
SABB TAKAFUL COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2019**

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF SABB TAKAFUL COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of SABB Takaful Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2019, and the interim statements of income and comprehensive income for the three month period then ended, and interim statements of changes in shareholders' equity and cash flows for the three month 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 modified by Saudi Arabian Monetary Authority (SAMA) for the accounting for zakat and income taxes. 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, "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, 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 modified by SAMA for the accounting for zakat and income taxes.

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May 12, 2019
(Ramadan 7, 1440H)



SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
	Notes		
ASSETS			
Cash and cash equivalents	5	232,696	244,019
Contributions and retakaful receivables, net	4	13,494	12,650
Retakaful share of unearned contributions	7(b)	11,004	6,969
Retakaful share of outstanding claims	6	54,429	57,730
Deferred policy acquisition costs		702	1,019
Investments			
Available-for-sale financial assets	3	375,782	352,115
Held-to-maturity financial assets	3	141,476	120,899
Prepaid expenses and other assets		2,752	1,232
Fixed assets		128	146
Intangible assets		2,202	1,859
Statutory deposit		34,000	34,000
Accrued income on statutory deposit		3,742	3,509
TOTAL ASSETS		872,407	836,147

The accompanying notes 1 to 15 form an integral part of these interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
	<i>Notes</i>		
<u>LIABILITIES</u>			
Accrued and other liabilities		23,662	19,378
Provision for zakat and income tax	<i>11</i>	7,585	6,034
Retakaful balances payable		14,288	5,880
Unearned contributions	<i>7(b)</i>	12,880	9,565
Unearned retakaful commission		2,158	2,290
Gross outstanding claims	<i>6</i>	67,320	71,186
Unexpired risk reserve	<i>7(d)</i>	2,001	2,991
Non-unit reserve	<i>7(c)</i>	5,127	5,579
Provision for employees' end-of-service benefits		5,277	4,916
Surplus distribution payable		6,593	6,593
Reserve for takaful activities	<i>7(a), 3(c)</i>	375,782	352,115
Accrued income on statutory deposit		3,742	3,509
TOTAL LIABILITIES		526,415	490,036
Takaful operations' surplus		-	-
TOTAL LIABILITIES AND TAKAFUL OPERATIONS' SURPLUS		526,415	490,036
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	<i>12</i>	340,000	340,000
Statutory reserve		14,788	14,788
Remeasurements of retirement benefit obligations		(303)	(213)
Accumulated losses		(8,493)	(8,464)
TOTAL EQUITY		345,992	346,111
TOTAL LIABILITIES, TAKAFUL OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		872,407	836,147

The accompanying notes 1 to 15 form an integral part of these interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three month period ended 31 March 2019

	<i>Three months ended 31 March 2019 SAR'000</i>	<i>Three months ended 31 March 2018 SAR'000</i>
<i>Note</i>		
<u>REVENUES</u>		
Gross contributions written		
- Family Takaful	28,452	29,111
- General Takaful	10,859	5,366
Gross contributions written	39,311	34,477
Retakaful contribution ceded		
- Local retakaful contribution ceded	(1,694)	(2,045)
- Foreign retakaful contribution ceded	(15,127)	(9,089)
Planholder charges	3,750	4,184
Net contributions written	26,240	27,527
Changes in gross unearned contributions	(3,315)	2,630
Changes in retakaful share of unearned contributions	4,035	(936)
Net contributions earned	26,960	29,221
Fees and commission income	1,113	1,323
Total revenue	28,073	30,544
<u>UNDERWRITING COSTS AND EXPENSES</u>		
Gross claims paid	(5,340)	(5,807)
Retakaful share of claims paid	4,314	4,200
Surrenders and maturities	(18,603)	(25,360)
Net claims and other benefits paid	(19,629)	(26,967)
Changes in outstanding claims, net	1,218	(109)
Changes in IBNR, net	(653)	404
Net claims and other benefits incurred	(19,064)	(26,672)
Changes in reserve for takaful activities	163	6,134
Changes in non-unit reserve	452	(145)
Changes in unexpired risk reserve	990	1,169
Policy acquisition costs	(1,060)	(1,015)
Total underwriting costs and expenses	(18,519)	(20,529)
Net underwriting income	9,554	10,015
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>		
General and administrative expenses	(11,187)	(11,970)
Rebate income	330	452
Income from deposits	1,724	1,074
Income from sukuk	1,101	1,029
TOTAL OTHER OPERATING EXPENSES, NET	(8,032)	(9,415)
Total income for the period	1,522	600
Total income for the period attributed to the takaful operations	-	-
Income for the period attributable to the shareholders	1,522	600
Earnings per share (SAR per share)	0.04	0.02

The accompanying notes 1 to 15 form an integral part of these interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three month period ended 31 March 2019

