

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

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

**FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2021**

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

INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) AND INDEPENDENT
AUDITORS' REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED MARCH 31,
2021

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الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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 of 31 March 2021 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (the "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, "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 endorsed in the Kingdom of Saudi Arabia.

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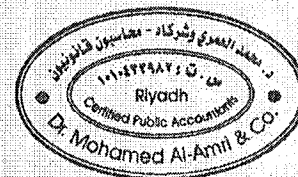
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Date: May 19, 2021

Corresponding to: 7 Shawwal, 1442 AH



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

INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

		SAR '000	
		March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Notes			
ASSETS			
Cash and bank balances	4	668,454	873,725
Contributions and re-takaful / reinsurance balances receivable, net	5	549,208	564,188
Re-takaful / reinsurance share of unearned contributions	9.2	209,139	210,423
Re-takaful / reinsurance share of outstanding claims	9.1 (a)	99,185	85,469
Re-takaful / reinsurance share of claims incurred but not reported	9.1 (a)	32,281	26,957
Re-takaful / reinsurance share of mathematical reserve at fair value through statement of income (FVSI)		26	23
Deferred policy acquisition costs		111,975	87,591
Investments mandatorily measured at fair value through statement of income (FVSI)	8 (a)	528,823	533,719
Investments designated as fair value through other comprehensive income (FVOCI)	8 (b)	377,189	326,448
Investments held at amortised cost	8 (c)	1,637,481	1,379,039
Prepayments and other assets		83,430	86,537
Property and equipment		110,622	100,298
Statutory deposit	7	39,971	39,969
Accrued income on statutory deposit		2,572	2,227
Right-of-use assets	6	44,823	43,649
TOTAL ASSETS		4,495,179	4,360,262
LIABILITIES			
Payable, accruals and other liabilities		233,515	280,201
Re-takaful / reinsurance balances payable		137,007	177,442
Unearned contributions	9.2	1,281,096	1,204,917
Unearned re-takaful / reinsurance commission income		18,038	14,902
Gross outstanding claims	9.1 (a)	334,586	308,529
Claims Incurred but not reported	9.1 (a)	822,278	872,294
Contribution deficiency reserve	9.1 (a)	111,233	74,952
Unit linked liabilities at FVSI	9.1 (a), 15	158,658	141,093
End-of-service benefits (EOSB)		27,099	27,680
Provision for zakat and income tax	14	53,282	47,904
Payables to SAMA		7,282	6,937
Lease obligations		47,156	42,714
		3,231,230	3,199,565
Takaful operations' surplus payable		55,485	48,316
TOTAL LIABILITIES AND ACCUMULATED SURPLUS		3,286,715	3,247,881
EQUITY			
Share capital	16	400,000	400,000
Statutory reserve		170,833	158,491
Retained earnings		566,139	516,775
Remeasurement reserve for EOSB		(7,752)	(7,752)
Fair value reserve - investments designated as FVOCI		79,244	44,867
TOTAL EQUITY		1,208,464	1,112,381
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND EQUITY		4,495,179	4,360,262
COMMITMENTS AND CONTINGENCIES			
	10	22,844	21,073

Naser Abdullah Aloufi
Member-Board

Mahmoud Salim Dahduli
Chief Executive Officer - Acting

Robert Pereira
Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

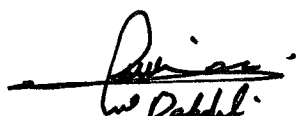
AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

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

FOR THE THREE MONTH PERIOD ENDING MARCH 31		SAR '000	
	Notes	March 31, 2021	March 31, 2020
REVENUES			
Gross contribution written	9.2	739,643	787,542
Re-takaful / reinsurance contributions ceded - domestic	9.2	(2,268)	(2,305)
Re-takaful / reinsurance contributions ceded - foreign	9.2	(95,736)	(55,826)
Excess of loss expenses (XOL)	9.2	(2,677)	(2,063)
Net contributions written	9.2	638,962	727,348
Changes in unearned contributions, net		(77,463)	(137,883)
Net contributions earned		561,499	589,465
Re-takaful / reinsurance commission income		8,655	5,502
Other underwriting income		953	691
TOTAL REVENUES		571,107	595,658
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid and loss adjustment expenses		(391,577)	(454,380)
Surrenders and maturities		(5,651)	(2,888)
Expenses incurred related to claims		(10,788)	(17,001)
Re-takaful / reinsurance share of claims paid		14,030	9,424
Net claims and other benefits paid		(393,986)	(464,845)
Changes in outstanding claims, net		(12,341)	4,485
Changes in incurred but not reported (IBNR) claims, net		55,340	10,878
Change in contribution deficiency reserve		(36,281)	15,891
Net claims and other benefits incurred		(387,268)	(433,591)
Change in unit linked liabilities at FVSI, net		(10,345)	(8,561)
Policy acquisition costs		(39,201)	(28,385)
Other underwriting expenses		(6,812)	(5,727)
TOTAL UNDERWRITING COSTS AND EXPENSES		(443,626)	(476,264)
NET UNDERWRITING INCOME		127,481	119,394
OTHER OPERATING (EXPENSES)/ INCOME			
Allowance for doubtful debts - contributions and re-takaful / reinsurance balances receivable	5	(3,826)	(17,356)
General and administrative expenses		(65,688)	(81,174)
Special commission income		12,292	15,134
Net gains on investments mandatorily measured at FVSI		2,852	2,337
Dividend income		2,536	1,383
Impairment loss on financial assets	8 (d)	(98)	(72)
Other income		127	275
TOTAL OTHER OPERATING EXPENSES		(51,805)	(79,473)
Net income for the period before zakat		75,676	39,921
Net income for the period attributable to takaful operations	19.2	(7,170)	(3,596)
Net income for the period before zakat attributable to the shareholders		68,506	36,325
Provision for zakat	14	(6,800)	(5,800)
Net income for the period after zakat attributable to the shareholders		61,706	30,525
Earnings per share			
Basic and diluted earning per share	18	1.54	0.76



