

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND NINE MONTH PERIODS ENDED
30 SEPTEMBER 2023**

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REVIEW REPORT (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

| INDEX | Page |
|---|-------------|
| Independent auditors' review report | 1-2 |
| Interim condensed statement of financial position (Unaudited) | 3 |
| Interim condensed statement of income (Unaudited) | 4 |
| Interim condensed statement of comprehensive income (Unaudited) | 5 |
| Interim condensed statement of changes in equity (Unaudited) | 6 |
| Interim condensed statement of cash flows (Unaudited) | 7 |
| Notes to the Interim condensed financial statements | 8-54 |

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

**To the Shareholders of
Amana Cooperative Insurance Company (ACIC)
(A Saudi Joint Stock Company)**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of **Amana Cooperative Insurance Company (ACIC)** - a Saudi Joint Stock Company (the "Company") as at 30 September 2023 and the related interim condensed statement of income and comprehensive income for the three-month and nine-month period then ended and interim condensed statement of changes in equity and cashflows for the nine-month period then ended and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements 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 that are 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 statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

MATERIAL UNCERTAINTY

We draw attention to Note 2 to the interim condensed financial statements of the Company. The Company, as on September 30, 2023, the accumulated losses amounting to SAR 186.25 million which represents 43.32% (December 2022 (Restated): SAR 215.38 million which represents 50.1%) of the Company's share capital, and as of the same date, the Company's Insurance revenue decreased by SAR 25.29 million representing 13.78% as compared to the corresponding period of the prior year. These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. Management has in respect of this matter prepared three years forecast which exhibits net profits from the year 2024 onwards. Our conclusion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS - CONTINUED

**For El Sayed El Ayouty & Co.
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Abdullah S Al Msned
Certified Public Accountant
License No. 456



Dated: 08 November, 2023
corresponding to: Rabi' II 24, 1445 H



AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

| | | 30 September, 2023 | 31 December 2022 (Audited & Restated Note 4) | 1 January 2022 (Audited & Restated Note 4) |
|--|-------|-----------------------|--|--|
| ASSETS | Notes | (Unaudited) | Restated Note 4) | Restated Note 4) |
| | | SAR' 000 | | |
| Cash and cash equivalents | 5 | 237,158 | 153,756 | 47,040 |
| Short term deposits | | - | - | 10,000 |
| Insurance Contract Assets | 8.1 | 25,682 | 18,979 | 17,707 |
| Reinsurance Contract Assets | 8.2 | 5,271 | 5,557 | 20,595 |
| Investments designated as FVOCI | 6a | 41,016 | 144,023 | 50,291 |
| Investments held at amortised cost | 6b | 12,562 | 12,525 | 44,198 |
| Prepayments and other assets | 15 | 31,731 | 31,738 | 11,130 |
| Property and equipment | 16 | 5,292 | 6,391 | 6,085 |
| Intangible assets | 16 | 800 | 667 | 575 |
| Statutory deposit | 22 | 64,500 | 64,500 | 19,500 |
| Accrued income on statutory deposit | | 2,049 | 3,787 | 2,989 |
| TOTAL ASSETS | | 426,061 | 441,923 | 230,110 |
| LIABILITIES | | | | |
| Insurance Contract liabilities | 8.1 | 100,395 | 125,207 | 168,645 |
| Reinsurance Contract liabilities | 8.2 | 7,171 | 8,132 | 5,658 |
| Accrued expenses and other liabilities | 14 | 24,648 | 42,280 | 42,013 |
| Employees' end-of-service benefits (EOSB) | | 4,343 | 5,022 | 5,342 |
| Provision for zakat and income tax | 23 | 8,856 | 7,009 | 3,559 |
| Accrued income payable to SAMA | | 2,049 | 3,787 | 2,989 |
| TOTAL LIABILITIES | | 147,462 | 191,437 | 228,206 |
| EQUITY | | | | |
| Share capital | 24 | 430,000 | 430,000 | 130,000 |
| Accumulated losses | | (186,257) | (215,384) | (164,348) |
| Fair value reserve for investments at FVOCI | 6a | 37,806 | 38,820 | 37,703 |
| Total Shareholders' Equity | | 281,549 | 253,436 | 3,355 |
| Re-measurement of EOSB related to insurance operations | | (2,950) | (2,950) | (1,451) |
| TOTAL EQUITY | | 278,599 | 250,486 | 1,904 |
| TOTAL LIABILITIES AND EQUITY | | 426,061 | 441,923 | 230,110 |
| Note - Commitments and Contingencies | 17 | 3 | 728 | 122 |

The accompanying notes 1 to 31 form an integral part of these interim condensed financial statements.

| | | |
|--|---|---|
|  Finance Manager |  Board Member |  Managing Director-Acting |
|--|---|---|

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

| | | Three-months period ended 30 Sept. 2023 (Unaudited) | Three-months period ended 30 Sept. 2022 (Unaudited) (Restated Note 4) | Nine-months period ended 30 Sept. 2023 (Unaudited) | Nine-months period ended 30 Sept. 2022 (Unaudited) (Restated Note 4) |
|--|-------|--|---|---|--|
| | Notes | SAR' 000 | | | |
| REVENUES | | | | | |
| Insurance Revenue | 9 | 44,563 | 34,440 | 158,291 | 183,585 |
| Insurance Service expenses | 10 | (33,474) | (64,007) | (116,076) | (222,493) |
| Insurance service result before reinsurance contracts held | | 11,089 | (29,567) | 42,215 | (38,908) |
| Allocation of reinsurance premiums | 11 | (1,836) | (12,978) | (6,792) | (28,714) |
| Amounts recoverable from reinsurers for incurred claims | 11 | 47 | 17,394 | 2,368 | 27,527 |
| Net expense from reinsurance contracts held | | (1,789) | 4,416 | (4,424) | (1,187) |
| Insurance service result | | 9,300 | (25,151) | 37,791 | (40,095) |
| Net investment income | | 4,491 | 289 | 6,449 | 3,934 |
| Net credit impairment loss on financial assets | | (18) | 3 | (39) | (11) |
| Net investment income | | 4,473 | 292 | 6,410 | 3,923 |
| Other costs | | 84 | (21) | - | - |
| Net insurance finance income / (expenses) | | 84 | (21) | - | - |
| Net insurance and investment result | | 13,857 | (24,880) | 44,201 | (36,172) |
| Other operating income | | 68 | - | 68 | - |
| Other operating expenses | 13 | (4,487) | (5,594) | (12,795) | (15,670) |
| Total income / (loss) for the period attributable to shareholders before zakat | | 9,438 | (30,474) | 31,474 | (51,842) |
| Provision for Zakat | | - | - | (2,347) | (671) |
| Net Income / (loss) for the period, after zakat, attributable to the shareholders | | 9,438 | (30,474) | 29,127 | (52,513) |
| Earnings/ (loss) per share (expressed in SAR per share) | | 0.22 | (0.71) | 0.68 | (1.22) |
| Basic earnings/ (loss) per share (expressed in SAR per share) | | | | | |
| Weighted average number of ordinary outstanding shares (in thousands) | | 43,000 | 43,000 | 43,000 | 43,000 |

The accompanying notes 1 to 31 form an integral part of these interim condensed financial statements.


Finance Manager

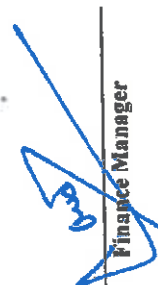

Board Member


Managing Director-Acting

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

| | Three-months period ended 30 Sept. 2023 (Unaudited) | Three-months period ended 30 Sept. 2022 (Unaudited) (Restated) | Nine-months period ended 30 Sept. 2023 (Unaudited) | Nine-months period ended 30 Sept. 2022 (Unaudited) (Restated) |
|--|--|--|---|---|
| Notes | SAR' 000 | | | |
| NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX | 9,438 | (30,474) | 29,127 | (52,513) |
| Other comprehensive income / (loss): | | | | |
| <i>Items that will not be reclassified to the interim condensed statements of income in subsequent periods</i> | | | | |
| Changes in fair value of investments measured at FVOCI Transferred from fair value reserve to income for the period | 272 (2,231) | 198 | 1,642 (2,656) | 892 (2,660) |
| Net changes in fair value of investments measured at FVOCI – equity instruments | (1,959) | 198 | (1,014) | (1,768) |
| Total comprehensive income/ (loss) for the period | (1,959) | 198 | (1,014) | (1,768) |
| Total comprehensive income/ (loss) attributable to the shareholders | 7,479 | (30,276) | 28,113 | (54,281) |

The accompanying notes 1 to 31 form an integral part of these interim condensed financial statements.


Finance Manager


Board Member


Managing Director-Acting


**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

| | Share capital | Statutory reserve | Retained earnings/ (Accumulated losses) | Fair value reserve for investments at FVOCI | Total Shareholders' Equity | Re-measurement of EFSB obligations | Total equity |
|--|---------------|-------------------|--|---|----------------------------------|--|--------------|
| | | | | SAR '000 | | | |
| 2022 | | | | | | | |
| Balance at 1 January 2022 (Audited) | 130,000 | | (157,227) | 2,594 | (24,633) | (1,451) | (26,084) |
| Adjustment on initial application of IFRS 17, net of tax | - | | (7,121) | - | (7,121) | - | (7,121) |
| Adjustment on initial application of IFRS 9, net of tax | - | | - | 35,109 | 35,109 | - | 35,109 |
| Balance at 1 January 2022 (Audited & Restated) | 130,000 | | (164,348) | 37,703 | 3,555 | (1,451) | 1,904 |
| Comprehensive income for the period (restated) | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | - |
| Other Comprehensive loss/ income for the year | - | - | - | - | - | - | - |
| Total comprehensive income for the year (restated) | - | - | - | - | - | - | - |
| Changes in fair value of investments measured at FVOCI | - | - | - | 832 | 832 | - | 832 |
| Sale of investments measured at fair value through OCI | - | - | 2,660 | (2,660) | - | - | - |
| Total loss for the period attributable to the shareholders | - | - | (52,513) | - | (52,513) | - | (52,513) |
| Total comprehensive loss for the period (restated) | - | - | (49,853) | (1,768) | (51,621) | - | (51,621) |
| Increase in Share Capital | 300,000 | - | - | - | 300,000 | - | 300,000 |
| Transaction cost for increase in Share Capital | - | - | (5,894) | - | (5,894) | - | (5,894) |
| Balance at 30 September 2022 (Audited & Restated) | 430,000 | - | (220,005) | 35,935 | 245,840 | (1,451) | 244,389 |
| 2023 | | | | | | | |
| Balance at 1 January 2023 (Restated & Unaudited) | 430,000 | | (215,384) | 38,820 | 253,436 | (2,950) | 250,486 |
| Comprehensive income for the period: | - | - | 29,127 | - | 29,127 | - | 29,127 |
| Net profit for the period attributable to the shareholders | - | - | 29,127 | - | 29,127 | - | 29,127 |
| Total comprehensive income for the period attributable to | - | - | - | (1,014) | (1,014) | - | (1,014) |
| Net changes in fair value of investments measured at FVOCI | - | - | - | (1,014) | (1,014) | - | (1,014) |
| Total comprehensive loss for the period | - | - | (186,257) | 37,806 | 281,549 | (2,950) | 278,599 |
| Balance at 30 September 2023 (Unaudited) | 430,000 | - | (186,257) | 37,806 | 281,549 | (2,950) | 278,599 |

The accompanying notes 1 to 31 form an integral part of these interim condensed financial statements


Finance Manager


Board Member


Managing Director-Acting

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

| | | 30 September, 2023 (Unaudited) | 30 September, 2022 (Unaudited) |
|---|-------------|---|---|
| | Note | (SAR' 000) | (Restated Note 4) (SAR' 000) |
| Cash flows from operating activities | | | |
| Profit / loss for the period before zakat | | 31,474 | (51,842) |
| Adjustments for non-cash items: | | | |
| Depreciation and amortization | 16 | 1,416 | 1,470 |
| Provision for end-of-service benefits | | (679) | 1,178 |
| Investments held at amortised cost | 6b | (42) | (127) |
| ECL Provision for Sukuk | 6c | 5 | 11 |
| Investment Income | | (7) | (2,660) |
| Changes in operating assets and liabilities: | | | |
| Insurance contracts assets | | (6,703) | 17,707 |
| Reinsurance contracts assets | | 286 | (19,627) |
| Insurance contracts liabilities | | (24,812) | (42,818) |
| Reinsurance contracts liabilities | | (961) | 25,558 |
| Prepayments and other assets | | 7 | (1,581) |
| Accrued expenses and other liabilities | | (17,632) | (10,813) |
| Zakat and income tax paid | 23 | (500) | - |
| Employees' end-of-service benefits paid | | - | (962) |
| Net cash outflow from operating activities | | (18,148) | (84,506) |
| Cash flows from investing activities | | | |
| Proceeds from sale of investment held at FVOCI | | 102,000 | 12,313 |
| Proceeds from held at amortised cost | | - | 31,808 |
| Disposal in property, equipment and intangible assets | 16 | 117 | - |
| Additions in property, equipment and intangible assets | 16 | (567) | (2,215) |
| Change in statutory deposit | | - | (45,000) |
| Transaction cost for Capital Increase | | - | (5,894) |
| Net cash inflow from investing activities | | 101,550 | (8,988) |
| Cash flows from financing activities | | | |
| Issue of right shares | | - | 300,000 |
| Net cash from financing activities | | - | 300,000 |
| Net change in cash and cash equivalents | | 83,402 | 206,506 |
| Cash and cash equivalents at the beginning of the period | | 153,756 | 47,040 |
| Cash and cash equivalents at the end of the period | | 237,158 | 253,546 |

The accompanying notes 1 to 31 form an integral part of these interim condensed financial statements.

| | | |
|---|--|---|
|  Finance Manager |  Board Member |  Managing Director-Acting |
|---|--|---|

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Amana Cooperative Insurance Company (the "Company") is a Saudi joint stock company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/35 dated Jumada Al-Akher 3, 1431 H (corresponding to May 17, 2010), and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010288711 dated Jumada Al-Akher 10, 1431 H (corresponding to May 24, 2010). The Company's head office is at Salah-uddin Al-Ayubi Street P.O. Box 27986, Riyadh 11427, Kingdom of Saudi Arabia.

The objective of the Company is to engage in providing insurance services in accordance with its By-laws and the applicable regulations in the Kingdom of Saudi Arabia.

On 31 July 2003, corresponding to 2 Jumada II 1424H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). During March 2008, the Saudi Central Bank ("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.

2. BASIS OF PREPARATION

(a) Basis of preparation

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in Kingdom of Saudi Arabia ("KSA") by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), other standards and pronouncements issued by SOCPA, regulations for Companies and Company's by-Laws. This is the first set of the company's interim condensed financial statements in which IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant accounting policies are described in Note 3.