	Notes	Three months ended 31 March 2019 SAR'000	Three months ended 31 March 2018 SAR'000
Total income for the period		1,522	600
Other comprehensive income			
<i>Items that will be reclassified to interim statement of income in subsequent periods</i>			
- Fair value change in available for sale investments – unrealized	3(c)	27,580	9,587
- Fair value change in reserve for takaful activities – unrealized	7(a)	(27,580)	(9,587)
<i>Items that will not be reclassified to interim statement of income in subsequent periods</i>			
- Remeasurements of retirement benefit obligations		(90)	(11)
Total comprehensive income for the period		1,432	589

The accompanying notes 1 to 15 form an integral part of these interim condensed financial information

SABB Takaful Company (A Saudi Joint Stock Company)

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)**

For the three month period ended 31 March 2019

	<i>Share Capital</i> SAR'000	<i>Statutory Reserve</i> SAR'000	<i>Remeasurements of retirement benefit obligations</i> SAR'000	<i>Accumulated Losses</i> SAR'000	<i>Total</i> SAR'000
Balance as at 1 January 2019	340,000	14,788	(213)	(8,464)	346,111
Total comprehensive income for the year	-	-	-	1,522	1,522
Provision for zakat and income tax (Note 11)	-	-	-	(1,551)	(1,551)
Remeasurements of retirement benefit obligations	-	-	(90)	-	(90)
Balance as at 31 March 2019	<u>340,000</u>	<u>14,788</u>	<u>(303)</u>	<u>(8,493)</u>	<u>345,992</u>

	<i>Share Capital</i> SAR'000	<i>Statutory Reserve</i> SAR'000	<i>Remeasurements of retirement benefit obligations</i> SAR'000	<i>Accumulated Losses</i> SAR'000	<i>Total</i> SAR'000
Balance as at 1 January 2018	340,000	14,577	(175)	(3,275)	351,127
Total comprehensive income for the year	-	-	-	600	600
Provision for zakat and income tax (Note 11)	-	-	-	(1,538)	(1,538)
Remeasurements of retirement benefit obligations	-	-	(11)	-	(11)
Balance as at 31 March 2018	<u>340,000</u>	<u>14,577</u>	<u>(186)</u>	<u>(4,213)</u>	<u>350,178</u>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the three month period ended 31 March 2019

	Notes	Three months ended 31 March 2019 SAR'000	Three months ended 31 March 2018 SAR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		1,522	600
<u>Adjustment for non-cash items:</u>			
Amortisation		194	135
Depreciation		18	22
Income from sukuk		(1,101)	(1,029)
(Reversal)/ Provision of impairment on contribution and retakaful receivables		(216)	523
Provision for employees' end-of-service benefits		271	272
		<u>688</u>	<u>523</u>
Changes in operating assets and liabilities:			
Contributions and retakaful receivables, net		(628)	(2,702)
Retakaful share of unearned contributions		(4,035)	936
Retakaful share of outstanding claims		3,301	3,640
Deferred policy acquisition costs		317	93
Available-for-sale financial assets		(23,667)	731
Prepaid expenses and other assets		(1,520)	(133)
Accrued and other liabilities		4,284	6,366
Retakaful balances payable		8,408	5,147
Unearned contributions		3,315	(2,630)
Unearned retakaful commission		(132)	(318)
Gross outstanding claims		(3,866)	(3,935)
Unexpired risk reserve		(990)	(1,169)
Non-unit reserve		(452)	145
Reserve for takaful activities		23,667	(731)
		<u>8,690</u>	<u>5,963</u>
Employees' end-of-service benefits paid		-	(421)
Net cash from operating activities		<u>8,690</u>	<u>5,542</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of held-to-maturity financial assets		(20,366)	-
Income received from sukuk		890	829
Purchase of intangible assets		(537)	(106)
Net cash (used in)/ generated from investing activities		<u>(20,013)</u>	<u>723</u>
Net change in cash and cash equivalents		<u>(11,323)</u>	<u>6,265</u>
Cash and cash equivalents, at the beginning of the period	5	<u>244,019</u>	<u>239,099</u>
Cash and cash equivalents, at the end of the period	5	<u>232,696</u>	<u>245,364</u>
Non-cash supplemental information:			
Net change in fair value of available-for-sale investments		<u>27,580</u>	<u>9,587</u>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

1. ORGANISATION AND PRINCIPAL ACTIVITIES

SABB Takaful Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010234032 dated 20 Jumad Awal 1428H (corresponding to 6 June 2007). The Company is listed on Saudi Stock Exchange 'Tadawul'. The address of the registered office of the Company is P. O. Box 9086, Riyadh 11413, Kingdom of Saudi Arabia.

The purpose of the Company is to transact takaful operations and all related activities. Its principal lines of business include Individual Family (Protection and Savings – Individual), Group Family (Protection and Savings – Group) and General Takaful products. The Company operates only in the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES

a) Basis of presentation and measurement

The interim condensed financial information of the Company ("Company") has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

The interim condensed financial information has been prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and end of service benefits carried at present values using the actuarial valuation and reserves for takaful activities.

The interim statement of financial position is not presented using a current/non-current classification. However, the following items would generally be classified as non-current such as held-to-maturity investments, fixed assets, intangible assets, statutory deposit and provision for employees' end-of-service benefits. All other financial statement line items would generally be classified as current.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed financial information has been prepared on the going concern basis.