Naser Abdullah Aloufi
Member-Board



Mahmoud Salim Dahduli
Chief Executive Officer - Acting




Robert Pereira
Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

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

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

	Notes	SAR '000	
		March 31, 2021	March 31, 2020
Net income for the period after zakat attributable to the shareholders		61,706	30,525
Other comprehensive income / (loss):			
Items that will not be reclassified to statement of income in subsequent periods			
- Net fair value changes on investments designated as FVOCI	8 (b)	34,377	(44,049)
<u>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</u>		96,083	(13,524)



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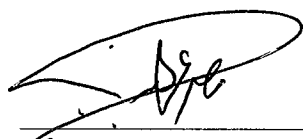
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AL RAJHI COMPANY FOR COOPERATIVE INSURANCE
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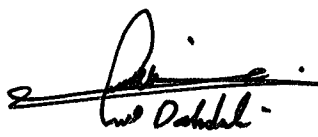
INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31

Notes	Share capital	Statutory reserve	Retained earnings	Remeasurement reserve for EOSB	Fair value reserve - investments designated as FVOCI	Total
SAR '000						
Balance as at January 1, 2021	400,000	158,491	516,775	(7,752)	44,867	1,112,381
Total comprehensive income attributable to the shareholders :						
Net income for the period after zakat attributable to the shareholders	-	-	61,706	-	-	61,706
-Net fair value changes on investments designated as FVOCI	19.3	-	-	-	34,377	34,377
	-	-	61,706	-	34,377	96,083
Transfer to statutory reserve	-	12,342	(12,342)	-	-	-
Balance as at March 31, 2021	400,000	170,833	566,139	(7,752)	79,244	1,208,464

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



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Robert Pereira
Chief Financial Officer

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The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

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

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

		SAR '000	
	Notes	March 31, 2021	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before zakat		75,676	39,921
Adjustments for non-cash items:			
Depreciation of property and equipment		3,546	1,661
Depreciation of right-of-use assets		1,761	1,274
Allowance for doubtful debts -Contributions and re-takaful / reinsurance	5	3,826	17,356
Unrealized (gain) / loss on investments mandatorily measured at FVSI		(5,973)	8,065
Reversal of impairment loss on financial assets	8 (d)	98	72
Finance cost		627	62
Provision for end-of-service benefits (EOSB)		1,202	1,836
		80,763	70,247
Changes in operating assets and liabilities:			
Contributions and re-takaful / reinsurance balances receivable		11,154	(204,710)
Re-takaful / reinsurance share of unearned contributions		1,284	(16,013)
Re-takaful / reinsurance share of outstanding claims		(13,716)	2,092
Re-takaful / reinsurance share of claims incurred but not reported		(5,324)	(3,569)
Re-takaful / reinsurance share of mathematical reserve at FVSI		(3)	(2)
Deferred policy acquisition costs		(24,384)	(6,546)
Prepayments and other assets		3,107	33,944
Accrued income on statutory deposit		(345)	(229)
Statutory deposit		2	-
Payable, accruals and other liabilities		(46,686)	19,340
Unit linked liabilities at FVSI		17,565	557
Re-takaful / reinsurance balances payable		(40,435)	(3,173)
Unearned contributions		76,179	153,895
Unearned re-takaful / reinsurance commission		3,136	1,233
Gross outstanding claims		26,057	(6,577)
Claims Incurred but not reported		(50,016)	(7,309)
Contribution deficiency reserve		36,281	(15,891)
Deposit against guarantees		(1,771)	4,719
Payables to SAMA		345	229
		73,193	22,237
Zakat paid	14	(1,422)	-
Takaful operations' surplus paid		(2)	-
End-of-service benefits paid (EOSB)		(1,783)	(985)
Net cash generated from operating activities		69,986	21,252
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments mandatorily measured at FVSI	8 (a)	(626,276)	(661,028)
Disposals of investments mandatorily measured at FVSI	8 (a)	637,145	663,755
Purchase of investments designated as FVOCI	8 (b)	(28,097)	(10,140)
Disposals of investments designated as FVOCI	8 (b)	11,733	-
Movement in cash balance in equity share portfolio		1,528	(23,358)
Purchase of investments held at amortised cost	8 (c)	(258,500)	-
Disposal of investments held at amortised cost	8 (c)	-	400,000
Additions in property and equipment		(13,870)	(18,470)
Net cash (used in) / generated from investing activities		(276,337)	350,759
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability paid		(651)	(152)
Net cash used in financing activities		(651)	(152)
Net change in cash and cash equivalents		(207,002)	371,859
Cash and cash equivalents, at the beginning of the period	4	848,112	453,880
Cash and cash equivalents, at the end of the period	4	641,110	825,739
NON-CASH INFORMATION			
Changes in fair value of investments designated as FVOCI	8 (b)	34,377	(44,049)

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Member-Board

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Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.

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

Notes to the interim condensed financial information

For the three month period ended March 31, 2021

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

These interim condensed financial statements (interim condensed financial information) of the Company as at and for the three months period ended 31 March 2021 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 for Chartered and Professional Accountants (SOCPA)."

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

**Notes to the interim condensed financial information
For the three month period ended March 31, 2021**

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, 2020. 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

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 Central Bank (SAMA).

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

2. BASIS OF PREPARATION (continued)

(a) Basis of presentation (continued)

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

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

b) Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020. Further, the Company has considered the following:

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

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

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

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

Medical technical reserves

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavourable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since June 21, 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cashflows of the insurance contracts in force as at March 31, 2021 for its liability adequacy test. Based on the results, the Company has booked an amount of SR 24.5 million (December 31, 2020: SR 21.6 million) as a contribution deficiency reserve.

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

2. BASIS OF PREPARATION

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

Motor technical reserves (continued)

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

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two months in existing motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended 2 months period.