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations [Employees' end of service benefits ("EOSBs")] recorded at the present value using the projected unit credit method. The Group's interim condensed statement of financial position is presented in order of liquidity. The current and non-current classification of the assets and liabilities have not changed since the year ended 31 December 2022.

The interim condensed financial statements do 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 2022. The risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2022 except as mentioned in note 4.

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 Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly (Note 24). 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, interim condensed financial statements of income, interim condensed comprehensive income and interim condensed cash flows of the insurance operations and shareholders operations which are presented in note 19 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA's 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 condensed financial statements of financial position, interim condensed financial statements of income, interim condensed financial statements of comprehensive income and interim condensed financial statements of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

2. BASIS OF PREPARATION (CONTINUED)

(a) Basis of preparation (Continued)

In preparing the Company-level interim condensed financial statements in compliance with IFRSs, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances and transactions are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and

(b) Functional and presentation currency

The interim condensed financial statements have been prepared in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All financial information presented in SAR has been rounded off to the nearest thousand, unless otherwise stated.

(c) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial statements 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 expenses and the accompanying notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates.

Going concern

The Company, the accumulated losses amounting to SAR 186.25 million which represents 43.32% (December 2022 (Restated): SAR 215.38 million which represents 50.1%) of the Company's share capital, and as of the same date, the Company's Insurance revenue decreased by SAR 25.29 million representing 13.78% as compared to the corresponding period of the prior year.

These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, Management has in respect of this matter prepared three years forecast which exhibits net profits from the year 2024 onwards. Accordingly, these financial statements have been prepared on going concern assumption.

Insurance Contracts

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include risk adjustment ("RA") and liability for incurred claims – estimate of future cash flows. Refer to note 3 for further details.

(d) Seasonality of operations

Due to the seasonality of operations, operating profits are expected to fluctuate from one period to another.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except as mentioned below and in note 3(b):

a) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract
Amendments to IAS 37
Amendments to IFRS 3 Reference to the Conceptual Framework

These amendments had no impact on the interim condensed financial statements of the Company.

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each group of insurance contracts.

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims ("LIC") and Liability for Remaining Coverage ("LRC").

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting policies, including key judgments and estimates

i) IFRS 17 – accounting policies, including key judgments and estimates

Measurement - Contracts measured under the PAA

In Property & Casualty, Motor and Medical segment, the Company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception:

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. The liability for remaining coverage includes:

- Fulfilment cash flows which are comprised of:

- Discounted estimates of future cash flows; and
- A risk adjustment which is the compensation required for bearing uncertainty; and

- Contractual service margin which is the unearned profit that is recognized as services are provided.

The premium allocation approach ("PAA") is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The Company is adopting the PAA measurement model for the measurement of LRC for the whole PMI business. This is principally based on the eligibility test for fulfillment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

Initial and subsequent measurement

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the LIC, comprising the fulfillment cash flows ("FCF") related to past service allocated to the Company at the reporting date

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on the Company assessment, there are no investment components within insurance contracts issued by the Company.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the Company's. When contracts meet the recognition criteria in the Company's after the reporting date, they are added to the Company's in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the Company's is not reassessed in subsequent periods.

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 – accounting policies, including key judgments and estimates (Continued)

Initial and subsequent measurement (Continued)

The Company holds quota share reinsurance contract that provide coverage on the PMI insurance contracts for claims incurred during an accident year and are accounted for under the PAA since the Company does not expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage under general measurement model. For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The Company is presenting income/ expense from reinsurance as a net line item in the interim condensed statement of income.

Liability for Incurred Claims "LIC"

The Company estimates the liability for incurred claims and expenses as the fulfilment cash flows related to incurred claims and expenses. The fulfilment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfill its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Company presents the entire change in risk adjustment as part of insurance service results.

The Company establishes insurance claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported ("IBNR") and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as claim type.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

Liability for Incurred Claims "LIC" (Continued)

The Company has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less. Likewise, the Company has decided not to discount the LIC for the time value of money as most of the claims incurred are expected to be settled within a 12-month period. An insignificant portion of the LIC is expected to be carried over beyond 12 months, with an immaterial impact on LIC and statement of income. The Company will regularly monitor the time it takes in settling claims from the date they are incurred.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. The Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. The Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 – accounting policies, including key judgments and estimates (Continued)

Insurance acquisition costs and directly attributable expenses

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts.

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the group of insurance contracts. The Company allocates the attributable costs based on a number of drivers.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses. The Company amortises the insurance acquisition costs over the contract period.

Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9

Insurance service expenses

Insurance service expenses include the following:

- incurred claims for the period.
- other incurred directly attributable expenses.
- insurance acquisition cash flows amortization.
- changes that relate to past service – changes in the FCF relating to the LIC.
- changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Onerous Contract

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the interim condensed statement of income in insurance service expense. The loss component is then amortized to condensed interim statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company has chosen a confidence level based on the 65th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the application of those policies in practice.
 - whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
 - how the performance of the portfolio is evaluated and reported to The Company's management.
 - the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
 - how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
 - the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.
- For the purpose of the assessment of whether contractual cash flows are solely payments of principal and interest, principal is the fair value of the financial asset on initial recognition. Interest is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 – accounting policies, including key judgments and estimates (Continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in condensed interim statement of income as investment income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the condensed interim statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Definition of default

In assessing whether an issuer is in default, the Company considers indicators that are:

- qualitative- e.g., breaches of covenant.
- quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

For the investment portfolio, a generalized approach is used, where assets are classified under 3 different stages based on the SICR criteria: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolio, a simplified approach is used, for which staging is not required, based on a lifetime ECL computation.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD')

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD')

The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate

While estimating the ECL, The Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, The Company analyzes the relationship between key economic trends with the estimate of PD. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by The Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) IFRS 9 – accounting policies, including key judgments and estimates

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9.

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

Financial assets at amortized cost

Debt Instruments:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the

Financial assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognized in the statement of income. For an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis on initial recognition.

Financial assets at FVTPL

All other financial assets are classified measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

-Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in condensed interim statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.

-FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in condensed interim statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to condensed interim statement of income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

-Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the interim condensed interim statement of income and presented net within other gains/(losses) in the period in which it arises.

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets – Impairment

Overview of Expected Credit Loss (“ECL”) principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
 - other financial instruments on which credit risk has not increased significantly since their initial recognition.
- The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of The Company.

Staging of financial assets

The Company categorizes its investments portfolio classified as amortized cost and FVOCI into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;
- Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and
- Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

Financial assets – Impairment

Credit impaired financial asset

At each reporting date, The Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event (more than 90 days);
- it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market’s assessment of creditworthiness as reflected in the bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as ‘lender of last resort’ to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Financial liabilities

Classification and derecognition of financial liabilities

The Company classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate (“EIR”). A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of income. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE

As stated in note 2 & 3, this is the Company's first interim condensed financial information prepared in accordance with the requirements of IFRS 17.

The accounting policies set out in note 3 have been applied in preparing the interim condensed financial statements for the period ended 30 September 2023 and 30 September 2022 and in the preparation of an opening IFRS 17 statement of financial position at 1 January 2022 (the Company's date of transition) and 31 December 2022.

In preparing its opening IFRS 17 statement of financial position, the Company has adjusted amounts reported previously in financial statements under IFRS 4.

At 1 January 2022, the Company applied the following approaches to identify and measure certain groups of contracts in the Property & Casualty, Motor and Medical / Health segments on transition to IFRS 17.

| | |
|-------------------|---|
| Contract measured | Modified retrospective approach (MRA) from 2017 to 2021 |
|-------------------|---|

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE (CONTINUED)

EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES
Reconciliation of interim condensed statement of financial position as at 1 January 2022:

Statement of Financial Position

| Statement of Financial Position | | 1st January 2022 | | | | Pro-adoption of IFRS 17 & IFRS 9 | |
|--|-----------------|----------------------------------|------------------|----------------|------------------|----------------------------------|----------------|
| | | Pre-adoption of IFRS 17 & IFRS 9 | IFRS 17 | | IFRS 9 | | |
| ASSETS | | | Reclassification | Re-measurement | Reclassification | Re-measurement | |
| SAR' 000 | | | | | | | |
| Cash and cash equivalents | 47,040 | - | - | - | - | - | 47,040 |
| Short term deposits | 10,000 | - | - | - | - | - | 10,000 |
| Premiums and reinsurances' receivable | 87,543 | (87,543) | - | - | - | - | - |
| Reinsurers' share of unearned premiums | 1,433 | (1,433) | - | - | - | - | - |
| Reinsurers' share of outstanding claims | 1,267 | (1,267) | - | - | - | - | - |
| Reinsurers' share of claims incurred but not reported | 1,205 | (1,205) | - | - | - | - | - |
| Insurance Contract Assets | - | - | - | 17,707 | - | - | 17,707 |
| Reinsurance Contract Assets | - | - | - | 20,595 | - | - | 20,595 |
| Deferred policy acquisition costs | 12,606 | (12,606) | - | - | - | - | - |
| Available-for-sale investments | 15,182 | - | - | - | (15,182) | - | - |
| Held-to-maturity investments | 44,198 | - | - | - | (44,198) | - | - |
| Investments designated as FVOCI | - | - | - | - | - | 50,291 | 50,291 |
| Investments held at amortised cost | - | - | - | - | - | 44,198 | 44,198 |
| Prepayments and other assets | 14,812 | - | - | (3,682) | - | - | 11,130 |
| Property and equipment | 6,085 | - | - | - | - | - | 6,085 |
| Intangible assets | 575 | - | - | - | - | - | 575 |
| Statutory deposit | 19,500 | - | - | - | - | - | 19,500 |
| Accrued income on statutory deposit | 2,989 | - | - | - | - | - | 2,989 |
| TOTAL ASSETS | 264,435 | (104,054) | - | 34,620 | (59,380) | 94,489 | 230,110 |
| LIABILITIES | | | | | | | |
| Policyholders claims payable | 3,488 | (3,488) | - | - | - | - | 42,013 |
| Accrued expenses and other liabilities | 42,013 | - | - | - | - | - | - |
| Reinsurance balances payable | 8,176 | (8,176) | - | - | - | - | - |
| Unearned premiums | 113,295 | (113,295) | - | - | - | - | 168,645 |
| Insurance Contract Liabilities | - | - | - | 168,645 | - | - | 5,658 |
| Reinsurance Contract Liabilities | - | - | - | 5,658 | - | - | - |
| Unearned reinsurance commission | 242 | (242) | - | - | - | - | - |
| Outstanding claims | 21,401 | (21,401) | - | - | - | - | - |
| Claims incurred but not reported | 58,250 | (58,250) | - | - | - | - | - |
| Premiums deficiency reserve | 27,167 | (27,167) | - | - | - | - | - |
| Other technical reserve | 3,818 | (3,818) | - | - | - | - | 5,342 |
| Employees' end-of-service benefits | 5,342 | - | - | - | - | - | - |
| Surplus distribution payable | 779 | (779) | - | - | - | - | 3,559 |
| Provision for zakat and income tax | 3,559 | - | - | - | - | - | 2,989 |
| Accrued income payable to SAMA | 2,989 | - | - | - | - | - | 228,206 |
| TOTAL LIABILITIES | 290,519 | (62,313) | - | - | - | - | 228,206 |
| SHAREHOLDERS' EQUITY | | | | | | | |
| Share capital | 130,000 | - | - | - | - | - | 130,000 |
| Retained earnings / (Accumulated deficit) | (157,227) | - | - | (7,121) | - | - | (164,348) |
| Fair value reserve for investments at FVOCI | 2,594 | - | - | - | - | 35,109 | 37,703 |
| TOTAL SHAREHOLDERS' | (24,633) | - | - | (7,121) | - | 35,109 | 3,355 |
| Re-measurement reserve for end-of-service indemnities | | | | | | | |
| | (1,451) | - | - | - | - | - | (1,451) |
| TOTAL EQUITY | (1,451) | - | - | - | - | - | (1,451) |
| TOTAL LIABILITIES AND EQUITY | 264,435 | (62,313) | - | (7,121) | - | 35,109 | 230,110 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE (CONTINUED)

Reconciliation of interim condensed statement of financial position as at 31 December 2022:

Statement of Financial Position

| 31st December 2022 | | | | | | |
|--|-------------------------------------|------------------|----------------|------------------|----------------|-------------------------------------|
| Statement of Financial Position | | | | | | |
| ASSETS | Pre-adoption of IFRS 17 & IFRS 9 | IFRS 17 | | IFRS 9 | | Pro-adoption of IFRS 17 & IFRS 9 |
| | | Reclassification | Re-measurement | Reclassification | Re-measurement | |
| SAR' 000 | | | | | | |
| Cash and cash equivalents | 153,762 | - | (6) | - | - | 153,756 |
| Short term deposits | - | - | - | - | - | - |
| Premiums and reinsurances' receivable | 70,316 | (70,316) | - | - | - | - |
| Reinsurers' share of unearned premiums | 1,436 | (1,436) | - | - | - | - |
| Reinsurers' share of outstanding claims | 1,688 | (1,688) | - | - | - | - |
| Reinsurers' share of claims incurred but not reported | 744 | (744) | - | - | - | - |
| Insurance Contract Assets | - | - | 18,979 | - | - | 18,979 |
| Reinsurance Contract Assets | - | - | 5,557 | - | - | 5,557 |
| Deferred policy acquisition costs | 13,376 | (13,376) | - | - | - | - |
| Available-for-sale investments | 106,243 | - | - | (106,243) | - | - |
| Held-to-maturity investments | 12,530 | - | - | (12,530) | - | - |
| Investments designated as FVOCI | - | - | - | - | 144,023 | 144,023 |
| Investments held at amortised cost | - | - | - | - | 12,525 | 12,525 |
| Prepayments and other assets | 35,151 | - | (3,413) | - | - | 31,738 |
| Property and equipment | 6,391 | - | - | - | - | 6,391 |
| Intangible assets | 667 | - | - | - | - | 667 |
| Statutory deposit | 64,500 | - | - | - | - | 64,500 |
| Accrued income on statutory deposit | 3,787 | - | - | - | - | 3,787 |
| TOTAL ASSETS | 470,591 | (87,560) | 21,117 | (118,773) | 156,548 | 441,923 |
| LIABILITIES | | | | | | |
| Policyholders claims payable | 3,582 | (3,582) | - | - | - | - |
| Accrued expenses and other liabilities | 42,280 | - | - | - | - | 42,280 |
| Reinsurance balances payable | 9,212 | (9,212) | - | - | - | - |
| Unearned premiums | 95,240 | (95,240) | - | - | - | - |
| Insurance Contract Liabilities | - | - | 125,207 | - | - | 125,207 |
| Reinsurance Contract Liabilities | - | - | 8,132 | - | - | 8,132 |
| Unearned reinsurance commission | 214 | (214) | - | - | - | - |
| Outstanding claims | 24,357 | (24,357) | - | - | - | - |
| Claims incurred but not reported | 46,210 | (46,210) | - | - | - | - |
| Premiums deficiency reserve | 14,318 | (14,318) | - | - | - | - |
| Other technical reserve | 1,228 | (1,228) | - | - | - | - |
| Employees' end-of-service benefits | 5,022 | - | - | - | - | 5,022 |
| Surplus distribution payable | 410 | (410) | - | - | - | - |
| Provision for zakat and income tax | 7,009 | - | - | - | - | 7,009 |
| Accrued income payable to SAMA | 3,787 | - | - | - | - | 3,787 |
| TOTAL LIABILITIES | 252,869 | (194,771) | 133,339 | - | - | 191,437 |
| SHAREHOLDERS' EQUITY | | | | | | |
| Share capital | 430,000 | - | - | - | - | 430,000 |
| Retained earnings / (Accumulated deficit) | (210,368) | - | (5,016) | - | - | (215,384) |
| Fair value reserve for investments at FVOCI | 1,040 | - | - | - | 37,780 | 38,820 |
| TOTAL SHAREHOLDERS' | 220,672 | - | (5,016) | - | 37,780 | 253,436 |
| Re-measurement reserve for end-of-service indemnities | | | | | | |
| | (2,950) | - | - | - | - | (2,950) |
| TOTAL EQUITY | (2,950) | - | - | - | - | (2,950) |
| TOTAL LIABILITIES AND EQUITY | 470,591 | (194,771) | 128,323 | - | 37,780 | 441,923 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

