ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants
Jeddah branch office
License #323/11/96/1
Date 24/4/1419
www.deloitte.com

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders
Abdul Latif Jameel United Finance Company
(A Saudi Closed Joint Stock Company)
Jeddah, Saudi Arabia

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of Abdul Latif Jameel United Finance Company (a Saudi Closed Joint Stock Company) ("the Company") as of September 30, 2021 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month and nine month periods then ended, and a summary of significant accounting policies and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review:

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

Emphasis of Matter

We draw attention to:
- note 11(a) of the financial statements, which describes details about excess payments to the Banks against purchase and agency agreements.
- Note 1 of the financial statements, which describes the Company's plans to merge the operations of certain fellow subsidiaries with the Company.

Our review conclusion is not modified in the above respects.

Deloitte and Touche & Co.
Chartered Accountants

Mohammed Abdulrazzaq Morya
Certified Public Accountant
License No. 494

22 Rabi'l, 1443H
October 28, 2021

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Non-current assets			
Property and equipment		**62,656**	70,532
Intangible assets		**3,807**	4,309
Investment classified as fair value through other comprehensive income		**893**	893
Net investment in finance lease	5	**757,559**	650,085
Notes receivable carried at amortized cost	6.2	**5,363**	5,448
Notes receivable carried at fair value through other comprehensive income	6.1	**83,064**	129,769
Other non-current assets	7	**157,236**	168,652
Total non-current assets		**1,070,578**	1,029,688
Current assets			
Net investment in finance lease	5	**226,611**	200,411
Notes receivable carried at amortized cost	6.2	**11,368**	13,273
Notes receivables carried at fair value through other comprehensive income	6.1	**7,274**	6,515
Inventories		**7,200**	14,089
Prepayments and other receivables		**140,768**	56,559
Deferred consideration receivable	16	**122,019**	119,391
Due from related parties	8	**3,988**	3,159
Cash and bank balances	9	**3,369,038**	3,261,705
Total current assets		**3,888,266**	3,675,102
TOTAL ASSETS		**4,958,844**	4,704,790
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1	**1,000,000**	1,000,000
Statutory reserve		**300,000**	300,000
Retained earnings		**1,590,588**	1,418,098
Fair value reserve, net		**22,311**	27,002
Actuarial gains, net		**32,868**	32,868
Total shareholders' equity		**2,945,767**	2,777,968
Non-current liabilities			
Employee benefits liabilities		**116,147**	113,131
Lease liabilities		**3,396**	9,073
Payable to SAMA	20	**645,240**	305,752
Other non-current liabilities	10	**163,294**	174,912
Total non-current liabilities		**928,077**	602,868
Current liabilities			
Accounts payable, accrued and other liabilities	11	**811,695**	986,117
Payable to SAMA	20	**155,249**	260,452
Due to related parties	8	**118,056**	77,385
Total current liabilities		**1,085,000**	1,323,954
TOTAL LIABILITIES		**2,013,077**	1,926,822
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4,958,844**	4,704,790

The accompanying notes from 1 to 24 form an integral part of these condensed interim financial statements

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	Three month period ended September 30 (Unaudited) 2021	2020 (Restated)	Nine month period ended September 30 (Unaudited) 2021	2020 (Restated)
Revenues	12	**70,719**	76,037	**234,216**	320,176
Direct costs	13&22	**(16,122)**	(14,544)	**(47,258)**	(79,292)
GROSS MARGIN		**54,597**	61,493	**186,958**	240,884
Net gain on derecognition of receivables	16	**75,881**	46,342	**189,426**	242,607
Net change in present value of assets and liabilities relating to derecognized receivables		**(7,916)**	(11,922)	**(7,047)**	(13,811)
TOTAL OPERATING INCOME		**122,562**	95,913	**369,337**	469,680
Selling and marketing expenses		**(40,685)**	(61,445)	**(131,081)**	(165,039)
General and administrative expenses		**(39,985)**	(43,037)	**(120,219)**	(140,894)
Net reversal of impairment for lease and notes receivables	5 & 6	**14,442**	28,321	**44,747**	51,969
Total operating expenses		**(66,228)**	(76,161)	**(206,553)**	(253,964)
INCOME FROM OPERATIONS, net		**56,334**	19,752	**162,784**	215,716
Finance charges, net		**9,119**	(4,861)	**(4,895)**	(13,145)
Finance income	9 (a)	**4,733**	7,163	**12,658**	39,070
Other income		**13,109**	13,654	**39,943**	25,222
Income before zakat		**83,295**	35,708	**210,490**	266,863
Zakat	14	**(19,000)**	(18,000)	**(38,000)**	(49,000)
NET INCOME FOR THE PERIOD		**64,295**	17,708	**172,490**	217,863
Other comprehensive income					
Items that may be reclassified to income:					
Movement in fair value reserve	6.1	**(4,132)**	(8,852)	**(4,691)**	(8,363)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**60,163**	8,856	**167,799**	209,500
Basic and diluted earnings per share (expressed in Saudi Riyal per share)	15&22	**0.64**	0.14	**1.72**	1.41