For new retail motor policies issued as per above circular, the premium is earned over the period of 12 month as the impact of earnings over the period of coverage. i.e 14 month are not considered significant by the management as no significant policies were written during that period.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at segmented level for motor line of business and recorded a Contribution deficiency reserve amounting to SR 85.9 million as at 31 March, 2021 (31 December, 2020: SR 52.8 million)

Financial assets

The Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine the impact of expected credit losses (“ECL”) on its financial assets. These current events and the prevailing economic condition may require the Company to revise certain inputs and assumptions used for the determination of expected credit losses (“ECL”). These would primarily revolve around either adjusting macroeconomic factors used by the Company in estimation of expected credit losses (and or) revisions to the scenario probabilities currently being used by the Company in ECL estimation.

Based on these assessments, the Company’s management believes that the Covid-19 pandemic has had no material effects on Company’s reported results for the three-month period ended 31 March 2021. The Company’s management will continue to reassess its position and the related impact on a regular basis.

Credit risk management

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

c) Seasonality of operations

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

d) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions adopted in the preparation of this interim condensed financial information are consistent with those described in the annual financial statements for the year ended December 31, 2020

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

4. CASH AND BANK BALANCES

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

	Takaful operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
SAR'000		
Bank balances and cash	256,147	185,564
Deposits maturing within 3 months from the acquisition date	-	625,000
Cash and cash equivalents in the statement of cash flows	256,147	810,564
Less : Impairment loss	-	(169)
Cash and cash equivalents	256,147	810,395
Deposits against letters of guarantee	22,844	21,073
Cash and bank balances	278,991	831,468
	Shareholders' operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
SAR'000		
Bank balances and cash	94,081	38,194
Deposits maturing within 3 months from the acquisition date	290,000	-
Cash balance with Al Rajhi Capital	882	(646)
Cash and cash equivalents in the statement of cash flows	384,963	37,548
Less : Impairment loss	(209)	-
Cash and cash equivalents	384,754	37,548
Cash at banks (statutory deposit income)	4,709	4,709
Cash and bank balances	389,463	42,257
Total	668,454	873,725

5. CONTRIBUTIONS AND RE-TAKAFUL / RE-INSURANCE BALANCES RECEIVABLE - NET

Receivables comprise amounts due from the following:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
SAR'000		
Policyholders	202,444	204,041
Brokers and agents	113,911	150,716
Related parties	348,973	311,989
Receivables from re-takaful / reinsurance	13,900	23,636
	679,228	690,382
Provision for doubtful receivables	(130,020)	(126,194)
Contributions and re-takaful / reinsurance balances receivable – net	549,208	564,188

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, 2021	42,028	961	660	43,649
Additions	2,935	-	-	2,935
Depreciation / amortization	(1,504)	(125)	(132)	(1,761)
Balance at March 31, 2021	43,459	836	528	44,823
Balance at December 31, 2020	42,028	961	660	43,649

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7. STATUTORY DEPOSIT

Statutory deposit amounting to SAR 40 million (December 2020: 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 (2020: SAR 0.03 million)

8. INVESTMENTS

Investments are classified as follows:

SAR'000	Notes	Takaful operations	
		March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
- Investments mandatorily measured at FVSI (mutual	8 (a)	469,906	461,621
- Investments designated as FVOCI (equity shares)	8 (b)	31,007	30,107
- Investments held at amortised cost (deposits and sukuks)	8 (c)	1,372,531	1,229,030
Total		1,873,444	1,720,758

* The above investments include Unit linked investments of SAR 157.48 mn. (December 31, 2020: SAR 139.14 mn).

SAR'000		Shareholders' operations	
		March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
- Investments mandatorily measured at FVSI (mutual funds)	8 (a)	58,917	72,098
- Investments designated as FVOCI (equity shares)	8 (b)	346,182	296,341
- Investments held at amortised cost (deposits and sukuks)	8 (c)	264,950	150,009
Total		670,049	518,448

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8. INVESTMENTS (continued)

Movement in the investment balance is as follows:

a) Investments mandatorily measured at FVSI (mutual funds)

SAR'000

At the beginning of the period / year
Purchased during the period / year
Sold during the period / year
Net change in fair values during the period / year
At the end of the period / year

Takaful operations	
March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
461,621	170,552
496,114	1,326,378
(493,968)	(1,047,936)
6,139	12,627
469,906	461,621

SAR'000

At the beginning of the period / year
Purchased during the period / year
Sold during the period / year
Net change in fair values during the period / year
At the end of the period / year

Shareholders' operations	
March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
72,098	13,004
130,162	923,000
(143,177)	(864,053)
(166)	147
58,917	72,098
528,823	533,719

Total

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8. INVESTMENTS (continued)

b) Investments designated as FVOCI (equity shares)

SAR'000	Takaful operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening balance	30,107	29,982
Changes in fair value of investments	900	125
Closing balance	31,007	30,107
	Shareholders' operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year		
Balance of equity shares portfolio with Al Rajhi Capital	288,799	239,276
Cash balance with Al Rajhi Capital	-	(104)
Equity - unlisted shares	7,542	7,542
Total at the beginning of the period / year	296,341	246,714
Movement during the period / year		
Purchased during the period / year	28,097	65,084
Sold during the period / year	(11,733)	(31,776)
Net change in fair values during the period / year	33,477	16,215
Net change in cash balance with Al Rajhi Capital	-	104
Closing balance of equity shares portfolio	346,182	296,341
Portfolio balance with Al Rajhi Capital at the end of the period	338,640	288,799
Equity - unlisted shares	7,542	7,542
At the end of the period / year	346,182	296,341
Total	377,189	326,448

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8. INVESTMENTS (continued)

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

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

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

SAR'000	SAR' 000	
	Takaful operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year		
Murabaha deposits	1,040,000	1,550,000
Sukuks	189,834	50,000
Purchases	143,500	629,834
Disposals / maturities	-	(1,000,000)
At the end of the period / year, gross	1,373,334	1,229,834
Less: Impairment loss	(803)	(804)
At the end of the period / year, net	1,372,531	1,229,030

