at January 1, 2019	(1,078)
Recognition exemptions / not yet commenced	(65,468)
Lease obligations recognized at January 1, 2019	13,810

(b) Change in accounting policy in relation to accounting for zakat

As mentioned in note 2(a) the basis of preparation has been changed at the beginning 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 statements. The change has resulted in reduction of reported income of the Company for the three and nine month period ended 30 September 2018 by SAR 6.3 million and SAR 14.5 million respectively. The change has had no impact on the statement of cash flows for the period ended 30 September 2018.

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	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Bank balances and cash	374,290	205,425
Deposits maturing within 3 months from the acquisition date	50,000	150,000
Cash and cash equivalents in the statement of cash flow	424,290	355,425
Less : Impairment loss	(38)	(65)
Cash and bank balances, net	424,252	355,360
Deposits against letters of guarantee	16,978	14,437
Total	441,230	369,797

SAR'000	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Bank balances and cash	62,189	71,515
Deposits maturing within 3 months from the acquisition date	50,000	50,000
Cash and cash equivalents in the statement of cash flow	112,189	121,515
Less : Impairment loss	(14)	(38)
Cash and bank balances, net	112,175	121,477
Cash at banks (statutory deposit income)	4,709	908
Total	116,884	122,385

Total	558,114	492,182
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5. CONTRIBUTIONS AND RE-TAKAFUL / RE-INSURANCE BALANCES RECEIVABLE - NET

Receivables comprise amounts due from the following:

SAR'000	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Policyholders	141,936	224,746
Brokers and agents	77,885	47,858
Related parties	250,656	253,255
Receivables from re-takaful / reinsurance	14,164	8,918
	484,641	534,777
Provision for doubtful receivables	(91,069)	(78,202)
Contributions and re-takaful / reinsurance balances receivable – net	393,572	456,575

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, 2019	10,422	1,872	1,717	14,011
Additions	892	-	-	892
Depreciation/ Amortization	(3,538)	(376)	(396)	(4,310)
Balance at September 30, 2019	7,776	1,496	1,321	10,593

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

7. STATUTORY DEPOSIT

Statutory deposit amounting to SAR 40 million (December 2018: 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 (2018: SAR 0.03 million)

8. INVESTMENTS

Investments are classified as follows:

SAR'000	Notes	Takaful operations	
		September 30, 2019	December 31, 2018 (Audited)
- Investments mandatorily measured at FVSI (mutual funds)	8 (a)	161,876	129,853
- Investments designated as FVOCI (equity shares) Unit linked	8 (b)	27,282	25,327
- Investments held at amortised cost (deposits and sukuks)	8 (c)	1,498,734	1,703,637
Total		1,687,892	1,858,817

SAR'000	Notes	Shareholders' operations	
		September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
- Investments mandatorily measured at FVSI (mutual funds)	8 (a)	6,223	33,975
- Investments designated as FVOCI (equity shares)	8 (b)	132,473	130,135
- Investments held at amortised cost (deposits and sukuks)	8 (c)	314,921	85,009
Total		453,617	249,119

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)

	Takaful operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
At the beginning of the period / year	129,853	124,829
Purchased during the period / year	1,019,436	1,215,073
Sold during the period / year	(990,962)	(1,211,077)
Net change in fair values during the period / year	3,549	1,028
At the end of the period / year	161,876	129,853
	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
At the beginning of the period / year	33,975	32,481
Purchased during the period / year	435,000	545,000
Sold during the period / year	(462,575)	(543,712)
Net change in fair values during the period / year	(177)	206
At the end of the period / year	6,223	33,975
Total	168,099	163,828

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	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Opening balance	25,327	-
Purchases	-	31,038
Changes in fair value of investments	1,955	(5,711)
Closing balance	27,282	25,327
	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
At the beginning of the period / year		
Balance of equity shares portfolio with Al Rajhi Capital	122,507	78,738
Cash balance with Al Rajhi Capital	86	(22)
Equity - unlisted shares	7,542	6,050
Total at the beginning of the period / year	130,135	84,766
Movement during the period / year		
Purchased during the period / year	-	94,448
Sold during the period / year	-	(59,899)
Net change in fair values during the period / year	2,858	10,712
Net change in cash balance with Al Rajhi Capital	(520)	108
Closing balance of equity shares portfolio	132,473	130,135
Portfolio balance with Al Rajhi Capital at the end of the period	125,365	122,507
Cash balance with Al Rajhi Capital	(434)	86
Equity - unlisted shares	7,542	7,542
At the end of the period / year	132,473	130,135
Total	159,755	155,462

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

8. INVESTMENTS (continued)

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

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	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
At the beginning of the period / year		
Murabaha deposits	1,655,000	1,235,000
Sukuk	50,000	50,000
Purchases	700,000	1,090,000
Disposals / maturities	(905,000)	(670,000)
At the end of the period / year, gross	1,500,000	1,705,000
Less: Impairment loss	(1,266)	(1,363)
At the end of the period / year, net	1,498,734	1,703,637

SAR'000	SAR' 000	
	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
At the beginning of the period / year		
Murabaha deposits	65,000	85,074
Sukuk	20,074	-
Purchased during the period / year	545,001	280,000
Maturities during the period / year	(315,000)	(280,000)
At the end of the period / year, gross	315,075	85,074
Less: Impairment loss	(154)	(65)
At the end of the period / year, net	314,921	85,009
Total	1,813,655	1,788,646

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	September 30, 2019 (Unaudited)			December 31,	
	Stage 1	Stage 2	Stage 3	Total	2018
	12-month ECL SAR'000	Lifetime ECL SAR'000	Lifetime ECL SAR'000	SAR'000	SAR'000
Bank balances	441,230	-	-	441,230	368,648
Investments held at amortised cost	1,500,000	-	-	1,500,000	1,705,000
Gross carrying amount	1,941,230	-	-	1,941,230	2,073,648
Loss allowance	(1,304)	-	-	(1,304)	(1,428)
Carrying amount	1,939,926	-	-	1,939,926	2,072,220

Credit grade	September 30, 2019 (Unaudited)			December 31,	
	Stage 1	Stage 2	Stage 3	Total	2018
	12-month ECL SAR'000	Lifetime ECL SAR'000	Lifetime ECL SAR'000	SAR'000	SAR'000
Investment grade	1,941,230	-	-	1,941,230	2,073,648
Non investment grade	-	-	-	-	-
Gross carrying amount	1,941,230	-	-	1,941,230	2,073,648
Loss allowance	(1,304)	-	-	(1,304)	(1,428)
Carrying amount	1,939,926	-	-	1,939,926	2,072,220