4. TRANSITION NOTE (CONTINUED)

| 30 September 2022 | IFRS 17 | | | IFRS 9 | | Post adoption of IFRS 17 & IFRS 9 |
|---|-------------------------------------|------------------|-----------------|------------------|---------------|--------------------------------------|
| | Pre-adoption of IFRS 17 & IFRS 9 | Reclassification | Remeasurement | Reclassification | Remeasurement | |
| | | | SAR' 000 | | | |
| Insurance revenue | - | - | 183,585 | - | - | 183,585 |
| Insurance service expense | - | - | (222,493) | - | - | (222,493) |
| Net expenses from reinsurance contracts | - | - | (1,187) | - | - | (1,187) |
| Insurance service result | - | - | (40,095) | - | - | (40,095) |
| Gross premium written | 135,219 | (135,219) | - | - | - | - |
| Less: reinsurance ceded - Local | (333) | 333 | - | - | - | - |
| Less: reinsurance ceded - Foreign | (1,365) | 1,365 | - | - | - | - |
| Less: XOL | (13,973) | 13,973 | - | - | - | - |
| Net premiums written | 119,548 | (119,548) | - | - | - | - |
| Changes in unearned premium - net | (3,327) | 3,327 | - | - | - | - |
| Net premiums earned | 116,221 | (116,221) | - | - | - | - |
| Reinsurance commission income | 325 | (325) | - | - | - | - |
| Other underwriting income | 6,735 | (6,735) | - | - | - | - |
| TOTAL REVENUES | 123,281 | (123,281) | (40,095) | - | - | (40,095) |
| UNDERWRITING COSTS AND EXPENSES | | | | | | |
| Gross claims paid (including settlement expense) | (129,947) | 129,947 | - | - | - | - |
| Less: Reinsurers' share | 8,394 | (8,394) | - | - | - | - |
| Net Claims Paid | (121,553) | 121,553 | - | - | - | - |
| Changes in outstanding claims | (1,975) | 1,975 | - | - | - | - |
| Changes in reinsurers' share of outstanding claims | 620 | (620) | - | - | - | - |
| Changes in IBNR | 16,796 | (16,796) | - | - | - | - |
| Changes in reinsurers' share of IBNR | (198) | 198 | - | - | - | - |
| Net Claims incurred | (106,310) | 106,310 | - | - | - | - |
| Changes in premium deficiency reserve | 3,435 | (3,435) | - | - | - | - |
| Changes in other technical reserves | 240 | (240) | - | - | - | - |
| Policy acquisition costs | (10,962) | 10,962 | - | - | - | - |
| Inspection and supervision fees | (7,699) | 7,699 | - | - | - | - |
| Net income (expenses) from reinsurance contracts held | (14,986) | 14,986 | - | - | - | - |
| TOTAL UNDERWRITING COSTS AND EXPENSES | (121,296) | 121,296 | - | - | - | - |
| Net investment income | - | - | - | - | 3,934 | 3,934 |
| Credit loss allowance | - | - | - | - | (11) | (11) |
| Net investment income | - | - | - | - | 3,923 | 3,923 |
| Net underwriting income/(loss) / Insurance and investment results | 1,985 | (1,985) | (40,095) | - | 3,923 | (36,172) |
| OTHER OPERATING (EXPENSES) / INCOME | | | | | | |
| Charge of provision for doubtful debts | (7,585) | 7,585 | - | - | - | - |
| General and administrative expenses | (29,427) | 29,427 | - | - | - | - |
| Investment income | 985 | - | - | (985) | - | - |
| Realized loss from sale of available-for-sale investments | 2,660 | - | - | (2,660) | - | - |
| Other Costs | - | - | (15,670) | - | - | (15,670) |
| Other operating expenses | - | - | - | - | - | - |
| TOTAL OTHER OPERATING (EXPENSES) / INCOME | (33,367) | 37,012 | (15,670) | (3,645) | - | (15,670) |
| Operating income/(loss) for the period | (31,382) | 35,027 | (55,765) | (3,645) | 3,923 | (51,842) |
| Zakat charge | (671) | - | - | - | - | (671) |
| Income/(loss) for the period | (32,053) | 35,027 | (55,765) | (3,645) | 3,923 | (52,513) |
| NET INCOME / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT | (32,053) | 35,027 | (55,765) | (3,645) | 3,923 | (52,513) |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

4. TRANSITION NOTE (CONTINUED)

Reclassification impact on interim condensed statement of income on adoption of IFRS 17

The line-item descriptions in the interim condensed statement of income have been changed significantly compared with prior year. Previously, the company reported the following line items:

- Gross premium written
- Reinsurance premiums ceded – local
- Reinsurance premiums ceded – international
- Changes in unearned premiums – net
- Gross claims paid
- Surrenders and Maturities
- Reinsurer's share of claims paid
- Changes in outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Changes in claims handling reserves
- Reinsurance share of changes in outstanding claims
- Reinsurance share of changes in claims incurred but not reported
- Changes in reserves for takaful activities
- Changes in unit linked reserves
- Policy acquisition costs
- Other underwriting expenses
- Allowance for doubtful receivables
- General and administrative expenses

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurers

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

4. TRANSITION OF STATEMENTS (CONTINUED)

The following tables explain the remeasurement impact on the interim condensed statement of financial position on adoption to IFRS 17

Impact on Equity:

Drivers of Changes in Equity

| |
|---|
| Changes in insurance contract liabilities |
| Changes in reinsurance contract assets |
| Changes in fair Value of Najm Investment |
| Total Impact |

**Impact on equity on transition to IFRS 17 on
January 1, 2022**

| |
|----------------------------------|
| Decrease by SR 7.15 million |
| Increase by SR 0.05 million |
| Increase by SR 35.1 million |
| Increase by SR 28 million |

Impact on Insurance Contract Liabilities:

Drivers of Changes

| |
|---------------------------------------|
| Additional Deferred Acquisition Costs |
| Risk Adjustment |
| Loss Component |
| Total Impact |

**Impact on liabilities on transition to IFRS 17 on
January 1, 2022**

| |
|-----------------------------------|
| Decrease by SR 6.3 million |
| Increase by SR 3.9 million |
| Increase by SR 9.5 million |
| Increase by SR 7.1 million |

Impact on Reinsurance Contract Assets

Drivers of Changes

| |
|---|
| Reinsurance Risk Adjustment & Discounting |
| Reinsurance Default Provision |
| Total Impact |

**Impact on assets on transition to IFRS 17 on
January 1, 2022**

| |
|------------------------------------|
| Increase by SR 0.07 million |
| Decrease by SR 0.02 million |
| Increase by SR 0.05 million |

Re-classification impact on the interim condensed statement of financial position on adoption of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities, inclusive of the expected credit losses, as at 1 January 2022:

| Particulars | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 |
|---------------------------------------|--|--|--|--|
| | | | SAR' 000 | |
| 1 Cash and cash equivalents | Amortised cost | Amortised cost | 47,040 | 47,040 |
| Murabaha | Amortised cost | Amortised cost | 10,000 | 10,000 |
| 2 Investments | | | | |
| a) Equity investments | Available for Sale | Fair Value through Other Comprehensive Income (FVOCI) (with no recycling) | 15,182 | 50,291 |
| b) Sukuk debt investments | Held to Maturity | Amortised cost | 44,198 | 44,198 |
| 3 Statutory Deposit | Held to Maturity | Amortised cost | 19,500 | 19,500 |
| 4 Accrued income on statutory deposit | Held to Maturity | Amortised cost | 2,989 | 2,989 |
| 5 Other assets (Financial assets) | Held to Maturity | Amortised cost | - | - |
| Total financial assets | | | 138,909 | 174,018 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

| | Insurance operations | | |
|---|---|---|----------------------------|
| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
| | SAR'000 | | |
| Cash and bank balances | 28,969 | 56,161 | 21,368 |
| Deposits maturing within 3 months from the acquisition date | 4,500 | - | - |
| ECL on Cash and Cash Equivalents | - | - | - |
| Total | 33,469 | 56,161 | 21,368 |

| | Shareholders' operations | | |
|---|---|---|----------------------------|
| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
| | SAR'000 | | |
| Cash and bank balances | 1,830 | 2,601 | 25,672 |
| Deposits maturing within 3 months from the acquisition date | 201,893 | 95,000 | - |
| ECL on Cash and Cash Equivalents | (34) | (6) | - |
| Total | 203,689 | 97,595 | 25,672 |
| Total cash and cash equivalents | 237,158 | 153,756 | 47,040 |

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission at an average rate of 5.06% per annum as at September 30, 2023 (December 31, 2022: 4.73% per annum).

Bank balances and murabaha deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

6. INVESTMENTS

Maximum exposure to credit risk – financial instruments subject to ECL

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

The following tables contains an analysis of the credit risk exposure of the 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.

| | Insurance operations | | |
|------------------------------|---|---|----------------------------|
| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
| | SAR'000 | | |
| Investment measured at FVOCI | 39,703 | 39,703 | 37,032 |
| Total | 39,703 | 39,703 | 37,032 |

| | Shareholders' operations | | |
|---------------------------------------|---|---|----------------------------|
| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
| | SAR'000 | | |
| Investment measured at FVOCI | 1,313 | 144,023 | 50,291 |
| Investment measured at amortized cost | 12,562 | 12,525 | 44,198 |
| Total | 13,875 | 156,548 | 94,489 |
| Total | 53,578 | 196,251 | 131,521 |

6(a). The movement in investments measured at FVOCI is as follows:

| Insurance Operations | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
|--|---|---|----------------------------|
| | SAR'000 | | |
| Opening balance | 39,703 | 37,032 | 1,923 |
| Changes in fair value of investments measured at FVOCI | - | 2,671 | 35,109 |
| Closing balance | 39,703 | 39,703 | 37,032 |

| Shareholders' Operations | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
|--|---|---|----------------------------|
| | SAR'000 | | |
| Opening balance | 104,320 | 13,259 | 10,949 |
| Purchases | - | 102,163 | 2,788 |
| Changes in fair value of investments measured at FVOCI | 1,642 | 560 | 1,564 |
| Transferred from fair value reserve to income for the year | (2,656) | (2,114) | (455) |
| Disposals at cost | (101,993) | (9,548) | (1,587) |
| Closing balance | 1,313 | 104,320 | 13,259 |
| Total | 41,016 | 144,023 | 50,291 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

6. INVESTMENTS (CONTINUED)

The investment measured at FVOCI includes investment in Najm, REITs & IPOs that has been valued as follows:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
|--|--------------------------------------|--|--------------------|
| | SAR'000 | | |
| Cost of investment | 3,210 | 105,203 | 12,588 |
| Fair Value Reserve | | | |
| At the beginning of the year | 38,820 | 37,703 | 35,109 |
| Changes in fair value | (1,014) | 1,117 | 2,594 |
| Fair value reserve- closing balance | 37,806 | 38,820 | 37,703 |
| Total Investment at Fair Value | 41,016 | 144,023 | 50,291 |

6(b). The movement in investments measured at amortised costs is as follows:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
|---------------------------------|--------------------------------------|--|--------------------|
| | SAR'000 | | |
| Shareholders' Operations | | | |
| Opening balance | 12,525 | 44,198 | 49,045 |
| Disposals/matured | - | (31,795) | (5,250) |
| | 12,525 | 12,403 | 43,795 |
| Add: Accrued Commission Income | 42 | 127 | 403 |
| Less: Impairment loss | (5) | (5) | - |
| Net closing balance | 12,562 | 12,525 | 44,198 |

6(c). The breakdown of investments measured at amortised costs is as follows:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
|---------------------------------|--------------------------------------|--|--------------------|
| | SAR'000 | | |
| Shareholders' Operations | | | |
| Sukuk | 12,562 | 12,525 | 44,198 |
| Murabaha deposits | - | - | 10,000 |
| | 12,562 | 12,525 | 54,198 |

The term deposits having original maturity exceeding three months have been placed with reputable commercial banks and financial institutions locally. They are mostly denominated in Saudi Arabian Riyals. These deposits earn yield at rates 3.62% per annum (2022: 3.62%). Term deposits are placed with counterparties that have credit ratings equivalent to AAA+ to BBB ratings under standard and Poor's Fitch and Moody's rating Methodology.

7. RECEIVABLE FROM AGENTS

These comprise balances receivable from agents on account of sale of insurance policies by the agent on behalf of the Company.