SAR'000	SAR' 000	
	Shareholders' operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year		
Murabaha deposits	100,000	175,001
Sukuks	50,075	40,074
Purchased during the period / year	114,999	260,000
Maturities during the period / year	-	(325,000)
At the end of the period / year, gross	265,074	150,075
Less: Impairment loss	(124)	(66)
At the end of the period / year, net	264,950	150,009
Total	1,637,481	1,379,039

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8. INVESTMENTS (continued)

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

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

i) Takaful operations

Financial statement line item	March 31, 2021 (Unaudited)			December 31, 2020	
	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000	SAR'000
Bank balances	278,991	-	-	278,991	831,468
Investments held at amortised cost	1,373,334	-	-	1,373,334	1,229,834
Gross carrying amount	1,652,325	-	-	1,652,325	2,061,302
Loss allowance	(803)	-	-	(803)	(971)
Carrying amount	1,651,522	-	-	1,651,522	2,060,331

Credit grade	March 31, 2021 (Unaudited)			December 31, 2020	
	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000	SAR'000
Investment grade	1,652,325	-	-	1,652,325	2,061,302
Non investment grade	-	-	-	-	-
Gross carrying amount	1,652,325	-	-	1,652,325	2,061,302
Loss allowance	(803)	-	-	(803)	(971)
Carrying amount	1,651,522	-	-	1,651,522	2,060,331

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.

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8. INVESTMENTS (continued)

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

ii) Shareholders' operations

Financial statement line item	March 31, 2021 (Unaudited)				December 31, 2020
	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000	SAR'000
Bank balances	389,672	-	-	389,672	42,257
Investments held at amortised cost	265,074	-	-	265,074	150,075
Statutory deposit	40,000	-	-	40,000	40,000
Gross carrying amount	694,746	-	-	694,746	232,332
Loss allowance	(362)	-	-	(362)	(96)
Carrying amount	694,384	-	-	694,384	232,236

Credit grade	March 31, 2021 (Unaudited)				December 31, 2020
	Stage 1 12-month ECL SAR'000	Stage 2 Lifetime ECL SAR'000	Stage 3 Lifetime ECL SAR'000	Total SAR'000	SAR'000
Investment grade	694,746	-	-	694,746	232,332
Non investment grade	-	-	-	-	-
Gross carrying amount	694,746	-	-	694,746	232,332
Loss allowance	(362)	-	-	(362)	(96)
Carrying amount	694,384	-	-	694,384	232,236

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.

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8. INVESTMENTS (continued)

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, 2021	971	-	-	971
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	54	-	-	54
Net re-measurement of loss allowance	-	-	-	-
Financial assets derecognised during the period	(222)	-	-	(222)
Write-offs	-	-	-	-
Total loss allowance for the period / year	(168)	-	-	(168)
Loss allowance as at March 31, 2021	803	-	-	803

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, 2021	96	-	-	96
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	274	-	-	274
Net re-measurement of loss allowance	-	-	-	-
Financial assets derecognised during the period / year	(8)	-	-	(8)
Write-offs	-	-	-	-
Total loss allowance for the period / year	266	-	-	266
Loss allowance as at March 31, 2021	362	-	-	362

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9. TECHNICAL RESERVES

9.1 Net outstanding claims and reserves

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

SAR'000	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Outstanding claims	471,629	436,979
Less: Realizable value of salvage and subrogation	(137,043)	(128,450)
	334,586	308,529
Claims incurred but not reported	822,278	872,294
Contribution deficiency reserve	111,233	74,952
	1,268,097	1,255,775
Unit linked liabilities at FVSI	158,658	141,093
	1,426,755	1,396,868
Less:		
Re-takaful / reinsurance share of outstanding claims	99,185	85,469
Re-takaful / reinsurance share of claims incurred but not reported	32,281	26,957
	131,466	112,426
Net outstanding claims and reserves	1,295,289	1,284,442

9.2 Movement in unearned contributions

Movement in unearned contributions comprise of the following:

Three month period ended March 31, 2021 (Unaudited)				
SAR'000	Gross	Re-takaful (Reinsurance)	XOL	Net
Balance at the beginning of the period	1,204,917	(210,423)	-	994,494
Contribution written during the period	739,643	(98,004)	(2,677)	638,962
Contribution earned during the period	(663,464)	99,288	2,677	(561,499)
Balance at the end of the period	1,281,096	(209,139)	-	1,071,957
Year ended December 31, 2020 (Audited)				
SAR'000	Gross	Re-takaful (Reinsurance)	XOL	Net
Balance at the beginning of the year	1,123,170	(111,870)	-	1,011,300
Contribution written during the year	2,732,873	(408,465)	(8,256)	2,316,152
Contribution earned during the year	(2,651,126)	309,912	8,256	(2,332,958)
Balance at the end of the year	1,204,917	(210,423)	-	994,494

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10. COMMITMENTS AND CONTINGENCIES

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

SAR'000	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Letters of guarantee	22,844	21,073
Total	22,844	21,073

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.