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	September 30, 2019 (Unaudited)				December 31,	
	Stage 1	Stage 2	Stage 3	Total	2018	
	12-month	Lifetime	Lifetime			
	ECL	ECL	ECL	SAR'000	SAR'000	
Bank balances	116,898	-	-	116,898	122,385	
Investments held at amortised cost	315,075	-	-	315,075	85,074	
Statutory deposit	40,000	-	-	40,000	40,000	
Gross carrying amount	471,973	-	-	471,973	247,459	
Loss allowance	(199)	-	-	(199)	(134)	
Carrying amount	471,774	-	-	471,774	247,325	

Credit grade	September 30, 2019 (Unaudited)				December 31,	
	Stage 1	Stage 2	Stage 3	Total	2018	
	12-month	Lifetime	Lifetime			
	ECL	ECL	ECL	SAR'000	SAR'000	
Investment grade	471,973	-	-	471,973	247,459	
Non investment grade	-	-	-	-	-	
Gross carrying amount	471,973	-	-	471,973	247,459	
Loss allowance	(199)	-	-	(199)	(134)	
Carrying amount	471,774	-	-	471,774	247,325	

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
Loss allowance as at January 1, 2019	1,428	-	-	1,428
Movements with the statement of income				
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	666	-	-	666
Net re-measurement of loss allowance	-	-	-	-
Financial assets derecognised during the period	(790)	-	-	(790)
Write-offs	-	-	-	-
Total loss allowance for the period / year	(124)	-	-	(124)
Loss allowance as at September 30, 2019	1,304	-	-	1,304

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
Loss allowance as at January 1, 2019	134	-	-	134
Movements with the statement of income				
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	390	-	-	390
Net re-measurement of loss allowance	-	-	-	-
Financial assets derecognised during the period / year	(325)	-	-	(325)
Write-offs	-	-	-	-
Total loss allowance for the period / year	65	-	-	65
Loss allowance as at September 30, 2019	199	-	-	199

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	September 30,	December 31,
	2019 (Unaudited)	2018 (Audited)
Outstanding claims	430,921	677,569
Less: Realizable value of salvage and subrogation	(116,024)	(113,473)
	314,897	564,096
Claims incurred but not reported	820,750	731,714
Contribution deficiency reserve	24,419	9,034
	1,160,066	1,304,844
Unit linked liabilities at FVSI	73,726	52,336
	1,233,792	1,357,180
Less:		
Re-takaful / reinsurance share of outstanding claims	102,777	371,580
Re-takaful / reinsurance share of claims incurred but not reported	11,903	13,411
	114,680	384,991
Net outstanding claims and reserves	1,119,112	972,189

9.2 Movement in unearned contributions

Movement in unearned contributions comprise of the following:

SAR'000	Nine month period ended September 30, 2019 (Unaudited)			
	Gross	Re-takaful (Reinsurance)	XOL	Net
Balance at the beginning of the period	1,302,633	(88,458)	-	1,214,175
Contribution written during the period	1,971,616	(66,965)	(5,536)	1,899,115
Contribution earned during the period	(2,089,452)	65,127	5,536	(2,018,789)
Balance at the end of the period	1,184,797	(90,296)	-	1,094,501
	Year ended December 31, 2018 (Audited)			
SAR'000	Gross	Re-takaful (Reinsurance)	XOL	Net
Balance at the beginning of the year	1,304,110	(91,709)	-	1,212,401
Contribution written during the year	2,973,594	(95,594)	(14,997)	2,863,003
Contribution earned during the year	(2,975,071)	98,845	14,997	(2,861,229)
Balance at the end of the year	1,302,633	(88,458)	-	1,214,175

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

10. COMMITMENTS AND CONTIGENCIES

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

SAR'000	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Letters of guarantee	<u>16,978</u>	<u>14,437</u>
Total	<u>16,978</u>	<u>14,437</u>

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	
September 30, 2019 (Unaudited)					
Financial assets measured at fair value					
- Investments mandatorily measured at FVSI	168,099	168,099	-	-	168,099
- Investments designated as FVOCI – Quoted securities	152,213	152,213	-	-	152,213
- Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542	7,542
	327,854	320,312	-	7,542	327,854
Financial assets not measured at fair value					
- Cash and cash equivalents	558,114	-	-	-	558,114
- Investments held at amortised cost	1,813,655	-	-	-	1,813,655
- Statutory deposit	39,969	-	-	-	39,969
- Other assets	17,152	-	-	-	17,152
	2,428,890	-	-	-	2,428,890

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2018 (Audited)					
Financial assets measured at fair value					
- Investments mandatorily measured at FVSI	163,828	163,828	-	-	163,828
- Investments designated as FVOCI – Quoted securities	147,920	147,920	-	-	147,920
- Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542	7,542
	319,290	311,748	-	7,542	319,290
Financial assets not measured at fair value					
- Cash and cash equivalents	491,033	-	-	-	491,033
- Investments held at amortised cost	1,788,646	-	-	-	1,788,646
- Statutory deposits at amortised cost	39,969	-	-	-	39,969
- Other assets	21,680	-	-	-	21,680
	2,341,328	-	-	-	2,341,328

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	
September 30, 2019 (Unaudited)					
Financial liabilities measured at fair value					
- Unit linked liabilities at FVSI	73,726	73,726	-	-	73,726
	<u>73,726</u>	<u>73,726</u>	-	-	<u>73,726</u>

SAR'000s	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2018 (Audited)					
Financial liabilities measured at fair value					
- Unit linked liabilities at FVSI	52,336	52,336	-	-	52,336
	<u>52,336</u>	<u>52,336</u>	-	-	<u>52,336</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, 2019	7,542
Purchases	-
Sales	-
Gain / loss included in statement of income	-
Gain / loss included in OCI	-
Balance at September 30, 2019	<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, 2018.