The Company presents its interim statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for takaful operations and shareholders' operations and presents the interim condensed financial information accordingly (Note 8). 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.

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 13 of the interim condensed financial information has been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance 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.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES (continued)

a) Basis of presentation and measurement (continued)

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

The interim condensed financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2018.

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 these interim condensed financial information, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements for the year ended 31 December 2018.

c) Significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the new standards and adoption of the amendments to existing standards mentioned below which have had either insignificant effect or no financial impact on the interim condensed financial information of the Company on the current period or prior periods and are expected to have a insignificant effect in future period:

Effective 1 January 2019 the Company has adopted a new accounting standard, the impact of the adoption of this standard is explained below:

The Company adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Company's Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES (continued)

b) Significant accounting policies (continued)

The Company elected to apply the standard to contracts that were previously identified as lease applying IAS 17 and IFRIC 4. The Company, therefore, did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Company elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. During the period the Company has performed an assessment of IFRS 16 and resolved that impact of difference as compared to leases accounted for applying IAS 17 & IFRIC 4 is not material to the Company's interim condensed financial information as a whole.

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting year beginning on 1 January 2019 and is currently assessing their impact:

- IFRS 9 - "Financial instruments", In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

During 2018, the Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance. The Company intends to apply the temporary exemption from IFRS 9 and, therefore, continue to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018 and through the year ended 31 December 2018.

The Company is eligible and have chosen to apply the temporary exemption under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. IASB through its amendments to IFRS 4 issued in September 2016 had allowed temporary exemption if a Company meets the following criteria:

- a) the Company has not previously applied any version of IFRS 9; and
- b) its activities are predominantly connected with insurance that is defined as total percentage of carrying amount of insurance liabilities is greater than 90% of its total liabilities.

During 2018, the Company performed a high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

- IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company has decided not to early adopt this new standard.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES (continued)

d) Functional and presentation currency

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

3. INVESTMENTS

- a) Investments comprise available-for-sale and held-to-maturity investments. An analysis of the investments is set out below:

31 March 2019 (Unaudited)			
SAR'000			
	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
<i>Available-for-sale investments – Quoted</i>			
Investment in Amanah Mutual Funds	375,782	-	375,782
<i>Held-to-maturity investments – Unquoted</i>			
General Authority of Civil Aviation Sukuk (GACA - I)	-	50,247	50,247
The National Industrialization Company Sukuk (TASNEE)	-	50,737	50,737
Bank AlBilad Sukuk	-	20,087	20,087
Ministry of Finance Sukuk (MOF-I)	-	10,065	10,065
Ministry of Finance Sukuk (MOF-II)	-	10,340	10,340
	-	141,476	141,476
Total investments	375,782	141,476	517,258

31 December 2018 (Audited)			
SAR'000			
	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
<i>Available-for-sale investments – Quoted</i>			
Investment in Amanah Mutual Funds	352,115	-	352,115
<i>Held-to-maturity investments – Unquoted</i>			
General Authority of Civil Aviation Sukuk (GACA - I)	-	50,580	50,580
The National Industrialization Company Sukuk (TASNEE)	-	50,230	50,230
Bank AlBilad Sukuk	-	20,089	20,089
	-	120,899	120,899
Total investments	352,115	120,899	473,014

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

3. INVESTMENTS (continued)

Available-for-sale investments in takaful operations represent investments in units of mutual funds managed by HSBC Saudi Arabia Limited, being a related party of the Company.

The maturity profile of held-to-maturity investments is as follows:

<i>Maturity profile</i>	<i>Maturity date</i>
- General Authority of Civil Aviation Sukuk (GACA - I)	18 January 2022
- The National Industrialization Company Sukuk (TASNEE)	21 May 2019
- Bank AlBilad Sukuk	30 August 2021
- Ministry of Finance Sukuk (MOF-I)	23 Jan 2024
- Ministry of Finance Sukuk (MOF-II)	23 Jan 2029

b) The fair value of held-to-maturity investments as at 31 March 2019 was SAR 141.48 million (31 December 2018: SAR 120.90 million).

c) The movement in the available-for-sale investments held to cover unit-linked liabilities was as follows:

	<i>31 March 2019 (Unaudited) SAR'000</i>	<i>31 December 2018 (Audited) SAR'000</i>
Opening balance	352,115	381,037
Purchased during the period/ year	18,440	77,971
Sold during the period/ year	(22,353)	(110,957)
	348,202	348,051
Net change in fair values of investments	27,580	4,064
Closing balance	375,782	352,115

The Company uses the following hierarchy methods for determining and disclosing the fair value of investments at the reporting period end:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company's available-for-sale and held to maturity investments are classified under Level 1 and Level 3 hierarchy respectively.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

4. CONTRIBUTIONS AND RETAKAFUL RECEIVABLES, NET

	31 March 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Policyholders	5,144	7,992
Reinsurers	4,877	7,220
Due from a shareholder (The Saudi British Bank)	5,832	13
	15,853	15,225
Provision for impairment	(2,359)	(2,575)
	13,494	12,650

Balances receivables from a shareholder is 0.04 % (31 December 2018: 0.09 %) of the gross receivables and the Company does not foresee any credit risk as the Bank has very good credit rating.