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
|--------------------------------------|--------------------------------------|--|--------------------|
| | SAR'000 | | |
| Receivable from brokers / agents | 64,861 | 76,591 | 109,017 |
| Less: expected credit loss allowance | (25,032) | (25,032) | (32,085) |
| Closing balance | 39,829 | 51,559 | 76,932 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17

| | Valuation Approach | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) (Restated) SAR' 000 | 1 January 2022 (Audited) (Restated) |
|--|--------------------|----------------------------------|--|--|
| Insurance contract balances | | | | |
| — Insurance contract assets | | | | |
| Medical | PAA | 13,307 | 11,977 | 17,137 |
| Motor | PAA | 10,711 | 6,315 | 22 |
| Property & Casualty | PAA | 1,664 | 687 | 548 |
| — Insurance contract liabilities | | | | |
| Medical | PAA | 72,076 | 64,372 | 76,939 |
| Motor | PAA | 25,687 | 56,642 | 87,766 |
| Property & Casualty | PAA | 2,632 | 4,193 | 3,940 |
| Total Insurance contract assets & liabilities | | 126,077 | 144,186 | 186,352 |
| Reinsurance contracts | | | | |
| — Reinsurance contract assets | | | | |
| Medical | PAA | 1,962 | 2,318 | 17,819 |
| Motor | PAA | 1,274 | 841 | 358 |
| Property & Casualty | PAA | 2,035 | 2,398 | 2,418 |
| — Reinsurance contract liabilities | | | | |
| Medical | PAA | 3,065 | 4,040 | 673 |
| Motor | PAA | 3,578 | 3,380 | 4,964 |
| Property & Casualty | PAA | 528 | 712 | 21 |
| Total Reinsurance contract assets & liabilities | | 12,442 | 13,689 | 26,253 |

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.1 Analysis of Insurance contract assets and liabilities for contracts measured under PAA

| | As at September 30, 2023 (Unaudited) | | | | | | As at December 31, 2022 (Audited) | | | | | |
|--|--------------------------------------|----------------|-----------|---|----------------|-----------|------------------------------------|----------------|-----------|---|----------------|-----------|
| | Liabilities for remaining coverage | | | Liabilities for incurred claims for contracts under the PAA | | | Liabilities for remaining coverage | | | Liabilities for incurred claims for contracts under the PAA | | |
| | of future cash flows | | | of future cash flows | | | of future cash flows | | | of future cash flows | | |
| | Excluding loss component | Loss component | Total | Excluding loss component | Loss component | Total | Excluding loss component | Loss component | Total | Excluding loss component | Loss component | Total |
| All segments / portfolios under PAA | | | | | | | | | | | | |
| Opening assets | (18,963) | - | (18,979) | (18,963) | - | (18,979) | (17,707) | - | (17,707) | (17,707) | - | (17,707) |
| Opening liabilities | 25,076 | 21,196 | 46,272 | 25,076 | 21,196 | 46,272 | 42,462 | 37,254 | 79,716 | 42,462 | 37,254 | 79,716 |
| Net opening balance | 6,113 | 21,196 | 27,309 | 6,113 | 21,196 | 27,309 | 24,755 | 37,254 | 62,009 | 24,755 | 37,254 | 62,009 |
| Changes in the statement of profit or loss and OCI | | | | | | | | | | | | |
| Insurance revenue | (158,291) | - | (158,291) | (158,291) | - | (158,291) | (239,767) | - | (239,767) | (239,767) | - | (239,767) |
| Insurance service expenses | | | | | | | | | | | | |
| Incurred claims | - | - | - | - | - | - | - | - | - | - | - | - |
| Incurred directly attributable expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| Risk adjustment due to incurred | - | - | - | - | - | - | - | - | - | - | - | - |
| Changes that relate to past service - changes in the FCF relating to LIC | - | - | - | - | - | - | - | - | - | - | - | - |
| Losses on onerous contracts and reversals of those losses | - | (11,240) | (11,240) | - | (11,240) | (11,240) | - | (16,058) | (16,058) | - | (16,058) | (16,058) |
| Amortisation of insurance acquisition cash flows | 31,490 | - | 31,490 | 31,490 | - | 31,490 | 48,845 | - | 48,845 | 48,845 | - | 48,845 |
| Insurance service expenses | 31,490 | (11,240) | 20,250 | 31,490 | (11,240) | 20,250 | 48,845 | (16,058) | 32,787 | 48,845 | (16,058) | 32,787 |
| Insurance service result | 126,801 | 11,240 | 138,041 | 126,801 | 11,240 | 138,041 | 190,922 | 16,058 | 206,980 | 190,922 | 16,058 | 206,980 |
| Cash flows | | | | | | | | | | | | |
| Premiums received | 156,461 | - | 156,461 | 156,461 | - | 156,461 | 220,789 | - | 220,789 | 220,789 | - | 220,789 |
| Claims and other directly attributable expenses paid | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance acquisition cash flows | (29,009) | - | (29,009) | (29,009) | - | (29,009) | (48,509) | - | (48,509) | (48,509) | - | (48,509) |
| Net closing balance | 6,764 | 9,956 | 16,720 | 6,764 | 9,956 | 16,720 | 6,113 | 21,196 | 27,309 | 6,113 | 21,196 | 27,309 |
| Closing liabilities | 32,150 | 9,956 | 42,106 | 32,150 | 9,956 | 42,106 | 25,076 | 21,196 | 46,272 | 25,076 | 21,196 | 46,272 |
| Closing assets | (25,386) | - | (25,386) | (25,386) | - | (25,386) | (18,963) | - | (18,963) | (18,963) | - | (18,963) |
| Net closing balance | 6,764 | 9,956 | 16,720 | 6,764 | 9,956 | 16,720 | 6,113 | 21,196 | 27,309 | 6,113 | 21,196 | 27,309 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.1.1 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Medical

| | As at September 30, 2023 (Unaudited) | | | | | As at December 31, 2022 (Audited) | | | | |
|--|--------------------------------------|------------------------------------|--|--------------------------|-----------|-------------------------------------|------------------------------------|--|--------------------------|-----------|
| | Liabilities for incurred claims for | | | | | Liabilities for incurred claims for | | | | |
| | Liabilities for remaining coverage | Present value of future cash flows | Risk adjustment for non-financial risk | Excluding loss component | Total | Liabilities for remaining coverage | Present value of future cash flows | Risk adjustment for non-financial risk | Excluding loss component | Total |
| Medical | | | | | | | | | | |
| Operating assets | (11,977) | - | - | - | (11,977) | (17,137) | - | - | - | (17,137) |
| Operating liabilities | 15,456 | 1,872 | 45,178 | 1,866 | 64,372 | 10,737 | 10,599 | 53,105 | 2,498 | 76,939 |
| Net opening balance | 3,479 | 1,872 | 45,178 | 1,866 | 52,395 | (6,400) | 10,599 | 53,105 | 2,498 | 59,802 |
| Changes in the statement of profit or loss and OCI | (104,249) | - | - | - | (104,249) | (139,447) | - | - | - | (139,447) |
| Insurance revenue | | | | | | | | | | |
| Insurance service expenses | | | | | | | | | | |
| Incurred claims | - | - | 60,757 | - | 60,757 | - | - | 101,441 | - | 101,441 |
| Incurred directly attributable expenses | - | - | 10,815 | - | 10,815 | - | - | 20,764 | - | 20,764 |
| Risk adjustment due to incurred | - | - | - | 1,510 | 1,510 | - | - | - | 1,802 | 1,802 |
| Changes that relate to past service - changes in the FCF relating to LIC | - | - | (12,687) | (1,572) | (14,259) | - | - | (8,833) | (2,434) | (11,267) |
| Losses on onerous contracts and reversals of those losses | - | 3,858 | - | - | 3,858 | - | (8,727) | - | - | (8,727) |
| Amortisation of insurance acquisition cash flows | 18,461 | - | - | - | 18,461 | 26,757 | - | - | - | 26,757 |
| Insurance service expenses | 18,461 | 3,858 | 58,885 | (62) | 81,142 | 26,757 | (8,727) | 113,372 | (632) | 130,770 |
| Insurance service result | 85,788 | (3,858) | (58,885) | 62 | 23,107 | 112,690 | 8,727 | (113,372) | 632 | 8,677 |
| Cash flows | | | | | | | | | | |
| Premiums received | 120,672 | - | - | - | 120,672 | 149,553 | - | - | - | 149,553 |
| Claims and other directly attributable expenses paid | - | - | (69,925) | - | (69,925) | - | - | (121,299) | - | (121,299) |
| Insurance acquisition cash flows | (21,266) | - | - | - | (21,266) | (26,984) | - | - | - | (26,984) |
| Net closing balance | 17,097 | 5,730 | 34,138 | 1,804 | 58,769 | 3,479 | 1,872 | 45,178 | 1,866 | 52,395 |
| Closing liabilities | 30,404 | 5,730 | 34,138 | 1,804 | 72,076 | 15,456 | 1,872 | 45,178 | 1,866 | 64,372 |
| Closing assets | (13,307) | - | - | - | (13,307) | (11,977) | - | - | - | (11,977) |
| Net closing balance | 17,097 | 5,730 | 34,138 | 1,804 | 58,769 | 3,479 | 1,872 | 45,178 | 1,866 | 52,395 |

AMANA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.1.2 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Motor

| Motor | As at September 30, 2023 (Unaudited) | | | | | As at December 31, 2022 (Audited) | | | | |
|--|--------------------------------------|----------------|------------------------------------|--|----------|-------------------------------------|----------------|------------------------------------|--|-----------|
| | Liabilities for incurred claims for | | | | | Liabilities for incurred claims for | | | | |
| | contracts under the PAA | | | | | contracts under the PAA | | | | |
| | Excluding loss component | Loss component | Present value of future cash flows | Risk adjustment for non-financial risk | Total | Excluding loss component | Loss component | Present value of future cash flows | Risk adjustment for non-financial risk | Total |
| | | | | | SAR' 000 | | | | | SAR' 000 |
| Operating assets | (6,315) | - | - | - | (6,315) | (22) | - | - | - | (22) |
| Operating liabilities | 7,629 | 19,324 | 28,318 | 1,371 | 56,642 | 30,451 | 26,655 | 29,350 | 1,310 | 87,766 |
| Net opening balance | 1,314 | 19,324 | 28,318 | 1,371 | 50,327 | 30,429 | 26,655 | 29,350 | 1,310 | 87,744 |
| Changes in the statement of profit or loss and OCI | | | | | | | | | | |
| Insurance revenue | (38,468) | - | - | - | (38,468) | (95,774) | - | - | - | (95,774) |
| Insurance service expenses | | | | | | | | | | |
| Incurred claims | - | - | 27,965 | - | 27,965 | - | - | 115,512 | - | 115,512 |
| Incurred directly attributable expenses | - | - | 9,196 | - | 9,196 | - | - | 12,097 | - | 12,097 |
| Risk adjustment due to incurred | - | - | - | 385 | 385 | - | - | - | 1,055 | 1,055 |
| Changes that relate to past service - changes in the FCF relating to LIC | - | - | (701) | (810) | (1,511) | - | - | (2,969) | (994) | (3,963) |
| Losses on onerous contracts and reversals of those losses | - | (15,098) | - | - | (15,098) | - | (7,331) | - | - | (7,331) |
| Amortisation of insurance acquisition cash flows | 12,513 | - | - | - | 12,513 | 21,115 | - | - | - | 21,115 |
| Insurance service expenses | 12,513 | (15,098) | 36,460 | (425) | 33,450 | 21,115 | (7,331) | 124,640 | 61 | 138,485 |
| Insurance service result | 25,955 | 15,098 | (36,460) | 425 | 5,018 | 74,659 | 7,331 | (124,640) | (61) | (42,711) |
| Cash flows | | | | | | | | | | |
| Premiums received | 22,346 | - | - | - | 22,346 | 66,755 | - | - | - | 66,755 |
| Claims and other directly attributable expenses paid | - | - | (45,182) | - | (45,182) | - | - | (125,672) | - | (125,672) |
| Insurance acquisition cash flows | (7,497) | - | - | - | (7,497) | (21,211) | - | - | - | (21,211) |
| Net closing balance | (9,792) | 4,226 | 19,596 | 946 | 14,976 | 1,314 | 19,324 | 28,318 | 1,371 | 50,327 |
| Closing liabilities | 919 | 4,226 | 19,596 | 946 | 25,687 | 7,629 | 19,324 | 28,318 | 1,371 | 56,642 |
| Closing assets | (10,711) | - | - | - | (10,711) | (6,315) | - | - | - | (6,315) |
| Net closing balance | (9,792) | 4,226 | 19,596 | 946 | 14,976 | 1,314 | 19,324 | 28,318 | 1,371 | 50,327 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.1.3 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Property & Casualty

| | As at September 30, 2023 (Unaudited) | | | | | As at December 31, 2022 (Audited) | | | | |
|--|--------------------------------------|-------------------------|-----------------|---------------|----------------------|-------------------------------------|-------------------------|-----------------|---------------|----------------------|
| | Liabilities for incurred claims for | | | | | Liabilities for incurred claims for | | | | |
| | Property & Casualty | | | | | Property & Casualty | | | | |
| | Liabilities for remaining coverage | contracts under the PAA | Risk adjustment | Present value | of future cash flows | Liabilities for remaining coverage | contracts under the PAA | Risk adjustment | Present value | of future cash flows |
| | Excluding loss component | Loss component | risk | Total | | Excluding loss component | Loss component | risk | Total | |
| Opening assets | (671) | - | (16) | (687) | | (548) | - | - | - | (548) |
| Opening liabilities | 1,991 | - | 43 | 4,193 | | 1,274 | - | 2,593 | 73 | 3,940 |
| Net opening balance | 1,320 | - | 43 | 3,506 | | 726 | - | 2,593 | 73 | 3,392 |
| Changes in the statement of profit or loss and OCI | (15,574) | - | - | (15,574) | | (4,546) | - | - | - | (4,546) |
| Insurance revenue | - | - | - | - | | - | - | - | - | - |
| Insurance service expenses | - | - | - | - | | - | - | - | - | - |
| Incurred claims | 698 | - | - | 698 | | 926 | - | - | - | 926 |
| Incurred directly attributable expenses | 447 | - | - | 447 | | 293 | - | - | - | 293 |
| Risk adjustment due to incurred | - | 28 | 28 | 28 | | - | 30 | 30 | 30 | 30 |
| Changes that relate to past service - changes in the FCF relating to LIC | (197) | (8) | (205) | (205) | | (1,377) | (60) | (1,437) | (1,437) | (1,437) |
| Losses on onerous contracts and reversals of those losses | - | - | - | - | | - | - | - | - | - |
| Amortisation of insurance acquisition cash flows | 516 | - | - | 516 | | 973 | - | - | - | 973 |
| Insurance service expenses | 516 | - | 20 | 1,484 | | 973 | (30) | (158) | (30) | 785 |
| Insurance service result | 15,058 | (948) | (20) | 14,090 | | 3,573 | - | 158 | 30 | 3,761 |
| Cash flows | - | - | - | - | | - | - | - | - | - |
| Premiums received | 13,443 | - | - | 13,443 | | 4,481 | - | - | - | 4,481 |
| Claims and other directly attributable expenses paid | - | (1,645) | - | (1,645) | | - | (292) | - | - | (292) |
| Insurance acquisition cash flows | (246) | - | - | (246) | | (314) | - | - | - | (314) |
| Net closing balance | (541) | 1,446 | 63 | 968 | | 1,320 | 2,143 | 43 | 43 | 3,506 |
| Closing liabilities | 827 | 1,738 | 67 | 2,632 | | 1,991 | 2,159 | 43 | 43 | 4,193 |
| Closing assets | (1,368) | (292) | (4) | (1,664) | | (671) | (16) | - | - | (687) |
| Net closing balance | (541) | 1,446 | 63 | 968 | | 1,320 | 2,143 | 43 | 43 | 3,506 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.2 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA

| | As at September 30, 2023 (Unaudited) | | | | | As at December 31, 2022 (Audited) | | | | |
|---|--|-------------------------|------------------------------------|--|----------|--|-------------------------|------------------------------------|--|----------|
| | Assets for incurred claims for contracts under the PAA | | | | | Assets for incurred claims for contracts under the PAA | | | | |
| | Excluding loss-recovery component | Loss-recovery component | Present value of future cash flows | Risk adjustment for non-financial risk | Total | Excluding loss-recovery component | Loss-recovery component | Present value of future cash flows | Risk adjustment for non-financial risk | Total |
| All portfolios / segments under PAA | | | | | SAR' 000 | | | | | SAR' 000 |
| Opening liabilities | (8,132) | - | - | - | (8,132) | (5,637) | (21) | - | - | (5,658) |
| Opening assets | 908 | - | 4,615 | 34 | 5,557 | 887 | - | 19,650 | 58 | 20,595 |
| Net opening balance | (7,224) | - | 4,615 | 34 | (2,575) | (4,750) | (21) | 19,650 | 58 | 14,937 |
| Changes in the statement of profit or loss and OCI | | | | | | | | | | |
| Revenue allocated to Reinsurance | 6,792 | - | - | - | 6,792 | 27,590 | - | - | - | 27,590 |
| Income (expenses) from reinsurance contracts held | | | | | | | | | | |
| Incurred claims recovery | - | - | 2,674 | 15 | 2,689 | - | - | 545 | 19 | 564 |
| Changes that relate to past service-changes in the FCF relating to incurred claims recovery | - | - | (657) | (44) | (701) | - | - | 11,756 | (43) | 11,713 |
| Losses recovered on onerous contracts and reversals | - | - | - | - | - | - | 21 | - | - | 21 |
| Profit Commission | - | - | 380 | - | 380 | - | - | - | - | - |
| Net expense from reinsurance contracts held | - | - | 2,397 | (29) | 2,368 | - | 21 | 12,301 | (24) | 12,298 |
| Finance income from reinsurance contracts held | - | - | - | - | - | - | - | - | - | - |
| Total changes in the statement of profit or loss and OCI | (6,792) | - | 2,397 | (29) | (4,424) | (27,590) | 21 | 12,301 | (24) | (15,292) |
| Cash flows | | | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | (6,968) | - | - | - | (6,968) | (24,368) | - | - | - | (24,368) |
| Recoveries from reinsurance | - | - | 1,826 | - | 1,826 | - | - | 27,708 | - | 27,708 |
| Fixed Commission received | 152 | - | - | - | 152 | - | - | - | - | - |
| Other Cash flows | (496) | - | 387 | - | (109) | (748) | - | (372) | - | (1,120) |
| Net closing balance | (6,704) | - | 4,799 | 5 | (1,900) | (7,224) | - | 4,615 | 34 | (2,575) |
| Closing liabilities | (7,145) | - | - | (26) | (7,171) | (8,132) | - | - | - | (8,132) |
| Closing assets | 441 | - | 4,799 | 31 | 5,271 | 908 | - | 4,615 | 34 | 5,557 |
| Net closing balance | (6,704) | - | 4,799 | 5 | (1,900) | (7,224) | - | 4,615 | 34 | (2,575) |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.2.1 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Medical

| | As at September 30, 2023 (Unaudited) | | | | | As at December 31, 2022 (Audited) | | | | |
|---|--|-------------------------|------------------------------------|--|---------|--|-------------------------|------------------------------------|--|----------|
| | Assets for incurred claims for contracts under the PAA | | | | | Assets for incurred claims for contracts under the PAA | | | | |
| | Excluding loss-recovery component | Loss-recovery component | Present value of future cash flows | Risk adjustment for non-financial risk | Total | Excluding loss-recovery component | Loss-recovery component | Present value of future cash flows | Risk adjustment for non-financial risk | Total |
| Medical | | | | | | | | | | |
| Opening liabilities | (4,040) | - | - | - | (4,040) | (673) | - | - | - | (673) |
| Opening assets | - | - | 2,318 | - | 2,318 | - | - | 17,819 | - | 17,819 |
| Net opening balance | (4,040) | - | 2,318 | - | (1,722) | (673) | - | 17,819 | - | 17,146 |
| Changes in the statement of profit or loss and OCI | | | | | | | | | | |
| Revenue allocated to Reinsurance | 2,087 | - | - | - | 2,087 | 20,359 | - | - | - | 20,359 |
| Income (expenses) from reinsurance contracts held | | | | | | | | | | |
| Incurred claims recovery | - | - | 1,912 | - | 1,912 | - | - | - | - | - |
| Changes that relate to past service-changes in the PCF relating to incurred claims recovery | - | - | (599) | - | (599) | - | - | 11,702 | - | 11,702 |
| Losses recovered on onerous contracts and reversals | - | - | - | - | - | - | - | - | - | - |
| Profit Commission | - | - | - | - | - | - | - | - | - | - |
| Net expense from reinsurance contracts held | - | - | 1,313 | - | 1,313 | - | - | 11,702 | - | 11,702 |
| Finance income from reinsurance contracts held | - | - | - | - | - | - | - | - | - | - |
| Finance income from reinsurance contracts held | - | - | - | - | - | - | - | - | - | - |
| Total changes in the statement of profit or loss and OCI | (2,087) | - | 1,313 | - | (774) | (20,359) | - | 11,702 | - | (8,657) |
| Cash flows | | | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | (3,062) | - | - | - | (3,062) | (16,992) | - | - | - | (16,992) |
| Recoveries from reinsurance | - | - | 1,669 | - | 1,669 | - | - | 27,203 | - | 27,203 |
| Other Cash flows | - | - | - | - | - | - | - | - | - | - |
| Net closing balance | (3,065) | - | 1,962 | - | (1,103) | (4,040) | - | 2,318 | - | (1,722) |
| Closing liabilities | (3,065) | - | - | - | (3,065) | (4,040) | - | - | - | (4,040) |
| Closing assets | - | - | 1,962 | - | 1,962 | - | - | 2,318 | - | 2,318 |
| Net closing balance | (3,065) | - | 1,962 | - | (1,103) | (4,040) | - | 2,318 | - | (1,722) |

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.2.2 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Motor

| | As at September 30, 2023 (Unaudited) | | | | | As at December 31, 2022 (Audited) | | | | |
|---|--------------------------------------|------------------------------------|--|-----------------------------------|----------|-----------------------------------|------------------------------------|--|-----------------------------------|----------|
| | Assets for incurred claims for | | | | | Assets for incurred claims for | | | | |
| | Assets for remaining coverage | Present value of future cash flows | Risk adjustment for non-financial risk | Excluding loss-recovery component | Total | Assets for remaining coverage | Present value of future cash flows | Risk adjustment for non-financial risk | Excluding loss-recovery component | Total |
| Motor | | | | | SAR' 000 | | | | | SAR' 000 |
| Opening liabilities | (3,380) | - | - | - | (3,380) | - | - | - | - | (4,964) |
| Opening assets | - | 841 | - | - | 841 | - | - | - | - | 358 |
| Net opening balance | (3,380) | 841 | - | - | (2,539) | - | - | - | - | (4,606) |
| Change in the statement of profit or loss and OCI | 2,429 | - | - | - | 2,429 | 3,922 | - | - | - | 3,922 |
| Revenue allocated to Reinsurance | | | | | | | | | | |
| <i>Income (expenses) from reinsurance contracts held</i> | | | | | | | | | | |
| Incur claims recovery | - | 265 | - | - | 265 | - | - | - | - | - |
| Changes that relate to past service-changes in the FCF relating to incurred claims recovery | - | 155 | - | - | 155 | - | - | - | - | 988 |
| Losses recovered on onerous contracts and reversals | - | - | - | - | - | - | - | - | - | - |
| Profit Commission | - | - | - | - | - | - | - | - | - | - |
| Net expense from reinsurance contracts held | - | 420 | - | - | 420 | - | - | - | - | 988 |
| Finance income from reinsurance contracts held | - | - | - | - | - | - | - | - | - | - |
| Finance income from reinsurance contracts held | (2,429) | 420 | - | - | (2,009) | (3,922) | - | - | - | (2,934) |
| Total changes in the statement of profit or loss and OCI | (2,429) | 420 | - | - | (2,009) | (3,922) | - | - | - | (2,934) |
| <i>Cash flows</i> | | | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | (2,231) | - | - | - | (2,231) | (5,506) | - | - | - | (5,506) |
| Recoveries from reinsurance | - | (13) | - | - | (13) | - | - | - | - | 505 |
| Other Cash flows | - | - | - | - | - | - | - | - | - | - |
| Net closing balance | (3,578) | 1,274 | - | - | (2,304) | (3,380) | - | - | - | (2,539) |
| Closing liabilities | (3,578) | - | - | - | (3,578) | (3,380) | - | - | - | (3,380) |
| Closing assets | - | 1,274 | - | - | 1,274 | - | - | - | - | 841 |
| Net closing balance | (3,578) | 1,274 | - | - | (2,304) | (3,380) | - | - | - | (2,539) |

8. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

8.2.3 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Property & Casualty

| | As at September 30, 2023 (Unaudited) | | | | | | As at December 31, 2023 (Audited) | | | | | |
|---|--------------------------------------|-------------------------|---------|--|-------------------------|---------|-----------------------------------|-------------------------|---------|--|-------------------------|---------|
| | Assets for remaining coverage | | | Assets for incurred claims for contracts under the PAA | | | Assets for remaining coverage | | | Assets for incurred claims for contracts under the PAA | | |
| | Excluding loss-recovery component | | | Present value of future cash flows | | | Excluding loss-recovery component | | | Present value of future cash flows | | |
| | Loss-recovery component | Loss-recovery component | Total | Loss-recovery component | Loss-recovery component | Total | Loss-recovery component | Loss-recovery component | Total | Loss-recovery component | Loss-recovery component | Total |
| Property & Casualty | | | | | | | | | | | | |
| Opening liabilities | (712) | - | (712) | - | - | (712) | - | - | (712) | - | - | (712) |
| Opening assets | 908 | - | 908 | 1,456 | 34 | 2,398 | 887 | - | 887 | 1,473 | 58 | 2,418 |
| Net opening balance | 196 | - | 196 | 1,456 | 34 | 1,686 | 887 | (21) | 866 | 1,473 | 58 | 2,397 |
| Changes in the statement of profit or loss and OCI | | | | | | | | | | | | |
| Revenue allocated to Reinsurance | 2,276 | - | 2,276 | - | - | 2,276 | 3,309 | - | 3,309 | - | - | 3,309 |
| <i>Income (expenses) from reinsurance contracts held</i> | | | | | | | | | | | | |
| Incurred claims recovery | - | - | - | 497 | 15 | 512 | - | - | - | 545 | 19 | 564 |
| Changes that relate to past service-changes in the FCF relating to incurred claims recovery | - | - | - | (213) | (44) | (257) | - | - | - | (934) | (43) | (977) |
| Losses recovered on onerous contracts and reversals | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit Commission | - | - | - | 380 | - | 380 | - | - | - | - | - | - |
| Net expense from reinsurance contracts held | - | - | - | 664 | (29) | 635 | - | - | - | (389) | (24) | (392) |
| Finance income from reinsurance contracts held | - | - | - | - | - | - | - | - | - | - | - | - |
| Total changes in the statement of profit or loss and OCI | (2,276) | - | (2,276) | 664 | (29) | (1,641) | (3,309) | 21 | (3,288) | (389) | (24) | (3,701) |
| Cash flows | | | | | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | (1,675) | - | (1,675) | - | - | (1,675) | (1,870) | - | (1,870) | - | - | (1,870) |
| Recoveries from reinsurance | - | - | - | 170 | - | 170 | - | - | - | - | - | - |
| Fixed Commission received | 152 | - | 152 | - | - | 152 | - | - | - | - | - | - |
| Other Cash flows | (496) | - | (496) | 387 | - | (109) | (748) | - | (748) | (372) | - | (1,120) |
| Net closing balance | (61) | - | (61) | 1,563 | 5 | 1,507 | 196 | - | 196 | 1,456 | 34 | 1,686 |
| Closing liabilities | | | | | | | | | | | | |
| Closing assets | (502) | - | (502) | - | (26) | (528) | (712) | - | (712) | - | - | (712) |
| Net closing balance | 441 | - | 441 | 1,563 | 31 | 2,035 | 908 | - | 908 | 1,456 | 34 | 2,398 |
| | (61) | - | (61) | 1,563 | 5 | 1,507 | 196 | - | 196 | 1,456 | 34 | 1,686 |

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

9. INSURANCE REVENUE

Contracts measured under the PAA

| | Three-months period ended 30 September 2023 | Three-months period ended 30 September 2022 | Nine-months period ended 30 September 2023 | Nine-months period ended 30 September 2022 |
|--|---|---|--|--|
| | | | SAR' 000 | |
| Premium earned on insurance contracts issued | 44,563 | 34,440 | 158,291 | 183,585 |
| Total Insurance Revenue | 44,563 | 34,440 | 158,291 | 183,585 |

10. INSURANCE SERVICE EXPENSES

Contracts measured under the PAA

| | Three-months period ended 30 September 2023 | Three-months period ended 30 September 2022 | Nine-months period ended 30 September 2023 | Nine-months period ended 30 September 2022 |
|--|---|---|--|--|
| | | | SAR' 000 | |
| Incurred claims and other directly attributable expenses | (31,512) | (54,766) | (109,878) | (202,723) |
| Risk adjustment due to incurred | (96) | (469) | (1,923) | (2,900) |
| Changes that relate to past service | 6,935 | (457) | 15,975 | 13,078 |
| Losses on onerous contracts and reversal of those losses | 797 | (3,227) | 11,240 | 7,451 |
| Insurance acquisition cash flows amortisation | (9,598) | (5,088) | (31,490) | (37,399) |
| Total Insurance Service Expenses | (33,474) | (64,007) | (116,076) | (222,493) |

11. NET (EXPENSES) / INCOME FROM REINSURANCE CONTRACTS HELD

Amounts recoverable from reinsurance

| | Three-months period ended 30 September 2023 | Three-months period ended 30 September 2022 | Nine-months period ended 30 September 2023 | Nine-months period ended 30 September 2022 |
|--|---|---|--|--|
| | | | SAR' 000 | |
| Allocation of reinsurance premiums | (1,836) | (12,978) | (6,792) | (28,714) |
| Amounts recoverable from reinsurance | 47 | 17,394 | 2,368 | 27,527 |
| Net (expenses) / income from reinsurance contracts held | (1,789) | 4,416 | (4,424) | (1,187) |