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 September 30, 2019 and December 31, 2018, its total revenues, expenses, and net income for period ended, are as follows:

**For the three month period ended September 30, 2019
(Unaudited)**

Customers' category	Medical	Motor	Property & casualty	Protection & Savings	Total
			SAR'000		
GROSS CONTRIBUTION WRITTEN					
Retail	7,690	123,168	3,370	12,007	146,235
Very small	17,925	-	-	-	17,925
Small	13,766	12,470	-	-	26,236
Medium	26,077	14,367	-	-	40,444
Corporate	26,903	268,300	45,389	11,953	352,545
TOTAL GROSS CONTRIBUTION WRITTEN	92,361	418,305	48,759	23,960	583,385

**For the three month period ended September 30, 2018
(Unaudited)**

Customers' category	Medical	Motor	Property & casualty	Protection & Savings	Total
			SAR'000		
GROSS CONTRIBUTION WRITTEN					
Retail	2,066	137,661	1,251	8,351	149,329
Very small	36,516	-	-	-	36,516
Small	28,044	7,974	-	-	36,018
Medium	53,125	12,066	-	-	65,191
Corporate	22,368	356,026	28,559	9,380	416,333
TOTAL GROSS CONTRIBUTION WRITTEN	142,119	513,727	29,810	17,731	703,387

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

12. OPERATING SEGMENTS (continued)

For the nine month period ended September 30, 2019
(Unaudited)

Customers' category	Medical	Motor	Property & casualty	Protection & Savings	Total
			SAR'000		
<u>GROSS CONTRIBUTION WRITTEN</u>					
Retail	24,451	355,749	6,321	33,889	420,410
Very small	73,784	-	-	-	73,784
Small	56,664	39,725	-	-	96,389
Medium	107,343	64,872	-	-	172,215
Corporate	128,240	960,884	83,966	35,728	1,208,818
<u>TOTAL GROSS CONTRIBUTION WRITTEN</u>	<u>390,482</u>	<u>1,421,230</u>	<u>90,287</u>	<u>69,617</u>	<u>1,971,616</u>

For the nine month period ended September 30, 2018
(Unaudited)

Customers' category	Medical	Motor	Property & casualty	Protection & Savings	Total
			SAR'000		
<u>GROSS CONTRIBUTION WRITTEN</u>					
Retail	4,724	355,314	3,214	24,484	387,736
Very small	89,226	-	-	-	89,226
Small	68,523	23,448	-	-	91,971
Medium	129,808	84,272	-	-	214,080
Corporate	171,381	1,288,233	83,726	30,883	1,574,223
<u>TOTAL GROSS CONTRIBUTION WRITTEN</u>	<u>463,662</u>	<u>1,751,267</u>	<u>86,940</u>	<u>55,367</u>	<u>2,357,236</u>

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

12. OPERATING SEGMENTS (continued)

As at September 30, 2019
(Unaudited)

Operating segments	Takaful operations					Total - Takaful operations	Shareholders' operations	Total
	Medical	Motor	Property & Casualty	Protection & Savings	SAR'000			
Assets:								
Cash and cash equivalents	-	-	-	-	-	441,230	116,884	558,114
Contributions and re-takaful / reinsurance balances receivable – net	-	-	-	-	-	393,572	-	393,572
Re-takaful / reinsurance share of unearned contributions	-	32,909	53,480	3,907	-	90,296	-	90,296
Re-takaful / reinsurance share of outstanding claims	-	16,929	79,484	6,364	-	102,777	-	102,777
Re-takaful / reinsurance share of claims incurred but not reported	-	-	6,183	5,720	-	11,903	-	11,903
Deferred policy acquisition costs	15,923	23,858	5,311	456	-	45,548	-	45,548
Investments mandatorily measured at FVSI	-	-	-	-	-	161,876	6,223	168,099
Investments designated as FVOCI	-	-	-	-	-	27,282	132,473	159,755
Investments held at amortised cost	-	-	-	-	-	1,498,734	314,921	1,813,655
Right-of-use assets	-	-	-	-	-	-	10,593	10,593
Unallocated assets	-	-	-	-	-	(149,470)	392,320	242,850
Total assets	15,923	73,696	144,458	16,447	-	2,623,748	973,414	3,597,162
Liabilities:								
Unearned contributions	222,336	878,652	78,221	5,588	-	1,184,797	-	1,184,797
Unearned re-takaful / reinsurance commission	-	1,349	6,718	-	-	8,067	-	8,067
Gross outstanding claims	10,177	212,465	82,971	9,284	-	314,897	-	314,897
Claims incurred but not reported	202,106	595,100	7,678	15,866	-	820,750	-	820,750
Contribution deficiency reserve	23,381	-	1,038	-	-	24,419	-	24,419
Lease obligations	-	-	-	-	-	-	8,247	8,247
Unallocated liabilities, equity and surplus	-	-	-	-	-	270,818	965,167	1,235,985
Total liabilities, accumulated surplus and equity	458,000	1,687,566	176,626	30,738	-	2,623,748	973,414	3,597,162

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

12. OPERATING SEGMENTS (continued)

As at December 31, 2018
(Audited)

Operating segments	Takaful operations					Total - Takaful operations	Shareholders' operations	Total
	Medical	Motor	Property & casualty	Protection & Savings	SAR'000			
Assets:								
Cash and cash equivalents	-	-	-	-	-	369,797	122,385	492,182
Contributions and re-takaful / reinsurance balances receivable – net	-	-	-	-	-	456,575	-	456,575
Re-takaful / reinsurance share of unearned contributions	-	35,746	51,231	1,481	-	88,458	-	88,458
Re-takaful / reinsurance share of outstanding claims	-	10,019	358,843	2,718	-	371,580	-	371,580
Re-takaful / reinsurance share of claims incurred but not reported	-	-	6,496	6,915	-	13,411	-	13,411
Deferred policy acquisition costs	28,845	28,359	3,253	411	-	60,868	-	60,868
Investments mandatorily measured at FVSI	-	-	-	-	-	129,853	33,975	163,828
Investments designated as FVOCI	-	-	-	-	-	25,327	130,135	155,462
Investments held at amortised cost	-	-	-	-	-	1,703,637	85,009	1,788,646
Unallocated assets	-	-	-	-	-	(361,994)	493,825	131,831
Total assets	28,845	74,124	419,823	11,525	-	2,857,512	865,329	3,722,841
Liabilities:								
Unearned contributions	361,798	873,955	62,485	4,395	-	1,302,633	-	1,302,633
Unearned re-takaful / reinsurance commission	-	-	6,002	-	-	6,002	-	6,002
Gross outstanding claims	39,582	158,399	362,230	3,885	-	564,096	-	564,096
Claims incurred but not reported	92,105	620,331	8,277	11,001	-	731,714	-	731,714
Contribution deficiency reserve	9,034	-	-	-	-	9,034	-	9,034
Unallocated liabilities, equity and surplus	-	-	-	-	-	244,033	865,329	1,109,362
Total liabilities, accumulated surplus and equity	502,519	1,652,685	438,994	19,281	-	2,857,512	865,329	3,722,841