5. CASH AND CASH EQUIVALENTS

	31 March 2019 (Unaudited) SAR'000		
	Takaful Operations	Shareholders' Operations	Total
Bank balances	20,572	14,761	35,333
Murabaha deposits	30,951	166,412	197,363
	51,523	181,173	232,696

	31 December 2018 (Audited) SAR'000		
	Takaful Operations	Shareholders' Operations	Total
Bank balances	19,011	2,858	21,869
Murabaha deposits	30,696	191,454	222,150
	49,707	194,312	244,019

Bank balances are maintained with SABB Bank, a shareholder of the Company.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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6. OUTSTANDING CLAIMS

	<i>31 March 2019 (Unaudited)</i>		
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Family Takaful outstanding claims			
- Outstanding claims reserves	14,754	(10,931)	3,823
- Incurred but not reported reserve and other reserves	20,953	(15,393)	5,560
General Takaful outstanding claims			
- Outstanding claims reserves	26,690	(25,103)	1,587
- Incurred but not reported reserve and other reserves	4,923	(3,002)	1,921
Total outstanding claims	<u>67,320</u>	<u>(54,429)</u>	<u>12,891</u>
	<i>31 December 2018 (Audited)</i>		
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Family Takaful outstanding claims			
- Outstanding claims reserves	18,988	(14,033)	4,955
- Incurred but not reported reserve and other reserves	20,337	(15,679)	4,658
General Takaful outstanding claims			
- Outstanding claims reserves	27,302	(25,629)	1,673
- Incurred but not reported reserve and other reserves	4,559	(2,389)	2,170
Total outstanding claims	<u>71,186</u>	<u>(57,730)</u>	<u>13,456</u>

The outstanding claims include SAR 21.73 million as at 31 March 2019 (As at 31 December 2018: SAR 26.56 million) payable to the Bank.

7. RESERVE FOR TAKAFUL ACTIVITIES, NET UNEARNED CONTRIBUTION INCOME AND OTHER RESERVES

a) Movement in reserve for takaful activities

	<i>Three months ended</i>	<i>Year ended</i>
	<i>31 March 2019</i>	<i>31 December 2018</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SAR'000</i>	<i>SAR'000</i>
Balance as at the beginning of the period/year	352,115	381,037
Changes in reserve during the period/year	(163)	(17,983)
Planholder charges	(3,750)	(15,003)
Net change in fair value of investments	27,580	4,064
Balance as at the end of the period/year	<u>375,782</u>	<u>352,115</u>

The reserve for takaful activities represents the unit linked takaful plan reserve.

SABB Takaful Company (A Saudi Joint Stock Company)

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7. RESERVE FOR TAKAFUL ACTIVITIES, NET UNEARNED CONTRIBUTION INCOME AND OTHER RESERVES (continued)

b) Movement in net unearned contribution

	<i>Three months ended 31 March 2019</i>		
	<i>(Unaudited)</i>		
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Balance as at the beginning of the period	9,565	(6,969)	2,596
Contribution written during the period	20,870	(16,605)	4,265
Contribution earned during the period	(17,555)	12,570	(4,985)
Balance as at the end of the period	12,880	(11,004)	1,876

	<i>Year ended 31 December 2018</i>		
	<i>(Audited)</i>		
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Balance as at the beginning of the year	14,389	(10,802)	3,587
Contribution written during the year	61,995	(41,423)	20,572
Contribution earned during the year	(66,819)	45,256	(21,563)
Balance as at the end of the year	9,565	(6,969)	2,596

c) Non-unit reserve

As at 31 March 2019, the Company has recorded a non-unit reserve of SAR 5.1 million (31 December 2018: SAR 5.6 million) pertaining to the individual family segment. The reserve is calculated based on the present value of future assumed expenses less the present value of future income arising from charges on all individual family policies.

d) Unexpired risk reserve

This reserve comprises of an expense overrun reserve of SAR 0.39 million (31 December 2018: SAR 0.57 million) and premium deficiency reserve of SAR 1.61 million (31 December 2018: SAR 2.42 million) pertaining to group family and general takaful segments respectively.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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8. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's gross contributions written, net contributions written and planholder charges, net contributions earned and planholder charges, fees and commission income, net claims incurred, surrenders and maturities, policy acquisition costs, underwriting surplus, investment income, general and administrative expenses, net surplus, surplus from takaful operations after shareholders' appropriation, net profit, amortisation, depreciation, purchase of intangible assets and fixed assets, intangible assets, fixed assets, available-for-sale investments, contribution receivables, net, retakaful share of outstanding claims and unearned contributions, deferred policy acquisition costs, cash and cash equivalents, retakaful balances receivable, held-to-maturity investments, statutory deposit, total assets, reserve for takaful activities, gross unearned contributions, unearned commission income, gross outstanding claims, retakaful balances payable, unexpired risk reserve, non-unit reserve, provision for employees' end-of-service benefits and total liabilities, by business segment, are stated below.