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11. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

a. Carrying amounts and fair value (continued)

SAR'000s	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
March 31, 2021 (Unaudited)					
Financial assets measured at fair value					
- Investments mandatorily measured at FVSI	528,823	-	528,823	-	528,823
- Investments designated as FVOCI – Quoted securities	369,647	369,647	-	-	369,647
- Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542	7,542
	906,012	369,647	528,823	7,542	906,012

Financial assets not measured at fair value

- Cash and cash equivalents	668,454	-	-	-	668,454
- Investments held at amortised cost	1,637,481	-	-	-	1,637,481
- Statutory deposit	39,971	-	-	-	39,971
- Other assets	16,484	-	-	-	16,484
	<u>2,362,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362,390</u>

SAR'000s	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
December 31, 2020 (Audited)					
Financial assets measured at fair value					
- Investments mandatorily measured at FVSI	533,719	-	533,719	-	533,719
- Investments designated as FVOCI – Quoted securities	318,906	318,906	-	-	318,906
- Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542	7,542
	860,167	318,906	533,719	7,542	860,167

Financial assets not measured at fair value

- Cash and cash equivalents	873,725	-	-	-	873,725
- Investments held at amortised cost	1,379,039	-	-	-	1,379,039
- Statutory deposits at amortised cost	39,969	-	-	-	39,969
- Other assets	24,440	-	-	-	24,440
	<u>2,317,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,317,173</u>

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

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11. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

a. Carrying amounts and fair value (continued)

	Fair value				
SAR'000s	Carrying value	Level 1	Level 2	Level 3	Total
March 31, 2021 (Unaudited)					
Financial liabilities measured at fair value					
- Unit linked liabilities at FVSI	158,658	-	158,658	-	158,658
	158,658	-	158,658	-	158,658

SAR'000s	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
December 31, 2020 (Audited)					
Financial liabilities measured at fair value					
- Unit linked liabilities at FVSI	141,093	-	141,093	-	141,093
	141,093	-	141,093	-	141,093

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, 2021	7,542
Balance at March 31, 2021	7,542

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

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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, 2020.

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

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at March 31, 2021 and December 31, 2020, its total revenues, expenses, and net income for period ended, are as follows:

For the three month period ended March 31, 2021 (Unaudited)					
Customers' category	Medical	Motor	Property & casualty	Protection & Savings	Total
	SAR'000				
<u>GROSS CONTRIBUTION WRITTEN</u>					
Retail	6,880	289,955	829	22,690	320,354
Very small	1,909	-	-	-	1,909
Small	8,121	1,765	-	-	9,886
Medium	9,499	28,622	71	-	38,192
Corporate	39,239	215,668	87,375	27,020	369,302
<u>TOTAL GROSS CONTRIBUTION WRITTEN</u>	<u>65,648</u>	<u>536,010</u>	<u>88,275</u>	<u>49,710</u>	<u>739,643</u>
For the three month period ended March 31, 2020 (Unaudited)					
Customers' category	Medical	Motor	Property & casualty	Protection & Savings	Total
	SAR'000				
<u>GROSS CONTRIBUTION WRITTEN</u>					
Retail	6,754	157,730	3,370	16,999	184,853
Very small	3,280	-	-	-	3,280
Small	12,375	5,879	-	-	18,254
Medium	14,024	26,292	-	-	40,316
Corporate	55,222	413,150	53,833	18,634	540,839
<u>TOTAL GROSS CONTRIBUTION WRITTEN</u>	<u>91,655</u>	<u>603,051</u>	<u>57,203</u>	<u>35,633</u>	<u>787,542</u>

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12. OPERATING SEGMENTS (continued)

As at March 31, 2021
(Unaudited)

Operating segments	Takaful operations					Shareholders' operations	Total
	Medical	Motor	Property & Casualty	Protection & Savings	Total - Takaful operations		
SAR'000							
Assets:							
Cash and cash equivalents	-	-	-	-	278,991	389,463	668,454
Contributions and re-takaful / reinsurance balances receivable – net	-	-	-	-	549,208	-	549,208
Re-takaful / reinsurance share of unearned contributions	-	19,028	184,515	5,596	209,139	-	209,139
Re-takaful / reinsurance share of outstanding claims	-	15,250	62,622	21,313	99,185	-	99,185
Re-takaful / reinsurance share of claims incurred but not reported	-	-	12,004	20,277	32,281	-	32,281
Deferred policy acquisition costs	10,539	93,884	6,879	673	111,975	-	111,975
<u>Unallocated assets</u>							
Investments mandatorily measured at FVSI	-	-	-	-	469,906	58,917	528,823
Investments designated as FVOCI	-	-	-	-	31,007	346,182	377,189
Investments held at amortised cost	-	-	-	-	1,372,531	264,950	1,637,481
Right-of-use assets	-	-	-	-	-	44,823	44,823
Unallocated assets	-	-	-	-	(74,674)	311,295	236,621
Total assets	10,539	128,162	266,020	47,859	3,079,549	1,415,630	4,495,179
Liabilities:							
Unearned contributions	120,331	953,216	199,435	8,114	1,281,096	-	1,281,096
Unearned re-takaful / reinsurance commission	-	373	17,665	-	18,038	-	18,038
Gross outstanding claims	2,345	233,491	69,023	29,727	334,586	-	334,586
Claims incurred but not reported	94,932	682,335	17,026	27,985	822,278	-	822,278
Contribution deficiency reserve	24,458	85,879	896	-	111,233	-	111,233
Lease obligations	-	-	-	-	-	47,156	47,156
Unallocated liabilities, equity and surplus	-	-	-	-	512,318	1,368,474	1,880,792
Total liabilities, accumulated surplus and equity	242,066	1,955,294	304,045	65,826	3,079,549	1,415,630	4,495,179

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12. OPERATING SEGMENTS (continued)

As at December 31, 2020
(Audited)