12. OPERATING SEGMENTS (continued)

For the three month period ended September 30, 2019
(Unaudited)

Operating segments	Medical	Motor	Property & Casualty	Protection & Savings	Total
			SAR'000		
<u>REVENUES</u>					
Gross contributions written	92,361	418,305	48,759	23,960	583,385
Re-takaful / reinsurance contributions ceded	-	(214)	(27,673)	(4,312)	(32,199)
Excess of loss expenses (XOL)	-	(1,638)	(666)	-	(2,304)
Net contributions written	92,361	416,453	20,420	19,648	548,882
Changes in unearned contributions, net	68,560	32,884	(11,180)	1,021	91,285
Net contributions earned	160,921	449,337	9,240	20,669	640,167
Re-takaful / reinsurance commission income	-	103	2,549	-	2,652
Other underwriting income	(98)	93	29	440	464
<u>TOTAL REVENUES</u>	160,823	449,533	11,818	21,109	643,283
<u>UNDERWRITING COSTS AND EXPENSES</u>					
Gross claims paid and loss adjustment expenses	(159,255)	(333,363)	(1,646)	(806)	(495,070)
Surrender and maturities	-	-	-	(2,696)	(2,696)
Re-takaful / reinsurance share of claims paid	-	456	948	637	2,041
Net claims and other benefits paid	(159,255)	(332,907)	(698)	(2,865)	(495,725)
Changes in outstanding claims, net	48,490	(22,182)	163	(1,819)	24,652
Changes in incurred but not reported (IBNR) claims, net	(24,866)	(8,083)	(175)	(5,794)	(38,918)
Contribution deficiency reserve	23,381	-	-	-	23,381
Net claims and other benefits incurred	(112,250)	(363,172)	(710)	(10,478)	(486,610)
Change in unit linked liabilities at FVSI, net	-	-	-	(5,173)	(5,173)
Policy acquisition costs	(13,566)	(11,212)	(3,204)	(2,696)	(30,678)
Other underwriting expenses	4	(2,943)	(416)	(119)	(3,474)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(125,812)	(377,327)	(4,330)	(18,466)	(525,935)
NET UNDERWRITING INCOME	35,011	72,206	7,488	2,643	117,348
<u>OTHER OPERATING EXPENSES</u>					
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	-	-	-	-	(9,535)
General and administrative expenses	-	-	-	-	(63,771)
Special commission income	-	-	-	-	17,484
Net gains on investments mandatorily measured at FVSI	-	-	-	-	2,820
Dividend income	-	-	-	-	2,007
Impairment loss on financial assets	-	-	-	-	(55)
Other income	-	-	-	-	312
<u>NET INCOME FOR THE PERIOD BEFORE ZAKAT</u>					66,610

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

12. OPERATING SEGMENTS (continued)

For the three month period ended September 30, 2018
(Unaudited)

Operating segments	Medical	Motor	Property & casualty	Protection & Savings	Total
			SAR'000		
REVENUES					
Gross contributions written	142,119	513,727	29,810	17,731	703,387
Re-takaful / reinsurance contributions ceded	(1,221)	(225)	(23,813)	(2,800)	(28,059)
Excess of loss expenses (XOL)	-	(2,531)	(583)	-	(3,114)
Net contributions written	140,898	510,971	5,414	14,931	672,214
Changes in unearned contributions, net	(2,454)	60,844	(1,438)	(798)	56,154
Net contributions earned	138,444	571,815	3,976	14,133	728,368
Re-takaful / reinsurance commission income	37	926	4,743	-	5,706
Other underwriting income	-	437	100	81	618
TOTAL REVENUES	138,481	573,178	8,819	14,214	734,692
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid and loss adjustment expenses	(103,231)	(402,946)	(59,074)	(2,280)	(567,531)
Surrender and maturities	-	-	-	(921)	(921)
Re-takaful / reinsurance share of claims paid	-	2,816	59,539	1,581	63,936
Net claims and other benefits paid	(103,231)	(400,130)	465	(1,620)	(504,516)
Changes in outstanding claims, net	(30,482)	11,727	36	92	(18,627)
Changes in incurred but not reported (IBNR) claims, net	29,475	(46,098)	2	(677)	(17,298)
Net claims and other benefits incurred	(104,238)	(434,501)	503	(2,205)	(540,441)
Change in unit linked liabilities at FVSI	-	-	-	(5,320)	(5,320)
Policy acquisition costs	(11,416)	(11,688)	(2,057)	(1,021)	(26,182)
Other underwriting expenses	(2,230)	(4,598)	(1,397)	(97)	(8,322)
TOTAL UNDERWRITING COSTS AND EXPENSES	(117,884)	(450,787)	(2,951)	(8,643)	(580,265)
NET UNDERWRITING INCOME	20,597	122,391	5,868	5,571	154,427
OTHER OPERATING EXPENSES					
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	-	-	-	-	(32,874)
General and administrative expenses	-	-	-	-	(56,793)
Special commission income	-	-	-	-	16,226
Net gains on investments mandatorily measured at FVSI	-	-	-	-	2,467
Dividend income	-	-	-	-	1,399
Impairment loss on financial assets	-	-	-	-	58
Other income	-	-	-	-	593
NET INCOME FOR THE PERIOD BEFORE ZAKAT					85,503

12. OPERATING SEGMENTS (continued)

For the nine month period ended September 30, 2019
(Unaudited)