Segment assets do not include prepayments and other receivables and investment return from statutory deposits. Accordingly they are included in unallocated assets.

Segment liabilities do not include surplus distribution payable, provision for zakat and income tax, payables, accruals and others and investment return from statutory deposits. Accordingly they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are not separately reported to chief operating decision maker under the related segments and are monitored on centralised basis.

	Shareholders' Operations SAR'000	Individual Family (Protection & Savings) SAR'000	Group Family (Protection & Savings) SAR'000	General Takaful SAR'000	Total SAR'000
For the three month period ended 31 March 2019					
Gross contributions written	-	18,441	10,011	10,859	39,311
Net contributions written	-	21,975	3,721	544	26,240
Net contributions earned	-	21,975	3,939	1,046	26,960
Fees and commission income	-	-	-	1,113	1,113
Total revenue	-	21,975	3,939	2,159	28,073
Net claims and other benefits incurred	-	(18,397)	(945)	278	(19,064)
Changes in reserve for takaful activities	-	163	-	-	163
Changes in non-unit reserve	-	452	-	-	452
Changes in unexpired risk reserve	-	-	176	814	990
Policy acquisition costs	-	(298)	(50)	(712)	(1,060)
Net underwriting income for the period	-	3,895	3,120	2,539	9,554
General and administrative expenses	(882)	(3,912)	(3,306)	(3,087)	(11,187)
Rebate income	-	330	-	-	330
Income from deposits	1,473	103	67	81	1,724
Income from sukuk	1,101	-	-	-	1,101
Total income for the period	1,692	416	(119)	(467)	1,522
Purchase of intangibles	537	-	-	-	537
Amortisation	194	-	-	-	194
Depreciation	18	-	-	-	18

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

8. SEGMENTAL INFORMATION (continued)

	Shareholders' Fund SAR'000	Individual Family (Protection & Savings) SAR'000	Group Family (Protection & Savings) SAR'000	General Takaful SAR'000	Total SAR'000
For the three months ended					
31 March 2018 (Unaudited)					
Gross written contribution	-	19,227	9,884	5,366	34,477
Net written contribution	-	23,163	3,669	695	27,527
Net contributions earned	-	23,163	4,194	1,864	29,221
Fees and commission income	-	-	-	1,323	1,323
Total revenue	-	23,163	4,194	3,187	30,544
Net claims and other benefits incurred	-	(25,958)	(35)	(679)	(26,672)
Changes in reserve for takaful activities	-	6,134	-	-	6,134
Changes in non-unit reserve	-	(145)	-	-	(145)
Changes in unexpired risk reserve	-	-	-	1,169	1,169
Policy acquisition costs	-	(283)	(94)	(638)	(1,015)
Net underwriting income for the period	-	2,911	4,065	3,039	10,015
General and administrative expenses	(458)	(4,040)	(3,884)	(3,588)	(11,970)
Rebate income	-	452	-	-	452
Income from deposits	989	40	41	4	1,074
Income from sukuk	1,029	-	-	-	1,029
Total income/(loss) for the period	1,560	(637)	222	(545)	600
Purchase of intangibles	106	-	-	-	106
Amortisation	135	-	-	-	135
Depreciation	22	-	-	-	22
31 March 2019					
Intangible assets	2,202	-	-	-	2,202
Fixed assets	128	-	-	-	128
Assets					
Cash and cash equivalents	181,173	26,608	10,944	13,971	232,696
Contributions and retakaful receivables, net	-	-	6,666	6,828	13,494
Retakaful share of unearned contributions	-	-	356	10,648	11,004
Retakaful share of outstanding claims	-	205	26,120	28,104	54,429
Deferred policy acquisition costs	-	-	68	634	702
Available-for-sale financial assets	-	375,782	-	-	375,782
Held-to-maturity financial assets	141,476	-	-	-	141,476
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	8,824
Total assets					872,407
Liabilities					
Retakaful balances payable	-	449	1,002	12,837	14,288
Unearned contributions	-	-	1,084	11,796	12,880
Unearned retakaful commission	-	-	-	2,158	2,158
Gross outstanding claims	-	1,047	34,659	31,614	67,320
Unexpired risk reserve	-	-	391	1,610	2,001
Non-unit reserve	-	5,127	-	-	5,127
Provision for employees' end-of-service benefits	-	1,779	1,546	1,952	5,277
Reserve for takaful activities	-	375,782	-	-	375,782
Unallocated liabilities	-	-	-	-	41,582
Total liabilities					526,415