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

12. GROSS PREMIUM WRITTEN AND PREMIUM CEDED

Premium written during the period is as follows:

| | Three-months period ended 30 September 2023 (Unaudited) | | | |
|--------------------------|--|------------------|----------|---------|
| | Property & Casualty | | | Total |
| | Motor | Medical / Health | Casualty | |
| | SAR' 000 | | | |
| - Corporate enterprises | - | 675 | 81 | 756 |
| - Medium enterprises | 1,672 | 262 | 65 | 1,999 |
| - Small enterprises | 788 | 30,865 | 25 | 31,678 |
| - Very Small enterprises | 1,716 | 15,769 | - | 17,485 |
| | Three-months period ended 30 September 2022 (Unaudited) (Restated) | | | |
| | Property & Casualty | | | Total |
| | Motor | Medical / Health | Casualty | |
| | SAR' 000 | | | |
| - Corporate enterprises | 1,512 | 667 | 601 | 2,780 |
| - Medium enterprises | 118 | 5,149 | 32 | 5,299 |
| - Small enterprises | 9 | 7,524 | 1,580 | 9,113 |
| - Very Small enterprises | 11,965 | 19,770 | - | 31,735 |
| | Nine-months period ended 30 September 2023 (Unaudited) | | | |
| | Property & Casualty | | | Total |
| | Motor | Medical / Health | Casualty | |
| | SAR' 000 | | | |
| - Corporate enterprises | 2,642 | 6,508 | 1,456 | 10,606 |
| - Medium enterprises | 5,382 | 1,254 | 138 | 6,774 |
| - Small enterprises | 4,003 | 44,612 | 113 | 48,728 |
| - Very Small enterprises | 3,036 | 47,949 | - | 50,985 |
| | Nine-months period ended 30 September 2022 (Unaudited) (Restated) | | | |
| | Property & Casualty | | | Total |
| | Motor | Medical / Health | Casualty | |
| | SAR' 000 | | | |
| - Corporate enterprises | 7,739 | 2,051 | 2,640 | 12,430 |
| - Medium enterprises | 1,783 | 10,704 | 84 | 12,571 |
| - Small enterprises | 181 | 16,599 | 1,598 | 18,378 |
| - Very Small enterprises | 60,432 | 80,319 | 17 | 140,768 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

13. EXPENSES BY NATURE

| | Three-months period ended 30 September 2023 | | | | Three-months period ended 30 September 2022 | | | |
|--|---|-------------------------------|---------------------------|---------------|---|-------------------------------|---------------------------|---------------|
| | (Unaudited) | | | | (Unaudited) (Restated) | | | |
| | Attributable Expenses | Partial Attributable Expenses | Non-Attributable Expenses | Total | Attributable Expenses | Partial Attributable Expenses | Non-Attributable Expenses | Total |
| Allocation of expenses | | | | | | | | |
| Employee expenses | 1,728 | 3,879 | 1,019 | 6,626 | 2,447 | 5,344 | 1,318 | 9,109 |
| Shareholder Expenses | - | - | 1,581 | 1,581 | - | - | 1,220 | 1,220 |
| IT Costs | - | 208 | 254 | 462 | - | 89 | 109 | 198 |
| Depreciation and amortisation | - | 155 | 335 | 490 | - | 176 | 312 | 488 |
| Governmental related expenses | - | - | 101 | 101 | - | - | 124 | 124 |
| Audit, legal and other professional fees | - | (704) | 138 | (566) | - | 38 | 488 | 526 |
| Office related expenses | - | 610 | 799 | 1,409 | - | 1,206 | 1,569 | 2,775 |
| Communication expenses | - | 135 | 165 | 300 | - | 345 | 421 | 766 |
| Commission Paid | 9,254 | - | - | 9,254 | 4,354 | - | - | 4,354 |
| Other expenses | 3,418 | (293) | 95 | 3,220 | 7,193 | 124 | 34 | 7,351 |
| Total | 14,400 | 3,990 | 4,487 | 22,877 | 13,994 | 7,322 | 5,595 | 26,911 |

Nine-months period ended 30 September 2023

| | Nine-months period ended 30 September 2023 | | | | Nine-months period ended 30 September 2022 | | | |
|--|--|-------------------------------|---------------------------|---------------|--|-------------------------------|---------------------------|---------------|
| | (Unaudited) | | | | (Unaudited) (Restated) | | | |
| | Attributable Expenses | Partial Attributable Expenses | Non-Attributable Expenses | Total | Attributable Expenses | Partial Attributable Expenses | Non-Attributable Expenses | Total |
| Allocation of expenses | | | | | | | | |
| Employee expenses | 5,963 | 12,154 | 3,130 | 21,247 | 7,632 | 16,161 | 3,772 | 27,565 |
| Shareholder Expenses | - | - | 2,819 | 2,819 | - | - | 2,979 | 2,979 |
| IT Costs | - | 977 | 1,262 | 2,239 | - | 591 | 950 | 1,541 |
| Depreciation and amortisation | - | 549 | 867 | 1,416 | - | 541 | 933 | 1,474 |
| Investment related expenses | - | - | 195 | 195 | - | - | - | - |
| Governmental related expenses | - | - | 426 | 426 | - | - | 234 | 234 |
| Audit, legal and other professional fees | - | 135 | 1,625 | 1,760 | - | 88 | 3,283 | 3,371 |
| Office related expenses | - | 913 | 1,210 | 2,123 | - | 2,457 | 1,803 | 4,260 |
| Communication expenses | - | 419 | 512 | 931 | - | 802 | 980 | 1,782 |
| Commission Paid | 16,476 | - | - | 16,476 | 16,639 | - | - | 16,639 |
| Other expenses | 10,622 | 139 | 749 | 11,510 | 15,025 | 841 | 736 | 16,602 |
| Total | 33,061 | 15,286 | 12,795 | 61,142 | 39,296 | 21,481 | 15,670 | 76,447 |

AMANA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

14. ACCRUED EXPENSES AND OTHER LIABILITIES

| | Nine-months period ended 30 September 2023 | | | As at 31 December 2022 | | |
|---|--|--------------------------|--------|------------------------|--------------------------|--------|
| | (Unaudited) | | Total | (Audited) (Restated) | | Total |
| | Insurance Operations | Shareholders' Operations | | Insurance Operations | Shareholders' Operations | |
| | SAR' 000 | | | SAR' 000 | | |
| Commission payable | 8,050 | - | 8,050 | 10,338 | - | 10,338 |
| Unallocated receipts | 6,367 | - | 6,367 | 16,021 | - | 16,021 |
| Accrual against stale cheques | 3,095 | - | 3,095 | 3,095 | - | 3,095 |
| Provision for reinsurance withholding tax | 1,939 | 8 | 1,947 | 1,976 | - | 1,976 |
| Accrued employees' benefits | 1,588 | - | 1,588 | 1,346 | - | 1,346 |
| Accrued BoD allowances | - | 1,400 | 1,400 | - | 1,837 | 1,837 |
| Value added tax | 512 | 1,689 | 2,201 | 178 | - | 178 |
| Others | 21,551 | 3,097 | 24,648 | 39,860 | 583 | 7,489 |
| | | | | | 2,420 | 42,280 |

15. PREPAYMENTS AND OTHER ASSETS

| | Nine-months period ended 30 September 2023 | | | As at 31 December 2022 | | |
|---------------------------------------|--|--------------------------|--------|------------------------|--------------------------|--------|
| | (Unaudited) | | Total | (Audited) (Restated) | | Total |
| | Insurance Operations | Shareholders' Operations | | Insurance Operations | Shareholders' Operations | |
| | SAR' 000 | | | SAR' 000 | | |
| Accrued hajj and umrah income | 10,524 | - | 10,524 | 6,299 | - | 6,299 |
| Medical service providers' receivable | 4,560 | - | 4,560 | 14,009 | - | 14,009 |
| Employees' receivables | 726 | - | 726 | 606 | - | 606 |
| Prepaid rent | 537 | - | 537 | 201 | - | 201 |
| Prepaid medical insurance premiums | 37 | - | 37 | 1,328 | - | 1,328 |
| Prepaid excess of loss expenses | - | - | - | 1,622 | - | 1,622 |
| Accrued interests | - | 1,252 | 1,252 | 3 | 430 | 433 |
| Others | 13,435 | 660 | 14,095 | 6,880 | 360 | 7,240 |
| Total | 29,819 | 1,912 | 31,731 | 30,948 | 790 | 31,738 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

16. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

| | 30 September 2023 (Unaudited) | | | | | | |
|---------------------------------------|-------------------------------|------------------------|-------------------------------|----------------|--------------------------|------------------------------|-------------------|
| | SAR' 000 | | | | | | |
| | Leasehold improvements | Furniture and fittings | Computer and office equipment | Motor Vehicles | Capital work in progress | Total property and equipment | Intangible assets |
| Cost | | | | | | | |
| 1 January | 6,167 | 2,351 | 7,694 | 219 | 3,417 | 19,848 | 6,599 |
| Additions | - | - | 8 | - | 165 | 173 | 394 |
| Disposal | - | - | - | - | (117) | (117) | - |
| 30 September 2023 | 6,167 | 2,351 | 7,702 | 219 | 3,465 | 19,904 | 6,993 |
| Accumulated depreciation/amortisation | | | | | | | |
| 1 January | 5,021 | 1,910 | 6,307 | 219 | - | 13,457 | 5,932 |
| Charge for the period | 423 | 155 | 577 | - | - | 1,155 | 261 |
| 30 September 2023 | 5,444 | 2,065 | 6,884 | 219 | - | 14,612 | 6,193 |
| Net book value: | | | | | | | |
| 30 September 2023 | 723 | 286 | 818 | - | 3,465 | 5,292 | 800 |
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Capital work in progress represents cost incurred for Leasehold improvements.

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

17. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited & Restated) | January 1, 2022 |
|-------------------------------|--------------------------------------|--|--------------------|
| | SAR'000 | | |
| Capital and other commitments | 3 | 728 | 122 |
| | 3 | 728 | 122 |

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Company's income or financial condition.

18. 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 advantages accessible market for the asset or liability

The management assessed that cash and short-term deposits, premium and reinsurance receivables, receivables from related parties, trade and other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

| | | 30 September 2023 (Unaudited) | | | |
|--|----------------|---------------------------------------|----------|---------------|---------------|
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | SAR' 000 | | | |
| Investments designated as FVOCI | | | | | |
| Shares | 39,703 | - | - | 39,703 | 39,703 |
| | 39,703 | - | - | 39,703 | 39,703 |
| | | 31 December 2022 (Audited) (Restated) | | | |
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | SAR' 000 | | | |
| Investments designated as FVOCI | | | | | |
| Shares | 39,703 | - | - | 39,703 | 39,703 |
| | 39,703 | - | - | 39,703 | 39,703 |
| | | 1 January 2022 (Audited) (Restated) | | | |
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | SAR' 000 | | | |
| Investments designated as FVOCI | | | | | |
| Shares | 37,032 | - | - | 37,032 | 37,032 |
| | 37,032 | - | - | 37,032 | 37,032 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

18. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Shareholders' operations

| Shareholders' operations | | 30 September 2023 (Unaudited) | | | |
|---------------------------------------|----------------|-------------------------------|----------------|----------|----------------|
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | SAR' 000 | | | |
| Investments designated as FVOCI | | | | | |
| Shares and REIT | 1,313 | 1,313 | - | - | 1,313 |
| | <u>1,313</u> | <u>1,313</u> | <u>-</u> | <u>-</u> | <u>1,313</u> |
| 31 December 2022 (Audited) (Restated) | | | | | |
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | SAR' 000 | | | |
| Investments designated as FVOCI | | | | | |
| Shares and REIT | 1,616 | 1,616 | - | - | 1,616 |
| Murabaha Funds | 102,704 | - | 102,704 | - | 102,704 |
| | <u>104,320</u> | <u>1,616</u> | <u>102,704</u> | <u>-</u> | <u>104,320</u> |
| 1 January 2022 (Audited) (Restated) | | | | | |
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | SAR' 000 | | | |
| Investments designated as FVOCI | | | | | |
| Shares and REIT | 13,259 | 13,259 | - | - | 13,259 |
| | <u>13,259</u> | <u>13,259</u> | <u>-</u> | <u>-</u> | <u>13,259</u> |

The fair value of other financial assets and liabilities, not included in the table above, are not materially different from the carrying values included in the financial statements.

b) Measurement of fair value

Investment designated at FVOCI at level 3 represents unquoted securities amounting to SAR 39.7 million in respect of the Company's share in the capital of Najm. As at 30 September 2023 and 31 December 2022, the investment has been measured at fair value reliably.

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

19. 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 income statement. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, due from shareholders' operations, investments except unit linked investments, prepaid expenses & other assets, property and equipment, intangible assets, Right of use assets, Goodwill. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued and other liabilities, due to shareholders' operations, end-of-service indemnities and accrual gain/ (loss) thereon. Accordingly, these 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.

Segments do not include shareholders' assets and liabilities and equity hence, these are presented under unallocated assets / liabilities accordingly.