Operating segments	Medical	Motor	Property & Casualty	Protection & Savings	Total
	SAR'000				
REVENUES					
Gross contributions written	390,482	1,421,230	90,287	69,617	1,971,616
Re-takaful / reinsurance contributions ceded	-	(1,860)	(54,270)	(10,835)	(66,965)
Excess of loss expenses (XOL)	-	(4,348)	(1,188)	-	(5,536)
Net contributions written	390,482	1,415,022	34,829	58,782	1,899,115
Changes in unearned contributions, net	139,462	(7,534)	(13,487)	1,232	119,673
Net contributions earned	529,944	1,407,488	21,342	60,014	2,018,788
Re-takaful / reinsurance commission income	-	512	6,079	-	6,591
Other underwriting income	(203)	396	137	1,237	1,567
TOTAL REVENUES	529,741	1,408,396	27,558	61,251	2,026,946
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid and loss adjustment expenses	(530,829)	(1,000,338)	(296,976)	(8,664)	(1,836,807)
Surrender and maturities	-	-	-	(5,704)	(5,704)
Re-takaful / reinsurance share of claims paid	-	4,750	295,209	5,599	305,558
Net claims and other benefits paid	(530,829)	(995,588)	(1,767)	(8,769)	(1,536,953)
Changes in outstanding claims, net	29,406	(47,154)	(101)	(1,753)	(19,602)
Changes in incurred but not reported (IBNR) claims, net	(100,967)	25,231	286	(6,060)	(81,510)
Contribution deficiency reserve	(23,381)	-	(1,038)	-	(24,419)
Net claims and other benefits incurred	(625,771)	(1,017,511)	(2,620)	(16,582)	(1,662,484)
Change in unit linked liabilities at FVSI, net	-	-	-	(17,919)	(17,919)
Policy acquisition costs	(41,709)	(31,391)	(6,941)	(6,773)	(86,814)
Other underwriting expenses	(5,730)	(10,952)	(310)	(346)	(17,338)
TOTAL UNDERWRITING COSTS AND EXPENSES	(673,210)	(1,059,854)	(9,871)	(41,620)	(1,784,555)
NET UNDERWRITING INCOME	(143,469)	348,542	17,687	19,631	242,391
OTHER OPERATING EXPENSES					
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	-	-	-	-	(12,859)
General and administrative expenses	-	-	-	-	(174,343)
Special commission income	-	-	-	-	54,633
Net gains on investments mandatorily measured at FVSI	-	-	-	-	10,546
Dividend income	-	-	-	-	5,409
Impairment loss on financial assets	-	-	-	-	59
Other income	-	-	-	-	1,191
NET INCOME FOR THE PERIOD BEFORE ZAKAT					127,027

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

12. OPERATING SEGMENTS (continued)

Operating segments	For the nine month period ended September 30, 2018				Total
	(Unaudited)				
	Medical	Motor	Property & casualty	Protection & Savings	
	SAR'000				
REVENUES					
Gross contributions written	463,662	1,751,267	86,940	55,367	2,357,236
Re-takaful / reinsurance contributions ceded	(1,056)	(7,154)	(63,387)	(8,553)	(80,150)
Excess of loss expenses (XOL)	-	(7,594)	(1,747)	-	(9,341)
Net contributions written	462,606	1,736,519	21,806	46,814	2,267,745
Changes in unearned contributions, net	(79,538)	(13,189)	(4,003)	(1,987)	(98,717)
Net contributions earned	383,068	1,723,330	17,803	44,827	2,169,028
Re-takaful / reinsurance commission income	37	1,104	10,040	-	11,181
Other underwriting income	(4)	5,820	233	863	6,912
TOTAL REVENUES	383,101	1,730,254	28,076	45,690	2,187,121
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid and loss adjustment expenses	(281,924)	(1,270,581)	(79,359)	(4,892)	(1,636,756)
Surrender and maturities	-	-	-	(2,601)	(2,601)
Re-takaful / reinsurance share of claims paid	-	4,843	76,160	3,523	84,526
Net claims and other benefits paid	(281,924)	(1,265,738)	(3,199)	(3,970)	(1,554,831)
Changes in outstanding claims, net	(6,025)	712	2,254	(412)	(3,471)
Changes in incurred but not reported (IBNR) claims, net	(13,082)	(146,999)	491	(1,543)	(161,133)
Net claims and other benefits incurred	(301,031)	(1,412,025)	(454)	(5,925)	(1,719,435)
Change in unit linked liabilities at FVSI	-	-	-	(14,755)	(14,755)
Policy acquisition costs	(28,616)	(45,483)	(5,766)	(4,846)	(84,711)
Other underwriting expenses	(6,797)	(13,168)	(2,227)	(31)	(22,223)
TOTAL UNDERWRITING COSTS AND EXPENSES	(336,444)	(1,470,676)	(8,447)	(25,557)	(1,841,124)
NET UNDERWRITING INCOME	46,657	259,578	19,629	20,133	345,997
OTHER OPERATING EXPENSES					
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable					(43,773)
General and administrative expenses					(172,267)
Special commission income					47,749
Net gains on investments mandatorily measured at FVSI					6,796
Dividend income					3,413
Impairment loss on financial assets					(322)
Other income					1,711
NET INCOME FOR THE PERIOD BEFORE ZAKAT					189,305

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	
	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	SAR'000			
Major shareholders				
Gross contribution written	678,187	796,868	247,603	249,872
Claims paid	475,969	750,419	(2,202)	(2,172)
Claims incurred and notified during the period	391,664	562,626	(124,445)	(148,001)
Reimbursement from related party	-	340	-	-
Bank Balance	-	-	422,876	274,705
Investment in shares of Al Rajhi Banking and Investment Corporation	-	-	28,827	25,901
Entities controlled, jointly controlled or significantly influenced by related parties				
Gross contribution written	2,199	41,120	3,053	3,382
Claims paid	2,099	74,861	-	-
Claims incurred and notified during the period	2,501	292,158	(466)	(277,417)
Investments managed by affiliates	24,500	10,291	127,055	95,500
Income received from sale of investment in Al Rajhi Capital commodity fund	5,962	4,758	-	-
Investment management fee paid to Al Rajhi Capital	2,106	2,518	-	-

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

	For the period ended	
	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
	SAR'000	
Salaries and other allowances	5,515	4,470
End of service benefits	2,267	2,161
	<u>7,782</u>	<u>6,631</u>
Shariah committee remuneration	<u>188</u>	<u>195</u>

14. ZAKAT AND INCOME TAX

A summary of Movement in the Zakat and income tax accrued during the nine month period ended 30 September 2019 and the year ended 31 December 2018 are as follows:

	Zakat payable	
	September 30, 2019	December 31, 2018
	(Unaudited) SR '000	(Audited) SR '000
Balance at beginning of the year	33,689	26,490
Provided during the period / year	17,100	19,500
Payments during the period / year	(15,457)	(12,301)
Balance at end of the period / year	<u>35,332</u>	<u>33,689</u>