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

8. SEGMENTAL INFORMATION (continued)

	Shareholders' Operations SAR'000	Individual Family (Protection & Savings) SAR'000	Group Family (Protection & Savings) SAR'000	General Takaful SAR'000	Total SAR'000
31 December 2018 (Audited)					
Intangible assets	1,859	-	-	-	1,859
Fixed assets	146	-	-	-	146
Assets					
Cash and cash equivalents	194,312	22,402	14,314	12,991	244,019
Contributions and retakaful receivables, net	-	-	8,990	3,660	12,650
Retakaful share of unearned contributions	-	-	485	6,484	6,969
Retakaful share of outstanding claims	-	226	29,486	28,018	57,730
Deferred policy acquisition costs	-	-	47	972	1,019
Available-for-sale financial assets	-	352,115	-	-	352,115
Held-to-maturity financial assets	120,899	-	-	-	120,899
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	6,746
Total assets					836,147
Liabilities					
Retakaful balances payable	-	471	(408)	5,817	5,880
Unearned contributions	-	-	1,431	8,134	9,565
Unearned retakaful commission	-	-	-	2,290	2,290
Gross outstanding claims	-	1,285	38,040	31,861	71,186
Unexpired risk reserve	-	-	566	2,425	2,991
Non-unit reserve	-	5,579	-	-	5,579
Provision for employees' end-of-service benefits	-	1,642	1,437	1,837	4,916
Reserve for takaful activities	-	352,115	-	-	352,115
Unallocated liabilities	-	-	-	-	35,514
Total liabilities					490,036

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

For the three month period ended 31 March 2019 (Unaudited)	Protection & Savings SAR'000	Property & Casualty SAR'000	*Motor SAR'000	Total SAR'000
Gross written contribution				
Individual	18,441	89	-	18,530
Micro enterprises	-	-	-	-
Small enterprises	-	430	-	430
Medium enterprises	96	298	-	394
Large enterprises	9,915	10,042	-	19,957
	28,452	10,859	-	39,311

For the three month period ended 31 March 2018 (Unaudited)	Protection & Savings SAR'000	Property & Casualty SAR'000	*Motor SAR'000	Total SAR'000
Gross written contribution				
Individual	19,227	94	-	19,321
Micro enterprises	-	-	-	-
Small enterprises	-	382	-	382
Medium enterprises	75	298	-	373
Large enterprises	9,809	4,592	-	14,401
	29,111	5,366	-	34,477

*As of date the Company does not underwrite Motor product.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

9. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date as follows:

	<i>Three months ended 31 March 2019 SAR'000 (Unaudited)</i>	<i>Three months ended 31 March 2018 SAR'000 (Unaudited)</i>
Net profit for the period (SAR'000)	1,522	600
Weighted average number of ordinary shares (Number in thousands)	34,000	34,000
Earnings per share (SAR)	0.04	0.02

10. RELATED PARTY TRANSACTIONS

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 Board of Directors.

a) Transactions with related parties

The summary of major related party transactions is as follows:

	<i>Three months ended 31 March 2019 SAR'000 (Unaudited)</i>	<i>Three months ended 31 March 2018 SAR'000 (Unaudited)</i>
The Saudi British Bank <i>(a shareholder of the Company)</i>		
Contributions	13,294	8,833
Claims paid	5,357	4,506
Other expenses		
- IT maintenance cost and related expenses	640	888
Investment income on murabaha deposits	-	63
Other entities controlled, jointly controlled or significantly influenced by related parties		
Policy acquisition costs paid	1,030	817
HSBC Saudi Arabia Limited – IBSA		
Contributions	730	-
Rebate on unit-linked investments	330	452

'Other expenses' include costs for various services under a management agreement between The Bank and the Company. As per the agreement, The Bank will provide operational services to the Company including use of fixed assets and IT infrastructure at a consideration mutually agreed between the parties.

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10. RELATED PARTY TRANSACTIONS (continued)

b) Compensation of key management personnel

Key management personnel of the Company include all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the period is as follows:

	Three months period ended 31 March 2019 SAR'000 (Unaudited)		Three months period ended 31 March 2018 SAR'000 (Unaudited)	
	Takaful Operations	Shareholders' Operations	Takaful Operations	Shareholders' Operations
Salaries and other benefits including end-of-service benefits	1,137	-	988	-
Directors' remuneration and other benefits	-	229	-	210
Number of key management personnel	5	8	5	7

11. ZAKAT AND TAX

Status of Assessment

During the quarter ended 31 March 2015, the General Authority of Zakat & Tax (GAZT) issued the final tax certificates for the years from 2008 to 2010. However, the GAZT had filed an appeal in the Higher Appellate Forum against the ruling of Preliminary Zakat and Tax Appeal Committee which was in Company's favour. The appeal was regarding the matter of deducting the statutory deposit from zakat base for the years (2008-2010). During the quarter ended 31 March 2016, the said appeal was decided in Company's favour. Further, during the year ended 31 December 2016, the GAZT also started its review for the years from 2011 to 2015.

On 27 November 2018, GAZT has issued the final tax/zakat assessments for the years ended 31 December 2011 to 2014. In connection with the above assessments of GAZT for the year 2011 to 2014, the Company requested GAZT to provide the details of the tax/zakat assessments in order to provide the Company's point of view on GAZT's action. Accordingly, the GAZT provided the details of tax/zakat and withholding tax assessments for the years ended 31 December 2011 to 2014 including the tax/zakat assessment for the year 2015 and withholding tax assessment for the years 2011 to 2015. During the quarter ended 31 December 2018, the Company had filed an appeal against the above mentioned assessments. The management believes that the Company is in a strong position in the appeal filed as mainly it relates to matters already decided in Company's favour in earlier appeals relating to previous assessments (2007-2010).