Operating segments	Takaful operations					Total
	Medical	Motor	Property & casualty	Protection & Savings	Shareholders' operations	
	SAR '000					
Assets:						
Cash and cash equivalents	-	-	-	-	831,468	873,725
Contributions and re-takaful / reinsurance balances receivable – net	-	-	-	-	564,188	564,188
Re-takaful / reinsurance share of unearned contributions	-	19,311	187,507	3,605	210,423	210,423
Re-takaful / reinsurance share of outstanding claims	-	15,523	54,168	15,778	85,469	85,469
Re-takaful / reinsurance share of claims incurred but not reported	-	-	11,409	15,548	26,957	26,957
Deferred policy acquisition costs	10,037	71,043	5,978	533	87,591	87,591
<u>Unallocated assets</u>						
Investments mandatorily measured at FVSI	-	-	-	-	461,621	533,719
Investments designated as FVOCI	-	-	-	-	296,341	326,448
Investments held at amortised cost	-	-	-	-	1,229,030	1,379,039
Right-of-use assets	-	-	-	-	-	43,649
Unallocated assets	-	-	-	-	699,892	229,054
Total assets	10,037	105,877	259,062	35,464	3,056,016	4,360,262
Liabilities:						
Unearned contributions	116,788	878,934	204,007	5,188	1,204,917	1,204,917
Unearned re-takaful / reinsurance commission	-	548	14,354	-	14,902	14,902
Gross outstanding claims	2,919	223,442	59,295	22,873	308,529	308,529
Claims incurred but not reported	95,645	738,659	16,628	21,362	872,294	872,294
Contribution deficiency reserve	21,603	52,784	565	-	74,952	74,952
Lease obligations	-	-	-	-	42,714	42,714
Unallocated liabilities, equity and surplus	-	-	-	-	1,261,532	1,841,954
Total liabilities, accumulated surplus and equity	236,955	1,894,367	294,849	49,423	3,056,016	4,360,262

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12. OPERATING SEGMENTS (continued)

	For the three month period ended March 31, 2021 (Unaudited)				
Operating segments	Medical	Motor	Property & Casualty	Protection & Savings	Total
	SAR'000				
REVENUES					
Gross contributions written	65,648	536,010	88,275	49,710	739,643
Re-takaful / reinsurance contributions ceded	-	119	(80,342)	(17,781)	(98,004)
Excess of loss expenses (XOL)	-	(1,623)	(1,054)	-	(2,677)
Net contributions written	65,648	534,506	6,879	31,929	638,962
Changes in unearned contributions, net	(3,543)	(74,565)	1,579	(934)	(77,463)
Net contributions earned	62,105	459,941	8,458	30,995	561,499
Re-takaful / reinsurance commission income	-	448	8,207	-	8,655
Other underwriting income	(10)	212	17	734	953
TOTAL REVENUES	62,095	460,601	16,682	31,729	571,107
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid and loss adjustment expenses	(63,669)	(308,981)	(1,426)	(17,501)	(391,577)
Surrender and maturities	-	-	-	(5,651)	(5,651)
Expenses incurred related to claims	(497)	(10,291)	-	-	(10,788)
Re-takaful / reinsurance share of claims paid	-	-	1,087	12,943	14,030
Net claims and other benefits paid	(64,166)	(319,272)	(339)	(10,209)	(393,986)
Changes in outstanding claims, net	574	(10,322)	(1,274)	(1,319)	(12,341)
Changes in incurred but not reported (IBNR) claims, net	713	56,324	197	(1,894)	55,340
Contribution deficiency reserve	(2,855)	(33,095)	(331)	-	(36,281)
Net claims and other benefits incurred	(65,734)	(306,365)	(1,747)	(13,422)	(387,268)
Change in unit linked liabilities at FVSI, net	-	-	-	(10,345)	(10,345)
Policy acquisition costs	(4,190)	(28,319)	(4,498)	(2,194)	(39,201)
Other underwriting expenses	(774)	(4,811)	(691)	(536)	(6,812)
TOTAL UNDERWRITING COSTS AND EXPENSES	(70,698)	(339,495)	(6,936)	(26,497)	(443,626)
NET UNDERWRITING (LOSS) / INCOME	(8,603)	121,106	9,746	5,232	127,481
OTHER OPERATING EXPENSES					
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	-	-	-	-	(3,826)
General and administrative expenses	-	-	-	-	(65,688)
Special commission income	-	-	-	-	12,292
Net gains on investments mandatorily measured at FVSI	-	-	-	-	2,852
Dividend income	-	-	-	-	2,536
Impairment loss on financial assets	-	-	-	-	(98)
Other income	-	-	-	-	127
NET INCOME FOR THE PERIOD BEFORE ZAKAT					75,676

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12. OPERATING SEGMENTS (continued)

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

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13. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Transactions for the period ended		Balance receivable / (payable) as at	
	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000			
<u>Major shareholders</u>				
Gross contribution written	165,629	209,670	326,902	309,824
Claims paid	98,706	135,977	-	-
Claims incurred and notified during the period	103,044	146,841	(173,776)	(169,437)
Reimbursement from related party	-	-	-	-
Bank Balance	-	-	319,900	206,432
Investment in shares of Al Rajhi Banking and Investment Corporation	-	-	44,993	33,517
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Gross contribution written	19,211	9,039	22,071	2,165
Claims paid	8	235	-	-
Claims incurred and notified during the period	131	178	(490)	(367)
Investments managed by affiliates	1,116	1,685	310,995	345,047
Income received from sale of investment in Al Rajhi Capital commodity fund	1,354	1,744	-	-
Investment management fee paid to Al Rajhi Capital Company	867	682	-	-

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

	For the period ended	
	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
	SAR'000	
Salaries and other allowances	1,341	1,783
End of service benefits	4,221	3,637
	5,562	5,420
Shariah committee remuneration	45	60

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14. PROVISION FOR ZAKAT AND INCOME TAX

A summary of Movement in the Zakat and income tax accrued during the three month period ended 31 March 2021 and the year ended 31 December 2020 are as follows:

	Zakat payable	
	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SR '000	SR '000
Balance at beginning of the year	47,904	40,932
Provided during the period / year	6,800	24,800
Payments during the period / year	(1,422)	(17,828)
Balance at end of the period / year	53,282	47,904

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 2019.

GAZT has issued assessments for the years 2015 to 2018, demanding an additional Zakat as assessed by GAZT amounting to SAR 11.73 million pertains to these years. The Company paid an amount of SAR 1.42 million and has filed objections for SAR 10.31 million with the authority. However, the Company has kept the provision in the financial statements for any possible negative outcome.