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities as at September 30, 2023 and December 31, 2022, its total revenues, expenses, and net income for the year then ended, are as follows:

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

19. OPERATING SEGMENTS (CONTINUED)

Financial Position

An analysis of the amounts presented on the balance sheet for insurance contracts and reinsurance contracts has been included in the table below:

| | 30 September 2023 (Unaudited) | | | | |
|--|-------------------------------|---------------------|------------------------|----------------|---|
| | Motor | Medical / Health | Property & Casualty | Unallocated | Total - |
| Operating segments | | | | SAR' 000 | Insurance operations Shareholders' operations Total |
| Assets: | | | | | |
| Cash and cash equivalents | - | - | - | 33,469 | 33,469 |
| Insurance Contract Assets | 10,711 | 13,307 | 1,664 | - | 25,682 |
| Reinsurance Contract Assets | 1,274 | 1,962 | 2,035 | - | 5,271 |
| Investments designated as FVOCI | - | - | - | 39,703 | 39,703 |
| Investments held at amortised cost | - | - | - | - | - |
| Prepayments and other assets | - | - | - | 29,819 | 29,819 |
| Property and equipment | - | - | - | 5,292 | 5,292 |
| Intangible assets | - | - | - | 800 | 800 |
| Statutory deposit | - | - | - | - | - |
| Accrued income on statutory deposit | - | - | - | - | - |
| Total assets | 11,985 | 15,269 | 3,699 | 109,083 | 140,036 |
| | | | | | 286,025 |
| | | | | | 426,061 |
| Liabilities, accumulated surplus & equity: | | | | | |
| Insurance Contract liabilities | 25,687 | 72,076 | 2,632 | - | 100,395 |
| Reinsurance Contract liabilities | 3,578 | 3,065 | 528 | - | 7,171 |
| Accrued expenses and other liabilities | - | - | - | 21,551 | 21,551 |
| Employees' end-of-service benefits (EOSB) | - | - | - | 4,343 | 4,343 |
| Provision for zakat and income tax | - | - | - | - | - |
| Accrued income payable to SAMA | - | - | - | - | - |
| Total liabilities, accumulated surplus and equity | 29,265 | 75,141 | 3,160 | 25,894 | 133,460 |
| | | | | | 147,462 |

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

19. OPERATING SEGMENTS (CONTINUED)

| | 31 December 2022 (Audited) (Restated) | | | | | |
|--|---------------------------------------|---------------------|------------------------|----------------|-------------------------|-----------------------------|
| | Total - | | | | | Total |
| | Motor | Medical / Health | Property & Casualty | Unallocated | Insurance operations | Shareholders' operations |
| Operating segments | SAR' 000 | | | | | |
| Assets: | | | | | | |
| Cash and cash equivalents | - | - | - | 56,161 | 56,161 | 97,595 |
| Insurance Contract Assets | 6,315 | 11,977 | 687 | - | 18,979 | - |
| Reinsurance Contract Assets | 841 | 2,318 | 2,398 | - | 5,557 | - |
| Investments designated as FVOCI | - | - | - | 39,703 | 39,703 | 104,320 |
| Investments held at amortised cost | - | - | - | - | - | 12,525 |
| Prepayments and other assets | - | - | - | 30,948 | 30,948 | 790 |
| Property and equipment | - | - | - | 6,391 | 6,391 | - |
| Intangible assets | - | - | - | 667 | 667 | - |
| Statutory deposit | - | - | - | - | - | 667 |
| Accrued commission income on statutory deposit | - | - | - | - | - | 64,500 |
| Total assets | 7,156 | 14,295 | 3,085 | 133,870 | 158,406 | 283,517 |
| | | | | | | 441,923 |
| Liabilities, accumulated surplus & equity: | | | | | | |
| Insurance Contract liabilities | 56,642 | 64,372 | 4,193 | - | 125,207 | - |
| Reinsurance Contract liabilities | 3,380 | 4,040 | 712 | - | 8,132 | - |
| Accrued expenses and other liabilities | - | - | - | 39,860 | 39,860 | 2,420 |
| Employees' end-of-service benefits | - | - | - | 5,022 | 5,022 | - |
| Provision for zakat and income tax | - | - | - | - | - | 7,009 |
| Accrued commission income payable to SAMA | - | - | - | - | - | 3,787 |
| Total liabilities, accumulated surplus and equity | 60,022 | 68,412 | 4,905 | 44,882 | 178,221 | 191,437 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

19. OPERATING SEGMENTS (CONTINUED)

| Operating segments | For the three-month period ended 30 September 2023 (Unaudited) | | | | |
|--|--|--------------|---------------------|----------------|--------------------------------|
| | Motor | Medical | Property & Casualty | Unallocated | Shareholders' Operations Total |
| | | | | SAR' 000 | |
| Insurance revenue | 8,543 | 36,913 | (893) | - | 44,563 |
| Insurance service expenses | (5,920) | (27,213) | (341) | - | (33,474) |
| Insurance service result before reinsurance contracts held | 2,623 | 9,700 | (1,234) | - | 11,089 |
| Allocation of reinsurance premiums | (1,090) | - | (746) | - | (1,836) |
| Amounts recoverable from reinsurance | 1 | - | 46 | - | 47 |
| Insurance service result | (1,089) | - | (700) | - | (1,789) |
| Net investment income | - | - | - | - | 4,491 |
| Net impairment loss on financial assets | - | - | - | - | (18) |
| Investment return | - | - | - | - | 4,473 |
| Other Costs | - | - | - | 84 | 84 |
| Net insurance financial result | 1,534 | 9,700 | (1,934) | 84 | 13,857 |
| Other operating income | - | - | - | 68 | 68 |
| Other operating expenses | - | - | - | (2,805) | (1,682) |
| Total income for the period attributable to the shareholders before zakat | 1,534 | 9,700 | (1,934) | (2,653) | 2,791 |
| Provision for Zakat | - | - | - | - | - |
| Total income for the period attributable to the shareholders after zakat | 1,534 | 9,700 | (1,934) | (2,653) | 9,438 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

19. OPERATING SEGMENTS (CONTINUED)

| | For the three-month period ended 30 September 2022 (Unaudited) (Restated) | | | | |
|--|---|-----------------|---------------------|----------------|--------------------------|
| | Motor | Medical | Property & Casualty | Unallocated | Shareholders' Operations |
| Operating segments | | | | SAR' 000 | Total |
| Insurance revenue | 17,617 | 14,681 | 2,142 | - | 34,440 |
| Insurance service expenses | (32,854) | (32,086) | 933 | - | (64,007) |
| Insurance service result before reinsurance contracts held | (15,237) | (17,405) | 3,075 | - | (29,567) |
| Allocation of reinsurance premiums | (669) | (12,010) | (299) | - | (12,978) |
| Amounts recoverable from reinsurance | - | 18,653 | (1,259) | - | 17,394 |
| Insurance service result | (669) | 6,643 | (1,558) | - | 4,416 |
| Net investment income | - | - | - | - | 289 |
| Net impairment loss on financial assets | - | - | - | - | 3 |
| Investment return | - | - | - | - | 292 |
| Other costs | - | - | - | (21) | (21) |
| Net insurance financial result | (15,906) | (10,762) | 1,517 | (21) | (24,880) |
| Other operating income | - | - | - | - | - |
| Other operating expenses | - | - | - | (4,333) | (1,261) |
| Total loss for the period attributable to the shareholders before zakat | (15,906) | (10,762) | 1,517 | (4,354) | (30,474) |
| Provision for Zakat | - | - | - | - | - |
| Total loss for the period attributable to the shareholders after zakat | (15,906) | (10,762) | 1,517 | (4,354) | (30,474) |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

19. OPERATING SEGMENTS (CONTINUED)

| Operating segments | For the nine-month period ended 30 September 2023 (Unaudited) | | | | |
|---|---|----------|---------------------|-------------|--------------------------|
| | Motor | Medical | Property & Casualty | Unallocated | Shareholders' Operations |
| | | | | SAR' 000 | Total |
| Insurance Revenue | 38,468 | 104,249 | 15,574 | - | 158,291 |
| Insurance Service expenses | (33,450) | (81,142) | (1,484) | - | (116,076) |
| Insurance service result before reinsurance contracts held | 5,018 | 23,107 | 14,090 | - | 42,215 |
| Allocation of reinsurance premiums | (2,429) | (2,087) | (2,276) | - | (6,792) |
| Amounts recoverable from reinsurance | 420 | 1,313 | 635 | - | 2,368 |
| Insurance service result | (2,009) | (774) | (1,641) | - | (4,424) |
| Net investment income | - | - | - | - | 6,449 |
| Net credit impairment loss on financial assets | - | - | - | - | (39) |
| Investment return | - | - | - | - | 6,410 |
| Other costs | - | - | - | - | - |
| Net insurance financial result | 3,009 | 22,333 | 12,449 | - | 37,791 |
| Other operating income | - | - | 68 | 68 | 68 |
| Other operating expenses | - | - | (9,678) | (9,678) | (3,117) |
| Total income for the period attributable to the shareholders before zakat | 3,009 | 22,333 | 12,449 | (9,610) | 28,181 |
| Provision for Zakat | - | - | - | - | (2,347) |
| Total income for the period attributable to the shareholders after zakat | 3,009 | 22,333 | 12,449 | (9,610) | 28,181 |
| | | | | | 946 |
| | | | | | 29,127 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

19. OPERATING SEGMENTS (CONTINUED)

| | For the nine-month period ended 30 September 2022 (Unaudited) (Restated) | | | | |
|--|--|----------------|---------------------|-----------------|--------------------------|
| | Motor | Medical | Property & Casualty | Unallocated | Shareholders' Operations |
| Operating segments | | | | SAR' 000 | Total |
| Insurance revenue | 76,354 | 100,156 | 7,075 | - | 183,585 |
| Insurance service expenses | (116,252) | (105,283) | (958) | - | (222,493) |
| Insurance service result before reinsurance contracts held | (39,898) | (5,127) | 6,117 | - | (38,908) |
| Allocation of reinsurance premiums | (2,008) | (24,493) | (2,213) | - | (28,714) |
| Amounts recoverable from reinsurance | 450 | 27,363 | (286) | - | 27,527 |
| Insurance service result | (1,558) | 2,870 | (2,499) | - | (1,187) |
| Net investment income | - | - | - | - | 3,934 |
| Net impairment loss on financial assets | - | - | - | - | (11) |
| Investment return | - | - | - | - | 3,923 |
| Other costs | - | - | - | - | - |
| Net insurance financial result | (41,456) | (2,257) | 3,618 | - | (36,172) |
| Other operating income | - | - | - | - | - |
| Other operating expenses | - | - | - | (12,691) | (12,691) |
| Total loss for the period attributable to the shareholders before zakat | (41,456) | (2,257) | 3,618 | (12,691) | 944 |
| Provision for Zakat | - | - | - | - | (671) |
| Total loss for the period attributable to the shareholders after zakat | (41,456) | (2,257) | 3,618 | (12,691) | 273 |
| | | | | | (52,513) |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

20. 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 year and the related balances:

DUE FROM RELATED PARTIES

| | <i>Transactions for the period ended</i> | | <i>Balance receivable / (payable) as at</i> | |
|---|--|--------------------------|---|-------------------------|
| | 30 September 2023 | 30 September 2022 | 30 September 2023 | 31 December 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | SAR' 000 | SAR' 000 | SAR' 000 | SAR' 000 |
| <i>Entities controlled, jointly controlled or significantly influenced by related parties</i> | | | | |
| El Seif companies group | | | | |
| - Premium issued | 1,037 | 602 | 989 | 1,433 |
| - Claims incurred | 7 | - | - | - |
| | <u>1,044</u> | <u>602</u> | <u>989</u> | <u>1,433</u> |
| Globe-Med | | | | |
| - Volume rebate | - | - | 2,900 | 6,000 |
| | <u>-</u> | <u>-</u> | <u>2,900</u> | <u>6,000</u> |
| Total | <u>1,044</u> | <u>602</u> | <u>3,889</u> | <u>7,433</u> |
| Less: expected credit loss | | | (623) | (880) |
| Due from related parties, net | | | <u>3,266</u> | <u>6,553</u> |

The movement in the provision for doubtful receivables regarding related parties was as following:

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| | (Unaudited) | (Audited) |
| | SAR' 000 | SAR' 000 |
| Opening balance | 880 | 733 |
| Charge / (reversal) during the period / year | (257) | 147 |
| Closing balance | <u>623</u> | <u>880</u> |

DUE TO RELATED PARTIES

| | <i>Amounts of transactions</i> | | <i>Balances as at</i> | |
|--|--------------------------------|--------------------------|--------------------------|-------------------------|
| | 30 September 2023 | 30 September 2022 | 30 September 2023 | 31 December 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | SAR' 000 | SAR' 000 | SAR' 000 | SAR' 000 |
| Board of Directors & related committee | | | | |
| Bonus and other allowances | 975 | 1,119 | 1,400 | 1,518 |
| Globe-Med (Group entity) | | | | |
| Administration fees for handling medical claims and others | 4,423 | 5,020 | 798 | 5,677 |
| | <u>5,398</u> | <u>6,139</u> | <u>2,198</u> | <u>7,195</u> |

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, and the Chief Operating Officer of the Company.

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

| | 30 September 2023 | 30 September 2022 |
|-------------------------------|--------------------------|--------------------------|
| | (Unaudited) | (Unaudited) |
| | SAR' 000 | SAR' 000 |
| Salaries and other allowances | 1,388 | 1,416 |
| End of service indemnities | 474 | 621 |
| | <u>1,862</u> | <u>2,037</u> |

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

21. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as going concern and comply with the SAMA's capital requirements while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to shareholders comprising paid capital and accumulated deficit.

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Regulations detailing the solvency margin required to be maintained. According to the 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 100 million
- Premium Solvency Margin
- Claims Solvency Margin

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

22. STATUTORY DEPOSIT

In accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia, the Company is required to maintain a statutory deposit at 10%. Further, SAMA has increased the statutory deposit by 5%. This statutory deposit cannot be withdrawn without the consent of SAMA. During the period ended 2022, the company increased its paid capital to SR 430 million by right issue shares. After the aforementioned amendments to the capital, the company increased the amount of deposit to SR 64.5 million to be fully compliant with regulatory requirements. The statutory deposit is currently maintained at 15% of the new paid-up capital. SR 430 million, amounting to SR 64.5 million.

The statutory deposit is placed with a counterparty having investment grade credit rating. Accrued commission income on statutory deposit is shown as an asset and liability in the statement of financial position.

23. PROVISION FOR ZAKAT AND INCOME TAX

The Company has filed Zakat and income tax returns with Zakat, Tax, and Customs Authority up to the year ended December 31, 2022 and obtained the required certificate that is valid up to April 30, 2024.

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) |
|--|----------------------------------|-------------------------------|
| | SAR' 000 | |
| Opening balance | 7,009 | 3,559 |
| Charge for the period / year | 2,347 | 1,176 |
| Paid during the period / year | (500) | - |
| (Reversal) / charge for prior periods / year | - | 2,274 |
| Closing balance | 8,856 | 7,009 |

Status of assessments

All the assessments up to the year 2016 have been settled with ZATCA and a final clearance certificate has been obtained. During the year ended 31 December 2020, ZATCA issued zakat assessment for the years 2017 and 2018 amounting to 6.2 million. The Company has filed objection against the assessment and the management believes that the liability can be reduced to 3.7 million with a very high probability. During the year ended 31 December 2020, the Company has also received assessments along with penalties in respect of Value Added Tax ("VAT") for the years 2018 and 2019 amounting to 1.6 million. The Company objected to the penalties which have been reversed by ZATCA and are under process for refund.

During the year ended 31 December 2022, ZATCA issued zakat assessments for the years 2019 and 2020 amounted 4.997M (3.069M and 1.929M), the company objected against the assessments and paid 10% of the objected amounts (306K and 193K) as an objection requirement. The case is still under discussion with ZATCA.

24. SHARE CAPITAL

As of September 30, 2023, the authorized, subscribed and paid-up share capital of the Company was SR 430 million, divided into 43 million shares of SR 10 each. (December 31, 2022: SR 430 million share capital dividend into 43 million shares of SR 10 each).

On January 17, 2022, the Board of Directors had recommended an increased in the Company's capital through right issue with a total value of SR 300 million. The extra ordinary general meeting of shareholders was held on February 28, 2022, to approve the aforementioned capital increase and procedures for the issuance of right shares. On April 24, 2022, the Company obtained approval from SAMA. On May 23, 2022 the Capital Market authority (CMA) approved the said capital increase.