12. SHARE CAPITAL

The authorized, issued and fully paid up share capital of the Company consists of 34 million ordinary shares of SAR 10 each. The shareholding structure of the Company as at 31 March 2019 and as at 31 March 2018 is as follows:

Shareholders	Shareholding	SAR'000
The Saudi British Bank	65.00%	221,000
Other	35.00%	119,000
	100.00%	340,000

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31 March 2019

13. SUPPLEMENTARY INFORMATION

Interim statement of financial position

SAR '000

	31 March 2019			31 December 2018 (Audited)		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
ASSETS						
Cash and cash equivalents	51,523	181,173	232,696	49,707	194,312	244,019
Contributions and retakaful receivables, net	13,494	-	13,494	12,650	-	12,650
Retakaful share of unearned contributions	11,004	-	11,004	6,969	-	6,969
Retakaful share of outstanding claims	54,429	-	54,429	57,730	-	57,730
Deferred policy acquisition costs	702	-	702	1,019	-	1,019
Due from/ (to) shareholders'/ takaful operations	4,093	(4,093)	-	(2,167)	2,167	-
Available-for-sale financial assets	375,782	-	375,782	352,115	-	352,115
Held-to-maturity financial assets	-	141,476	141,476	-	120,899	120,899
Prepaid expenses and other assets	2,121	631	2,752	843	389	1,232
Fixed assets	-	128	128	-	146	146
Intangible assets	-	2,202	2,202	-	1,859	1,859
Statutory deposit	-	34,000	34,000	-	34,000	34,000
Accrued income on statutory deposit	-	3,742	3,742	-	3,509	3,509
TOTAL ASSETS	513,148	359,259	872,407	478,866	357,281	836,147
LIABILITIES						
Accrued and other liabilities	22,025	1,637	23,662	17,964	1,414	19,378
Provision for zakat and income tax	-	7,585	7,585	-	6,034	6,034
Retakaful balances payable	14,288	-	14,288	5,880	-	5,880
Unearned contributions	12,880	-	12,880	9,565	-	9,565
Unearned retakaful commission	2,158	-	2,158	2,290	-	2,290
Gross outstanding claims	67,320	-	67,320	71,186	-	71,186
Unexpired risk reserve	2,001	-	2,001	2,991	-	2,991
Non-unit reserve	5,127	-	5,127	5,579	-	5,579
Provision for employees' end-of-service benefits	5,277	-	5,277	4,916	-	4,916
Surplus distribution payable	6,593	-	6,593	6,593	-	6,593
Reserve for takaful activities	375,782	-	375,782	352,115	-	352,115
Accrued income on statutory deposit	-	3,742	3,742	-	3,509	3,509
TOTAL LIABILITIES	513,451	12,964	526,415	479,079	10,957	490,036
Takaful operations' surplus	-	-	-	-	-	-
TOTAL LIABILITIES AND TAKAFUL OPERATIONS' SURPLUS	513,451	12,964	526,415	479,079	10,957	490,036
SHAREHOLDERS' EQUITY						
Share capital	-	340,000	340,000	-	340,000	340,000
Legal reserve	-	14,788	14,788	-	14,788	14,788
Remeasurements of retirement benefit obligations	(303)	-	(303)	(213)	-	(213)
Accumulated losses	-	(8,493)	(8,493)	-	(8,464)	(8,464)
	(303)	346,295	345,992	(213)	346,324	346,111
TOTAL LIABILITIES, TAKAFUL OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY	513,148	359,259	872,407	478,866	357,281	836,147