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(b)) has the following impact on the line items of interim statement of income, comprehensive income and shareholders equity

Interim statement of income (Unaudited)

Account	SAR '000	
	As previously stated for three months ended September 30, 2018	As previously stated for nine months ended September 30, 2018
	Net income for the period attributable to the shareholders before Zakat	77,410
Effect of restatement relating to zakat (Zakat charge for the period)	(6,300)	(14,500)
Net income for the period after Zakat	<u>71,110</u>	<u>157,155</u>

Interim statement of comprehensive income (unaudited)

Account	SAR '000	
	As previously stated for three months ended September 30, 2018	As previously stated for nine months ended September 30, 2018
	Total comprehensive income for the period before zakat	81,861
Effect of restatement relating to zakat (Zakat charge for the period)	(6,300)	(14,500)
Total comprehensive income for the period	<u>75,561</u>	<u>181,236</u>

14. ZAKAT AND INCOME TAX (continued)

Interim statement of changes in shareholders' equity (Unaudited)

Account	SAR '000		
	As previously stated	Effect of restatement relating to zakat	As restated
Net income for the period nine months ended September 30, 2018	171,655	(14,500)	157,155

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

Account	SAR		
	As previously stated	Effect of restatement relating to zakat	As restated
Basic and diluted earning per share for the three month period ended September 30, 2018	1.94	(0.16)	1.78
Basic and diluted earning per share for the nine month period ended September 30, 2018	4.29	(0.36)	3.93

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:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	SAR'000	SAR'000
At the beginning of the period/ year	52,336	30,595
Net changes in reserve during the period/ year	17,905	20,784
Net change in fair values during the period/ year	3,485	957
At the end of the period/ year	73,726	52,336

16. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 400 million at September 30, 2019 (December 31, 2018: SAR 400 million) consisting of 40 million shares (December 31, 2018: 40 million shares) of SAR 10 each.

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

	September 30, 2019 (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, 2018 (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

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 September 30, 2019 consists of paid-up share capital of SAR 400 million, statutory reserves of SAR 114.5 million and retained earnings of SAR 346.5 million (December 31, 2018: paid-up share capital of SAR 400 million, statutory reserves of SAR 91.3 million and retained earnings of SAR 270.7 million.) in the statement of financial position

18. EARNINGS PER SHARE ("EPS")

Earnings per share for the period ended September 30, 2019 and year ended December 31, 2018 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 September 30, 2019 and December 31, 2018.

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

19. SUPPLEMENTARY INFORMATION
19.1 Interim Statement of financial position

	SAR '000					
	September 30, 2019 - (Unaudited)		December 31, 2018 (Audited)			
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
ASSETS:						
Cash and cash equivalents	441,230	116,884	558,114	369,797	122,385	492,182
Contributions and re-takaful / reinsurance balances receivable - net	393,572	-	393,572	456,575	-	456,575
Re-takaful / reinsurance share of unearned contributions	90,296	-	90,296	88,458	-	88,458
Re-takaful / reinsurance share of outstanding claims	102,777	-	102,777	371,580	-	371,580
Re-takaful / reinsurance share of outstanding claims IBNR	11,903	-	11,903	13,411	-	13,411
Re-takaful / reinsurance share of mathematical reserve at FVSI	96	-	96	109	-	109
Deferred policy acquisition costs	45,548	-	45,548	60,868	-	60,868
Investments mandatorily measured at FVSI	161,876	6,223	168,099	129,853	33,975	163,828
Investments designated as FVOCI	27,282	132,473	159,755	25,327	130,135	155,462
Due (to)/ from shareholders' / takaful operations	(273,229)	273,229	-	(401,888)	401,888	-
Investments held at amortised cost	1,498,734	314,921	1,813,655	1,703,637	85,009	1,788,646
Prepayments and other assets	123,663	62,828	186,491	39,785	29,817	69,602
Property and equipment	-	16,174	16,174	-	18,713	18,713
Statutory deposit	-	39,969	39,969	-	39,968	39,968
Accrued income on statutory deposit	-	120	120	-	3,439	3,439
Right-of-use assets	-	10,593	10,593	-	-	-
TOTAL ASSETS	2,623,748	973,414	3,597,162	2,857,512	865,329	3,722,841

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			
	September 30, 2019 - (Unaudited)	December 31, 2018 (Audited)		Total
	Takaful operations	Shareholders' operations	Takaful operations	Shareholders' operations
LIABILITIES:				
Payable, accruals and other liabilities	84,564	31,027	94,045	38,063
Re-takaful / reinsurance balances payable	58,061	-	56,127	-
Unearned contributions	1,184,797	-	1,302,633	-
Unearned re-takaful / reinsurance commission income	8,067	-	6,002	-
Gross outstanding claims	314,897	-	564,096	-
Claim Incurred but not reported	820,750	-	731,714	-
Contribution deficiency reserve	24,419	-	9,034	-
Unit linked liabilities at FVSI	73,726	-	52,336	-
End-of-service benefits	-	18,068	-	15,119
Provision for zakat and income tax	-	35,332	-	33,689
Payables to SAMIA	-	4,830	-	4,346
Lease obligations	-	8,247	-	-
	2,569,281	97,504	2,815,987	91,217
	58,223	-	47,236	-
Takaful operations' surplus payable				
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	2,627,504	97,504	2,863,223	91,217
EQUITY:				
Share capital	-	400,000	-	400,000
Statutory reserve	-	114,510	-	91,302
Retained earnings	-	346,465	-	270,733
Remeasurement reserve for EOSB	-	(187)	-	(187)
Fair value reserve - Investments designated as FVOCI	(3,756)	15,122	(5,711)	12,264
TOTAL EQUITY	(3,756)	875,910	(5,711)	774,112
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND EQUITY	2,623,748	973,414	2,857,512	865,329
COMMITMENTS AND CONTINGENCIES	16,978	-	14,437	-