15. UNIT LINKED LIABILITIES AT FVSI

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

	March 31,	December 31,
	2021	2020
	(Unaudited)	(Audited)
	SAR'000	SAR'000
At the beginning of the period / year	141,093	86,821
Net changes in reserve during the period / year	10,347	42,220
Net change in fair values during the period / year	7,218	12,052
At the end of the period / year	158,658	141,093

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16. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 400 million at March 31, 2021 (December 31, 2020: SAR 400 million) consisting of 40 million shares (December 31, 2020: 40 million shares) of SAR 10 each.

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

	March 31, 2021 (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
Others	20,400,000	204,000	204,000
	40,000,000	400,000	400,000

	December 31, 2020 (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 March 31, 2021 consists of paid-up share capital of SAR 400 million, statutory reserves of SAR 170.8 million and retained earnings of SAR 566.1 million (December 31, 2020: paid-up share capital of SAR 400 million, statutory reserves of SAR 158.5 million and retained earnings of SAR 516.8 million.) in the statement of financial position

17. CAPITAL MANAGEMENT (continued)

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

18. EARNINGS PER SHARE

Earnings per share for the periods ended March 31, 2021 and March 31, 2020 are calculated by dividing the net income for the period attributable to the equity holders by 40 million shares. There were no dilutive potential shares in issue as at March 31, 2021 and March 31, 2020.

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19. SUPPLEMENTARY INFORMATION
19.1 Interim statement of financial position

	SAR '000					
	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
ASSETS:						
Cash and bank balances	278,991	389,463	668,454	831,468	42,257	873,725
Contributions and re-takaful / reinsurance balances receivable - net	549,208	-	549,208	564,188	-	564,188
Re-takaful / reinsurance share of unearned contributions	209,139	-	209,139	210,423	-	210,423
Re-takaful / reinsurance share of outstanding claims	99,185	-	99,185	85,469	-	85,469
Re-takaful / reinsurance share of outstanding claims IBNR	32,281	-	32,281	26,957	-	26,957
Re-takaful / reinsurance share of mathematical reserve at FVSI	26	-	26	23	-	23
Deferred policy acquisition costs	111,975	-	111,975	87,591	-	87,591
Investments mandatorily measured at FVSI	469,906	58,917	528,823	461,621	72,098	533,719
Investments designated as FVOCI	31,007	346,182	377,189	30,107	296,341	326,448
Due (to)/ from shareholders' / takaful operations	(130,223)	130,223	-	(533,451)	533,451	-
Investments held at amortised cost	1,372,531	264,950	1,637,481	1,229,030	150,009	1,379,039
Prepayments and other assets	55,523	27,907	83,430	62,590	23,947	86,537
Property and equipment	-	110,622	110,622	-	100,298	100,298
Statutory deposit	-	39,971	39,971	-	39,969	39,969
Accrued income on statutory deposit	-	2,572	2,572	-	2,227	2,227
Right-of-use assets	-	44,823	44,823	-	43,649	43,649
TOTAL ASSETS	3,079,549	1,415,630	4,495,179	3,056,016	1,304,246	4,360,262

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

	SAR '000				
	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations
LIABILITIES:					
Payable, accruals and other liabilities	161,199	72,316	233,515	214,502	65,699
Re-takaful / reinsurance balances payable	137,007	-	137,007	177,442	-
Unearned contributions	1,281,096	-	1,281,096	1,204,917	-
Unearned re-takaful / reinsurance commission income	18,038	-	18,038	14,902	-
Gross outstanding claims	334,586	-	334,586	308,529	-
Claim Incurred but not reported	822,278	-	822,278	872,294	-
Contribution deficiency reserve	111,233	-	111,233	74,952	-
Unit linked liabilities at FVSI	158,658	-	158,658	141,093	-
End-of-service benefits	-	27,099	27,099	-	27,680
Provision for zakat and income tax	-	53,282	53,282	-	47,904
Payables to SAMA	-	7,282	7,282	-	6,937
Lease obligations	-	47,156	47,156	-	42,714
	3,024,095	207,135	3,231,230	3,008,631	190,934
	55,485	-	55,485	48,316	-
	3,079,580	207,135	3,286,715	3,056,947	190,934
					3,247,881
Takaful operations' surplus payable					48,316
TOTAL LIABILITIES AND ACCUMULATED SURPLUS					
EQUITY:					
Share capital	-	400,000	400,000	-	400,000
Statutory reserve	-	170,833	170,833	-	158,491
Retained earnings	-	566,139	566,139	-	516,775
Remeasurement reserve for EOSB	-	(7,752)	(7,752)	-	(7,752)
Fair value reserve - Investments designated as FVOCI	(31)	79,275	79,244	(931)	45,798
	(31)	1,208,495	1,208,464	(931)	1,113,312
					1,112,381
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND EQUITY					
	3,079,549	1,415,630	4,495,179	3,056,016	1,304,246
					4,360,262
COMMITMENTS AND CONTINGENCIES					
	22,844	-	22,844	21,073	-
					21,073

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19. SUPPLEMENTARY INFORMATION (continued)

19.2 Interim statement of income

(For the three month period ended)