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of income

	SAR '000					
	For the three month period ended 31 March 2019			For the three month period ended 31 March 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
REVENUES						
Gross contributions written						
- Family Takaful	20,870	-	20,870	29,111	-	29,111
- General Takaful	18,441	-	18,441	5,366	-	5,366
Gross contributions written	39,311	-	39,311	34,477	-	34,477
Retakaful contribution ceded						
- Local retakaful contribution ceded	(1,694)	-	(1,694)	(2,045)	-	(2,045)
- Foreign retakaful contribution ceded	(15,127)	-	(15,127)	(9,089)	-	(9,089)
Planholder charges	3,750	-	3,750	4,184	-	4,184
Net contributions written	26,240	-	26,240	27,527	-	27,527
Changes in gross unearned contributions	(3,315)	-	(3,315)	2,630	-	2,630
Changes in retakaful share of unearned contributions	4,035	-	4,035	(936)	-	(936)
Net contributions earned	26,960	-	26,960	29,221	-	29,221
Fees and commission income	1,113	-	1,113	1,323	-	1,323
Total revenue	28,073	-	28,073	30,544	-	30,544
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(5,340)	-	(5,340)	(5,807)	-	(5,807)
Retakaful share of claims paid	4,314	-	4,314	4,200	-	4,200
Surrenders and maturities	(18,603)	-	(18,603)	(25,360)	-	(25,360)
Net claims and other benefits paid	(19,629)	-	(19,629)	(26,967)	-	(26,967)
Changes in outstanding claims, net	1,218	-	1,218	(109)	-	(109)
Changes in IBNR, net	(653)	-	(653)	404	-	404
Net claims and other benefits incurred	(19,064)	-	(19,064)	(26,672)	-	(26,672)
Changes in reserve for takaful activities	163	-	163	6,134	-	6,134
Changes in non-unit reserve	452	-	452	(145)	-	(145)
Changes in unexpired risk reserve	990	-	990	1,169	-	1,169
Policy acquisition costs	(1,060)	-	(1,060)	(1,015)	-	(1,015)
Total underwriting costs and expenses	(18,519)	-	(18,519)	(20,529)	-	(20,529)
Net underwriting income	9,554	-	9,554	10,015	-	10,015
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses	(10,305)	(882)	(11,187)	(11,512)	(458)	(11,970)
Rebate income	330	-	330	452	-	452
Income from deposits	251	1,473	1,724	85	989	1,074
Income from sukuk	-	1,101	1,101	-	1,029	1,029
TOTAL OTHER OPERATING (EXPENSES)/ INCOME, NET	(9,724)	1,692	(8,032)	(10,975)	1,560	(9,415)
Total income/ (loss) for the period	(170)	1,692	1,522	(960)	1,560	600
Shareholders' absorption of deficit/ (surplus transferred to shareholders) from takaful operations	170	(170)	-	960	(960)	-
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	1,522	1,522	-	600	600

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of comprehensive income

	SAR '000					
	For the three month period ended 31 March 2019			For the three month period ended 31 March 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	1,522	1,522	-	600	600
Other comprehensive income						
<i>Items that will be reclassified to statement of income in subsequent periods</i>						
- Fair value change in available for sale investments – unrealized	27,580	-	27,580	9,587	-	9,587
- Fair value change in reserve for takaful activities – unrealized	(27,580)	-	(27,580)	(9,587)	-	(9,587)
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
- Remeasurements of retirement benefit obligations	(90)	-	(90)	(11)	-	(11)
Total comprehensive income/ (loss) for the period	(90)	1,522	1,432	(11)	600	589

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of cash flows

			SR '000		
			For the three month period ended 31 March 2019		
			Takaful Operations	Shareholders' Operations	Total
			For the three month period ended 31 March 2018		
			Takaful Operations	Shareholders' Operations	Total
CASHFLOWS FROM OPERATING ACTIVITIES					
Net income / (loss) for the period			-	1,522	1,522
Adjustment for non-cash items:					
Amortisation			-	194	194
Depreciation			-	18	18
Income from sukuk			-	(1,101)	(1,101)
Gain on sale of fixed assets			-	-	-
Shareholders' appropriation from deficit/ surplus			(170)	170	-
Provision of impairment on contribution and retakaful receivables			(216)	-	(216)
Provision for employees' end-of-service benefits			271	-	271
			(115)	803	688
Changes in operating assets and liabilities:					
Contributions and retakaful receivable, net			(628)	-	(628)
Retakaful share of unearned contributions			(4,035)	-	(4,035)
Retakaful share of outstanding claims			3,301	-	3,301
Deferred policy acquisition costs			317	-	317
Available-for-sale financial assets			(23,667)	-	(23,667)
Prepaid expenses and other assets			(1,278)	(242)	(1,520)
Accrued and other liabilities			4,061	223	4,284
Retakaful balances payable			8,408	-	8,408
Gross unearned contributions			3,315	-	3,315
Unearned retakaful commission			(132)	-	(132)
Gross outstanding claims			(3,866)	-	(3,866)
Unexpired risk reserve			(990)	-	(990)
Non-unit reserve			(452)	-	(452)
Reserve for takaful activities			23,667	-	23,667
Surplus paid			-	-	-
			7,906	784	8,690
Employees' end-of-service benefits paid			-	-	-
Zakat and tax paid			-	-	-
Net cash (used in)/ generated from operating activities			7,906	784	8,690
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchase of held-to-maturity financial assets			-	(20,366)	(20,366)
Income received from sukuk			-	890	890
Purchase of intangible assets			-	(537)	(537)
Purchase of fixed assets			-	-	-
Proceeds from sale of fixed assets			-	-	-
Net cash generated from investing activities			-	(20,013)	(20,013)
CASHFLOWS FROM FINANCING ACTIVITIES					
Due from/ (to) shareholders'/ takaful operations, net			(6,090)	6,090	-
Net change in cash and cash equivalents			1,816	(13,139)	(11,323)
Cash and cash equivalents, beginning of the year			49,707	194,312	244,019
Cash and cash equivalents, end of the year			51,523	181,173	232,696
Non-cash supplemental information:					
Net change in fair value of available for sale investments			27,580	-	27,580

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

14. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period. These changes were made for better presentation of balances and transactions in the interim condensed financial information of the Company.

15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

These interim condensed financial information were approved by the Board of Directors on 23 Shaban 1440H corresponding to 28 April 2019.