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					
	September 30, 2019			September 30, 2018		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
REVENUES						
Gross contributions written	583,385	-	583,385	703,387	-	703,387
Re-takaful / reinsurance contributions ceded - domestic	(1,274)	-	(1,274)	(444)	-	(444)
Re-takaful / reinsurance contributions ceded - foreign	(30,925)	-	(30,925)	(27,615)	-	(27,615)
Excess of loss expenses – foreign	(2,304)	-	(2,304)	(3,114)	-	(3,114)
Net contributions written	548,882	-	548,882	672,214	-	672,214
Changes in unearned contributions, net	91,285	-	91,285	56,154	-	56,154
Net contributions earned	640,167	-	640,167	728,368	-	728,368
Re-takaful / reinsurance commission income	2,652	-	2,652	5,706	-	5,706
Other underwriting income	464	-	464	618	-	618
TOTAL REVENUES	643,283	-	643,283	734,692	-	734,692
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and loss adjustment expenses	(480,564)	-	(480,564)	(551,911)	-	(551,911)
Surrenders and maturities	(2,696)	-	(2,696)	(921)	-	(921)
Expenses incurred related to claims	(14,506)	-	(14,506)	(15,620)	-	(15,620)
Reinsurers' share of claims paid	2,041	-	2,041	63,936	-	63,936
Net claims and other benefits paid	(495,725)	-	(495,725)	(504,516)	-	(504,516)
Changes in outstanding claims, net	24,652	-	24,652	(18,627)	-	(18,627)
Changes in incurred but not reported (IBNR) claims, net	(38,918)	-	(38,918)	(17,298)	-	(17,298)
Change in contribution deficiency reserve	23,381	-	23,381	-	-	-
Net claims and other benefits incurred	(486,610)	-	(486,610)	(540,441)	-	(540,441)
Change in unit linked liabilities at FVSI, net	(5,173)	-	(5,173)	(5,320)	-	(5,320)
Policy acquisition costs	(30,678)	-	(30,678)	(26,182)	-	(26,182)
Other underwriting expenses	(3,474)	-	(3,474)	(8,322)	-	(8,322)
TOTAL UNDERWRITING COSTS AND EXPENSES	(525,935)	-	(525,935)	(580,265)	-	(580,265)
NET UNDERWRITING INCOME	117,348	-	117,348	154,427	-	154,427
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts - contribution and retakaful / reinsurance balances receivable	(9,535)	-	(9,535)	(32,874)	-	(32,874)
Management fee for administration of takaful operations	(63,771)	63,771	-	(56,793)	56,793	-
General and administrative expenses	-	(63,771)	(63,771)	-	(56,793)	(56,793)
Special commission income	14,066	3,418	17,484	14,606	1,620	16,226
Net gains on investments mandatorily measured at FVSI	2,276	544	2,820	1,563	904	2,467
Dividend income	-	2,007	2,007	-	1,399	1,399
Reversal / (Impairment loss) of impairment loss	(77)	22	(55)	4	54	58
Other income	-	312	312	-	593	593
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(57,041)	6,303	(50,738)	(73,494)	4,570	(68,924)
NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF MANAGEMENT FEE	60,307	6,303	66,610	80,933	4,570	85,503
Management fee attributable to shareholders' operations	(54,277)	54,277	-	(72,840)	72,840	-
NET INCOME FOR THE PERIOD AFTER ATTRIBUTION OF MANAGEMENT FEE	6,030	60,580	66,610	8,093	77,410	85,503
Provision for zakat	-	(6,600)	(6,600)	-	(6,300)	(6,300)
Net income for the period after zakat	6,030	53,980	60,010	8,093	71,110	79,203

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

19. SUPPLEMENTARY INFORMATION (continued)

19.2 Interim Statement of income (continued)

(For the nine month period ended)

	SAR '000					
	September 30, 2019			September 30, 2018		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
REVENUES						
Gross contributions written	1,971,616	-	1,971,616	2,357,236	-	2,357,236
Re-takaful / reinsurance contributions ceded - domestic	(2,085)	-	(2,085)	(1,044)	-	(1,044)
Re-takaful / reinsurance contributions ceded - foreign	(64,880)	-	(64,880)	(79,106)	-	(79,106)
Excess of loss expenses – foreign	(5,536)	-	(5,536)	(9,341)	-	(9,341)
Net contributions written	1,899,115	-	1,899,115	2,267,745	-	2,267,745
Changes in unearned contributions, net	119,673	-	119,673	(98,717)	-	(98,717)
Net contributions earned	2,018,788	-	2,018,788	2,169,028	-	2,169,028
Re-takaful / reinsurance commission income	6,591	-	6,591	11,181	-	11,181
Other underwriting income	1,567	-	1,567	6,912	-	6,912
TOTAL REVENUES	2,026,946	-	2,026,946	2,187,121	-	2,187,121
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and loss adjustment expenses	(1,789,231)	-	(1,789,231)	(1,587,966)	-	(1,587,966)
Surrenders and maturities	(5,704)	-	(5,704)	(2,601)	-	(2,601)
Expenses incurred related to claims	(47,576)	-	(47,576)	(48,790)	-	(48,790)
Reinsurers' share of claims paid	305,558	-	305,558	84,526	-	84,526
Net claims and other benefits paid	(1,536,953)	-	(1,536,953)	(1,554,831)	-	(1,554,831)
Changes in outstanding claims, net	(19,602)	-	(19,602)	(3,471)	-	(3,471)
Changes in incurred but not reported (IBNR) claims, net	(81,510)	-	(81,510)	(161,133)	-	(161,133)
Change in contribution deficiency reserve	(24,419)	-	(24,419)	-	-	-
Net claims and other benefits incurred	(1,662,484)	-	(1,662,484)	(1,719,435)	-	(1,719,435)
Change in unit linked liabilities at FVSI, net	(17,919)	-	(17,919)	(14,755)	-	(14,755)
Policy acquisition costs	(86,814)	-	(86,814)	(84,711)	-	(84,711)
Other underwriting expenses	(17,338)	-	(17,338)	(22,223)	-	(22,223)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,784,555)	-	(1,784,555)	(1,841,124)	-	(1,841,124)
NET UNDERWRITING INCOME	242,391	-	242,391	345,997	-	345,997
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	(12,859)	-	(12,859)	(43,773)	-	(43,773)
Management fee for administration of takaful operations	(174,343)	174,343	-	(172,267)	172,267	-
General and administrative expenses	-	(174,343)	(174,343)	-	(172,267)	(172,267)
Special commission income	45,763	8,870	54,633	41,782	5,967	47,749
Net gains on investments mandatorily measured at FVSI	8,798	1,748	10,546	5,081	1,715	6,796
Dividend income	-	5,409	5,409	-	3,413	3,413
Reversal / (Impairment loss) of impairment loss	124	(65)	59	(317)	(5)	(322)
Other income	-	1,191	1,191	-	1,711	1,711
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(132,517)	17,153	(115,364)	(169,493)	12,801	(156,692)
NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF MANAGEMENT FEE	109,874	17,153	127,027	176,504	12,801	189,305
Management fee attributable to shareholders' operations	(98,887)	98,887	-	(158,854)	158,854	-
NET INCOME FOR THE PERIOD AFTER ATTRIBUTION OF MANAGEMENT FEE	10,987	116,040	127,027	17,650	171,655	189,305
Provision for zakat	-	(17,100)	(17,100)	-	(14,500)	(14,500)
Net income for the period after zakat	10,987	98,940	109,927	17,650	157,155	174,805