	SAR '000					
	March 31, 2021			March 31, 2020		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
REVENUES						
Gross contributions written	739,643	-	739,643	787,542	-	787,542
Re-takaful / reinsurance contributions ceded - domestic	(2,268)	-	(2,268)	(2,305)	-	(2,305)
Re-takaful / reinsurance contributions ceded - foreign	(95,736)	-	(95,736)	(55,826)	-	(55,826)
Excess of loss expenses – foreign	(2,677)	-	(2,677)	(2,063)	-	(2,063)
Net contributions written	638,962	-	638,962	727,348	-	727,348
Changes in unearned contributions, net	(77,463)	-	(77,463)	(137,883)	-	(137,883)
Net contributions earned	561,499	-	561,499	589,465	-	589,465
Re-takaful / reinsurance commission income	8,655	-	8,655	5,502	-	5,502
Other underwriting income	953	-	953	691	-	691
TOTAL REVENUES	571,107	-	571,107	595,658	-	595,658
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid and loss adjustment expenses	(391,577)	-	(391,577)	(454,380)	-	(454,380)
Surrenders and maturities	(5,651)	-	(5,651)	(2,888)	-	(2,888)
Expenses incurred related to claims	(10,788)	-	(10,788)	(17,001)	-	(17,001)
Reinsurers' share of claims paid	14,030	-	14,030	9,424	-	9,424
Net claims and other benefits paid	(393,986)	-	(393,986)	(464,845)	-	(464,845)
Changes in outstanding claims, net	(12,341)	-	(12,341)	4,485	-	4,485
Changes in incurred but not reported (IBNR) claims, net	55,340	-	55,340	10,878	-	10,878
Change in contribution deficiency reserve	(36,281)	-	(36,281)	15,891	-	15,891
Net claims and other benefits incurred	(387,268)	-	(387,268)	(433,591)	-	(433,591)
Change in unit linked liabilities at FVSI, net	(10,345)	-	(10,345)	(8,561)	-	(8,561)
Policy acquisition costs	(39,201)	-	(39,201)	(28,385)	-	(28,385)
Other underwriting expenses	(6,812)	-	(6,812)	(5,727)	-	(5,727)
TOTAL UNDERWRITING COSTS AND EXPENSES	(443,626)	-	(443,626)	(476,264)	-	(476,264)
NET UNDERWRITING INCOME	127,481	-	127,481	119,394	-	119,394
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts - contribution and re-takaful / reinsurance balances receivable	(3,826)	-	(3,826)	(17,356)	-	(17,356)
Management fee for administration of takaful operations	(65,688)	65,688	-	(81,174)	81,174	-
General and administrative expenses	-	(65,688)	(65,688)	-	(81,174)	(81,174)
Special commission income	11,471	821	12,292	13,229	1,905	15,134
Net gains on investments mandatorily measured at FVSI	2,097	755	2,852	1,734	603	2,337
Dividend income	-	2,536	2,536	-	1,383	1,383
Reversal / (Impairment loss) of impairment loss	168	(266)	(98)	130	(202)	(72)
Other income	-	127	127	-	275	275
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(55,778)	3,973	(51,805)	(83,437)	3,964	(79,473)
NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF MANAGEMENT FEE	71,703	3,973	75,676	35,957	3,964	39,921
Management fee attributable to shareholders' operations	(64,533)	64,533	-	(32,361)	32,361	-
NET INCOME FOR THE PERIOD AFTER ATTRIBUTION OF MANAGEMENT FEE	7,170	68,506	75,676	3,596	36,325	39,921
Provision for zakat	-	(6,800)	(6,800)	-	(5,800)	(5,800)
Net income for the period after zakat	7,170	61,706	68,876	3,596	30,525	34,121

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19. SUPPLEMENTARY INFORMATION (continued)

19.3 Interim statement of comprehensive income

	For the three month period ended					
	(Unaudited)					
	SAR '000					
	March 31, 2021			March 31, 2020		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net income after attribution of management fee to shareholders' operations	7,170	61,706	68,876	3,596	30,525	34,121
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	900	33,477	34,377	(3,693)	(40,356)	(44,049)
Total comprehensive income / (loss) for the period	8,070	95,183	103,253	(97)	(9,831)	(9,928)
Reconciliation:						
Less: Net income attributable to takaful operations			(7,170)		(3,596)	
Total comprehensive income / (loss) for the period			96,083		(13,524)	

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

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

	SAR '000				
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations
	March 31, 2021	March 31, 2020			
Gross outstanding claims	26,057	-	26,057	(6,577)	-
Claims Incurred but not reported	(50,016)	-	(50,016)	(7,309)	-
Contribution deficiency reserve	36,281	-	36,281	(15,891)	-
Deposit against letters of guarantee	(1,771)	-	(1,771)	4,719	-
	124,683	(51,490)	73,193	68,725	(46,488)
Management fee (paid) / received	(533,451)	533,451	-	(328,011)	328,011
Takaful operations' surplus paid	(2)	-	(2)	-	-
Zakat paid	-	(1,422)	(1,422)	-	-
End-of-service benefits paid	-	(1,783)	(1,783)	-	(985)
Net cash (used in) / generated from operating activities	(408,770)	478,756	69,986	(259,286)	280,538
					21,252
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments mandatorily measured at FVSI	(496,114)	(130,162)	(626,276)	(328,028)	(333,000)
Disposals of investments mandatorily measured at FVSI	493,968	143,177	637,145	323,909	339,846
Purchase of investments designated as FVOCI	-	(28,097)	(28,097)	-	(10,140)
Disposals of investments designated as FVOCI	-	11,733	11,733	-	-
Movement in cash balance in equity share portfolio	-	1,528	1,528	-	(23,358)
Purchase of investments held at amortised cost	(143,501)	(114,999)	(258,500)	-	-
Disposal of investments held at amortised cost	-	-	-	300,000	100,000
Additions in property and equipment	-	(13,870)	(13,870)	-	(18,470)
Net cash (used in) / generated from investing activities	(145,647)	(130,690)	(276,337)	295,881	54,878
					350,759
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease liability paid	-	(651)	(651)	-	(152)
Net cash used in financing activities	-	(651)	(651)	-	(152)
Net change in cash and cash equivalents	(554,417)	347,415	(207,002)	36,595	335,264
Cash and cash equivalents, beginning of the period	810,564	37,548	848,112	419,609	34,271
Cash and cash equivalents, end of the period	256,147	384,963	641,110	456,204	369,535
					825,739
NON-CASH INFORMATION					
Changes in fair value of investments designated as FVOCI	900	33,477	34,377	(3,693)	(40,356)
					(44,049)

20. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors of the Company, on Ramadan 16, 1442, corresponding April 28, 2021.