Following the Shareholders' approval on May 29, 2022, the Company announced trading of 30 million right shares during the subscription period of the priority rights starting from June 06, 2022, to June 16, 2022. The remaining offering period for the subscription of new shares was set from June 21, 2022, to June 22, 2022. On June 30, 2022 subscribed securities were deposited into the Center's Accounts of eligible securities' holders.

| | 30 September 2023 (Unaudited) | | 31 December 2022 (Audited) (Restated) | |
|--------------------|-------------------------------|-----------|---------------------------------------|-----------|
| | Authorized and issued | Paid up | Authorized and issued | Paid up |
| | No. of Shares | SAR "000" | No. of Shares | SAR "000" |
| Major shareholders | 4,376 | 43,761 | 4,376 | 43,761 |
| Others | 38,624 | 386,239 | 38,624 | 386,239 |
| Total | 43,000 | 430,000 | 43,000 | 430,000 |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

25. SUPPLEMENTARY INFORMATION

25.1 Statement of financial position

| | 30 September 2023 (Unaudited) | | | 31 December 2022 (Audited) (Restated) | | | 1 January 2022 (Audited) (Restated) | | |
|--|-------------------------------|--------------------------|----------------|---------------------------------------|--------------------------|----------------|-------------------------------------|--------------------------|----------------|
| | Insurance Operations | Shareholders' Operations | Total | Insurance Operations | Shareholders' Operations | Total | Insurance Operations | Shareholders' Operations | Total |
| | SAR' 000 | | | SAR' 000 | | | SAR' 000 | | |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | 33,469 | 203,699 | 237,158 | 56,161 | 97,595 | 153,756 | 21,368 | 25,672 | 47,040 |
| Short Term Deposit | - | - | - | 18,979 | - | 18,979 | 17,707 | 10,000 | 27,707 |
| Insurance Contract Assets | 25,682 | - | 25,682 | 5,557 | - | 5,557 | 20,595 | - | 20,595 |
| Reinsurance Contract Assets | 5,271 | - | 5,271 | 39,703 | 104,320 | 144,023 | 37,032 | 13,259 | 50,291 |
| Investments designated as FVOCI | 39,703 | 1,313 | 41,016 | - | 12,525 | 12,525 | - | 44,198 | 44,198 |
| Investments held at amortised cost | - | 12,562 | 12,562 | - | 790 | 790 | - | 385 | 385 |
| Prepayments and other assets | 29,819 | 1,912 | 31,731 | 30,948 | - | 30,948 | 10,745 | - | 10,745 |
| Property and equipment | 5,292 | - | 5,292 | 6,391 | - | 6,391 | 6,085 | - | 6,085 |
| Intangible assets | 800 | - | 800 | 667 | - | 667 | 575 | - | 575 |
| Statutory deposit | - | 64,500 | 64,500 | - | 64,500 | 64,500 | - | 19,500 | 19,500 |
| Due from shareholders' operations | 28,254 | - | 28,254 | 54,645 | - | 54,645 | 138,218 | - | 138,218 |
| Accrued income on statutory deposit | - | 2,049 | 2,049 | - | 3,787 | 3,787 | - | 2,989 | 2,989 |
| TOTAL ASSETS | 168,290 | 286,925 | 454,315 | 213,051 | 283,517 | 496,568 | 252,325 | 116,003 | 368,328 |
| LIABILITIES | | | | | | | | | |
| Insurance Contract liabilities | 100,395 | - | 100,395 | 125,207 | - | 125,207 | 168,645 | - | 168,645 |
| Reinsurance Contract liabilities | 7,171 | - | 7,171 | 8,132 | - | 8,132 | 5,658 | - | 5,658 |
| Accrued expenses and other liabilities | 21,551 | 3,097 | 24,648 | 39,860 | 2,420 | 42,280 | 39,022 | 2,991 | 42,013 |
| Employees' end-of-service benefits (EOSB) | 4,343 | - | 4,343 | 5,022 | - | 5,022 | 5,342 | - | 5,342 |
| Provision for zakat and income tax | - | 8,856 | 8,856 | - | 7,009 | 7,009 | - | 3,559 | 3,559 |
| Accrued income payable to SAMA | - | 2,049 | 2,049 | - | 3,787 | 3,787 | - | 2,989 | 2,989 |
| Due to insurance operation | - | 28,254 | 28,254 | - | 54,645 | 54,645 | - | 138,218 | 138,218 |
| TOTAL LIABILITIES | 133,460 | 42,256 | 175,716 | 178,221 | 67,861 | 246,082 | 218,667 | 147,757 | 366,424 |
| EQUITY | | | | | | | | | |
| Share capital | - | 430,000 | 430,000 | - | 430,000 | 430,000 | - | 130,000 | 130,000 |
| Accumulated losses | - | (186,257) | (186,257) | - | (215,384) | (215,384) | - | (164,348) | (164,348) |
| Re-measurement of EOSB related to insurance operations | (2,950) | - | (2,950) | (2,950) | - | (2,950) | (1,451) | - | (1,451) |
| Fair value reserve for investments at FVOCI | 37,780 | 26 | 37,806 | 37,780 | 1,040 | 38,820 | 35,109 | 2,594 | 37,703 |
| TOTAL SHAREHOLDERS' EQUITY | | | | | | | | | |
| TOTAL EQUITY | 34,830 | 243,769 | 278,599 | 34,830 | 215,656 | 250,486 | 33,658 | (31,754) | 1,904 |
| TOTAL LIABILITIES AND EQUITY | 168,290 | 286,025 | 454,315 | 213,051 | 283,517 | 496,568 | 252,325 | 116,003 | 368,328 |

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

25. SUPPLEMENTARY INFORMATION (CONTINUED)

25.2 Statement of income statement

| | Three-months period ended 30 September 2023 | | | Three-months period ended 30 September 2022 | | |
|--|---|--------------------------|----------|---|--------------------------|----------|
| | (Unaudited) | | Total | (Unaudited) (Restated) | | Total |
| | Insurance Operations | Shareholders' Operations | | Insurance Operations | Shareholders' Operations | |
| | SAR' 000 | | | | | |
| REVENUES | | | | | | |
| Insurance revenue | 44,563 | - | 44,563 | 34,440 | - | 34,440 |
| Insurance service expenses | (33,474) | - | (33,474) | (64,007) | - | (64,007) |
| Insurance service result before reinsurance contracts held | 11,089 | - | 11,089 | (29,567) | - | (29,567) |
| Allocation of reinsurance premiums | (1,836) | - | (1,836) | (12,978) | - | (12,978) |
| Amounts recoverable from reinsurance | 47 | - | 47 | 17,394 | - | 17,394 |
| Net expenses from reinsurance contracts held | (1,789) | - | (1,789) | 4,416 | - | 4,416 |
| Insurance service result | 9,300 | - | 9,300 | (25,151) | - | (25,151) |
| Net investment income | - | 4,491 | 4,491 | - | 289 | 289 |
| Net impairment loss on financial assets | - | (18) | (18) | - | 3 | 3 |
| Investment return | - | 4,473 | 4,473 | - | 292 | 292 |
| Other Costs | 84 | - | 84 | (21) | - | (21) |
| Net insurance finance income / (expenses) | 9,384 | 4,473 | 13,857 | (25,172) | 292 | (24,880) |
| Other operating income | - | - | - | - | - | - |
| Other operating expenses | (2,805) | (1,682) | (4,487) | (4,333) | (1,261) | (5,594) |
| Total income/(loss) for the period attributable to the shareholders before zakat | 6,579 | 2,791 | 9,370 | (29,505) | (969) | (30,474) |
| Provision for Zakat | - | - | - | - | - | - |
| Total income/(loss) for the period attributable to the shareholders after zakat | 6,579 | 2,791 | 9,370 | (29,505) | (969) | (30,474) |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

25. SUPPLEMENTARY INFORMATION (CONTINUED)

25.3 Statement of income statement (Continued)

| | For the nine-month period ended 30 September 2023 (Unaudited) | | | For the nine-month period ended 30 September 2022 (Unaudited) (Restated) | | |
|---|---|--------------------------|----------------|--|--------------------------|-----------------|
| | Insurance Operations | Shareholders' Operations | Total | Insurance Operations | Shareholders' Operations | Total |
| | SAR' 000 | | | SAR' 000 | | |
| REVENUES | | | | | | |
| Insurance revenue | 158,291 | - | 158,291 | 183,585 | - | 183,585 |
| Insurance service expenses | (116,076) | - | (116,076) | (222,493) | - | (222,493) |
| Insurance service result before reinsurance contracts held | 42,215 | - | 42,215 | (38,908) | - | (38,908) |
| Allocation of reinsurance premiums | (6,792) | - | (6,792) | (28,714) | - | (28,714) |
| Amounts recoverable from reinsurance | 2,368 | - | 2,368 | 27,527 | - | 27,527 |
| Net expenses from reinsurance contracts held | (4,424) | - | (4,424) | (1,187) | - | (1,187) |
| Insurance service result | 37,791 | - | 37,791 | (40,095) | - | (40,095) |
| Net investment income | - | 6,449 | 6,449 | - | 3,934 | 3,934 |
| Net impairment loss on financial assets | - | (39) | (39) | - | (11) | (11) |
| Investment return | - | 6,410 | 6,410 | - | 3,923 | 3,923 |
| Other Costs | - | - | - | - | - | - |
| Net insurance finance income / (expenses) | 37,791 | 6,410 | 44,201 | (40,095) | 3,923 | (36,172) |
| Other operating income | 68 | - | 68 | - | - | - |
| Other operating expenses | (9,678) | (3,117) | (12,795) | (12,691) | (2,979) | (15,670) |
| Total income/(loss) for the period attributable to the shareholders before zakat | 28,181 | 3,293 | 31,474 | (52,786) | 944 | (51,842) |
| Provision for Zakat | - | (2,347) | (2,347) | - | (671) | (671) |
| Total income/(loss) for the period attributable to the shareholders after zakat | 28,181 | 946 | 29,127 | (52,786) | 273 | (52,513) |

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

25. SUPPLEMENTARY INFORMATION (CONTINUED)

25.3 Statement of cash flows

| | Nine-months period ended 30 September 2023 (Unaudited) | | | Nine-months period ended 30 September 2022 (Unaudited) (Restated) | | |
|---|---|-----------------------------|----------|--|-----------------------------|----------|
| | Insurance Operations | Shareholders' Operations | Total | Insurance Operations | Shareholders' Operations | Total |
| | SAR' 000 | | | SAR' 000 | | |
| Cash flow from operating activities | | | | | | |
| Profit / loss for the period before zakat | - | 31,474 | 31,474 | - | (51,842) | (51,842) |
| <u>Adjustments for non-cash items:</u> | | | | | | |
| Depreciation and amortization | 1,416 | - | 1,416 | 1,470 | - | 1,470 |
| Provision for end-of-service benefits | (679) | - | (679) | 1,178 | - | 1,178 |
| Investments held at amortised cost | - | (42) | (42) | - | (127) | (127) |
| ECL Provision for Sukuk | - | 5 | 5 | - | 11 | 11 |
| Investment Income | - | (7) | (7) | - | (2,660) | (2,660) |
| <u>Changes in operating assets and liabilities:</u> | | | | | | |
| Insurance contracts assets | (6,703) | - | (6,703) | 17,707 | - | 17,707 |
| Reinsurance contracts assets | 286 | - | 286 | (19,627) | - | (19,627) |
| Insurance contracts liabilities | (24,812) | - | (24,812) | (42,818) | - | (42,818) |
| Reinsurance contracts liabilities | (961) | - | (961) | 25,558 | - | 25,558 |
| Prepayments and other assets | 1,129 | (1,122) | 7 | (1,202) | (379) | (1,581) |
| Accrued expenses and other liabilities | (18,309) | 677 | (17,632) | (9,711) | (1,102) | (10,813) |
| Zakat and income tax paid | - | (500) | (500) | - | - | - |
| Due to insurance operation | - | (26,391) | (26,391) | - | (63,623) | (63,623) |
| Due from shareholders' operations | 26,391 | - | 26,391 | 63,623 | - | 63,623 |
| Employees' end-of-service benefits paid | - | - | - | (962) | - | (962) |
| Net cash (used in) /generated from operating activities | (22,242) | 4,094 | (18,148) | 35,216 | (119,722) | (84,506) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Proceeds from sale of investment held at FVOCI | - | 102,000 | 102,000 | - | 12,313 | 12,313 |
| Proceeds from held at amortised cost | - | - | - | - | 31,808 | 31,808 |
| Disposal in property, equipment and intangible assets | 117 | - | 117 | - | - | - |
| Additions in property, equipment and intangible assets | (567) | - | (567) | (2,215) | - | (2,215) |
| Change in statutory deposit | - | - | - | - | (45,000) | (45,000) |
| Transaction cost for Capital Increase | - | - | - | - | (5,894) | (5,894) |
| Net cash (used in) /generated from investing activities | (450) | 102,000 | 101,550 | (2,215) | (6,773) | (8,988) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Issue of right shares | - | - | - | - | 300,000 | 300,000 |
| Net cash (used in)/generated from in financing activities | | | | - | 300,000 | 300,000 |
| Net change in cash and cash equivalents | (22,692) | 106,094 | 83,402 | 33,001 | 173,505 | 206,506 |
| Cash and cash equivalents, beginning of the period | 56,161 | 97,595 | 153,756 | 21,368 | 25,672 | 47,040 |
| Cash and cash equivalents, end of the period | 33,469 | 203,689 | 237,158 | 54,369 | 199,177 | 253,546 |
| | | | | Restated | | |
| <u>Non-cash transactions:</u> | | | | | | |
| Change in fair value of investments held at FVOCI | - | 1,642 | 1,642 | - | 892 | 892 |

**AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

26. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to the current year presentation.

27. DIVIDEND

No dividend was proposed or paid during the period.

28. EARNING/ (LOSS) PER SHARE ("EPS")

Basic and diluted earnings / (loss) per share from shareholders' income/ (loss) is calculated by dividing net income/ (loss) for the period by weighted average number of ordinary shares outstanding during the period.

29. MERGER

The Company signed a non-binding Memorandum of Understanding (the "MOU") with Allied Cooperative Insurance Group on 07/02/1444H (corresponding to 03/09/2022G) to evaluate a potential merger between the two companies. As per the said announcement, both companies will conduct technical, financial, legal and actuarial due diligence and engage in non-binding discussions on the terms and conditions of the potential merger. The two companies have initially agreed that the methodology used for valuation will be based on equity book value (after any mutually agreed due diligence adjustments). On 15-03-1444 AH (corresponding to 11-10-2022), the Company announced the appointment of AlJazeera Capital as financial advisor and Deloitte Financial Advisory Services Limited ("Deloitte"), as due diligence consultant to assess the company's financial position for the purposes of the feasibility of merging with Allied Cooperative Insurance Group. As at the date of these interim condensed financial statements, the company is in the process of negotiating the terms of the merger agreement.

30. EVENTS AFTER THE REPORTING DATE

There are no subsequent events to the period ended 30 September 2023.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 02 November 2023 (corresponding to 18 Rabi II 1445H).