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					
	September 30, 2019			September 30, 2018		
			Restated			
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net income after attribution of management fee to shareholders' operations	6,030	53,980	60,010	8,093	71,110	79,203
Other comprehensive income / (loss) :						
Items that will not be reclassified to statement of income in subsequent periods						
- Net change in fair value in investments designated as FVOCI	279	(8,731)	(8,452)	(2,576)	(1,066)	(3,642)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,309	45,249	51,558	5,517	70,044	75,561

	For the nine month period ended					
	(Unaudited)					
	SAR '000					
	September 30, 2019			September 30, 2018		
			Restated			
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net income after attribution of management fee to shareholders' operations	10,987	98,940	109,927	17,650	157,155	174,805
Other comprehensive income / (loss) :						
Items that will not be reclassified to statement of income in subsequent periods						
- Net change in fair value in investments designated as FVOCI	1,955	2,858	4,813	(6,146)	12,577	6,431
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,942	101,798	114,740	11,504	169,732	181,236

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

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

	SAR '000					
	September 30, 2019		September 30, 2018			
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the period before zakat	10,987	116,040	127,027	17,650	171,655	189,305
Adjustments for non-cash items:						
Depreciation of property and equipment	-	6,440	6,440	-	5,846	5,846
Depreciation of right-of-use assets	-	4,310	4,310	172,267	(172,267)	-
Management fee for administration of takaful operations	174,343	(174,343)	-	158,854	(158,854)	-
Management fee attributable to shareholders' operations	98,886	(98,886)	-	-	-	-
Allowance for doubtful debts - contribution and retakaful / reinsurance balances receivable	12,867	-	12,867	43,773	-	43,773
Unrealized gain on investments mandatorily measured at FVSI	(3,549)	177	(3,372)	(1,900)	(61)	(1,961)
Reversal / Impairment of impairment of investments held at amortised cost	(124)	65	(59)	317	5	322
Provision for end-of-service benefits	-	4,124	4,124	-	3,634	3,634
	293,410	(142,073)	151,337	390,960	(150,042)	240,918
Changes in operating assets and liabilities:						
Contributions and re-takaful balances receivable	50,136	-	50,136	(354,254)	-	(354,254)
Re-takaful / reinsurance share of unearned contributions	(1,838)	-	(1,838)	(10,941)	-	(10,941)
Re-takaful / reinsurance share of outstanding claims	268,803	-	268,803	(216,274)	-	(216,274)
Re-takaful / reinsurance share of claims incurred but not reported	1,508	-	1,508	-	-	-
Re-takaful / reinsurance share of financial liabilities at FVSI	13	-	13	5	-	5
Deferred policy acquisition costs	15,320	-	15,320	(20,845)	-	(20,845)
Prepayments and other assets	(83,878)	(33,011)	(116,889)	361	(14,934)	(14,573)
Other assets	-	-	-	(2,404)	-	(2,404)
Right-of-use assets	-	(14,903)	(14,903)	-	-	-
Accrued income on statutory deposit	-	(483)	(483)	-	(648)	(648)
Payable to SAMA	-	484	484	-	648	648
Payable, accruals and other liabilities	(9,481)	(7,036)	(16,517)	50,520	2,221	52,741
Financial liabilities at FVSI	21,390	-	21,390	10,558	-	10,558
Re-takaful / reinsurance balances payable	1,934	-	1,934	(9,598)	-	(9,598)
Unearned contributions	(117,836)	-	(117,836)	109,657	-	109,657
Unearned re-takaful / reinsurance commission	2,065	-	2,065	223	-	223

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
	September 30, 2019		September 30, 2018	
Gross outstanding claims	(249,199)	-	(249,199)	380,878
Claims Incurred but not reported	89,036	-	89,036	-
Contribution deficiency reserve	15,385	-	15,385	-
Lease obligations	-	8,247	8,247	-
Deposit against letters of guarantee	(2,541)	-	(2,541)	(284)
Management fee (paid) / received	294,227	(188,775)	105,452	328,562
Zakat paid	(401,888)	401,888	-	(343,709)
End-of-service benefits paid	-	(15,457)	(15,457)	-
Net cash generated from operating activities	(107,661)	196,481	88,820	(15,147)
				168,063
				152,916
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments mandatorily measured at FVSI	(1,019,436)	(435,000)	(1,454,436)	(974,403)
Disposals of investments mandatorily measured at FVSI	990,962	462,575	1,453,537	962,017
Purchase of investments designated as FVOCI	-	-	-	(31,038)
Disposals of investments designated as FVOCI	-	-	-	-
Movement in cash balance in equity share portfolio	-	520	520	-
Purchase of investments held at amortised cost	(700,000)	(545,001)	(1,245,001)	(790,000)
Disposal of investments held at amortised cost	905,000	315,000	1,220,000	220,000
Additions in property and equipment	-	(3,901)	(3,901)	-
Net cash (used in) investing activities	176,526	(205,807)	(29,281)	(613,424)
				(166,015)
				(779,439)
CASH FLOWS FROM FINANCING ACTIVITIES				
Due (to) / from shareholders / takaful operations	-	-	-	205,251
Net cash generated from / (used in) financing activities	-	-	-	205,251
Net change in cash and cash equivalents	68,865	(9,326)	59,539	(423,320)
Cash and cash equivalents, beginning of the period	355,425	121,515	476,940	566,460
Cash and cash equivalents, end of the period	424,290	112,189	536,479	143,140
				47,116
				190,256
NON-CASH INFORMATION				
Changes in fair value of investments designated as FVOCI	1,955	2,858	4,813	(6,146)
				12,577
				6,431

20. APPROVAL OF THE FINANCIAL STATEMENTS

These Interim financial statements were approved by the Board of Directors of the Company, on Safar 28, 1441, corresponding October 27, 2019.