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Actuarial gains, net	Total
January 1, 2020 (audited) (as restated)	22	1,700,000	291,375	1,430,836	44,850	41,625	3,508,686
Net income for the period (as restated)	22	-	-	217,863	-	-	217,863
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	-	-	-	(8,363)	-	(8,363)
Total comprehensive income for the period		-	-	217,863	(8,363)	-	209,500
Reduction in share capital	1	(700,000)	-	-	-	-	(700,000)
Dividend	18	-	-	(284,300)	-	-	(284,300)
September 30, 2020 (unaudited)		1,000,000	291,375	1,364,399	36,487	41,625	2,733,886
January 1, 2021 (audited)		**1,000,000**	**300,000**	**1,418,098**	**27,002**	**32,868**	**2,777,968**
Net income for the period		-	-	**172,490**	-	-	**172,490**
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	-	-	-	**(4,691)**	-	**(4,691)**
Total comprehensive income for the period		-	-	**172,490**	**(4,691)**	-	**167,799**
September 30, 2021 (unaudited)		**1,000,000**	**300,000**	**1,590,588**	**22,311**	**32,868**	**2,945,767**

The accompanying notes from 1 to 24 form an integral part of these condensed interim financial statements

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	For the nine month period ended September 30 (Unaudited) 2021	2020 (restated)
OPERATING ACTIVITIES	**210,490**	266,863
Income before zakat		
Adjustments for:		
Depreciation and amortization	**13,707**	20,699
Reversal against lease and notes receivables	**(44,747)**	(51,969)
Loss on disposal of property and equipment	**403**	-
Finance charges	**4,895**	13,145
Finance income	**(12,658)**	(39,070)
Grant income	**(9,539)**	(25,461)
Modification loss	**-**	13,055
Allowance for inventory	**714**	-
Net gain on derecognition of receivables	**(189,426)**	(244,053)
Net change in present value of assets and liabilities relating to derecognition of receivables	**7,045**	15,257
Provision for employee benefits liabilities	**9,364**	11,859
Property and equipment written off	**-**	362
Provision for onerous contracts	**(960)**	1,985
	(10,712)	(17,328)
Changes in operating assets and liabilities:		
Net investment in finance lease	**86,128**	823,444
Notes receivable	**50,569**	80,049
Prepayments, other receivables and other non-current assets	**(75,421)**	(42,780)
Inventories	**6,176**	(5,055)
Due from related parties	**(829)**	(649)
Accounts payable, accrued and other liabilities and other non- current liabilities	**(166,057)**	(406,552)
Due to related parties	**40,671**	(82,866)
Cash (used in)/ from operations	**(69,475)**	348,263
Employees benefits liabilities paid	**(6,347)**	(15,730)
Zakat paid	**(55,461)**	(69,848)
Finance charges paid	**(5,383)**	(6,199)
Net cash (used in) / from operating activities	**(136,666)**	256,486
INVESTING ACTIVITIES		
Purchase of property and equipment, intangibles	**(9,742)**	(10,575)
Proceeds from the disposal of property and equipment	**635**	-
Finance income received	**12,658**	39,070
Other deposits	**(807,801)**	662,455
Net cash (used in) / from investing activities	**(804,250)**	690,950
FINANCING ACTIVITIES		
Dividend paid	**-**	(284,300)
Finance cost paid	**(359)**	(849)
Repayment of lease liabilities	**(3,864)**	(5,079)
Proceeds from SAMA loan	**401,767**	368,800
Repayment of SAMA loan	**(157,096)**	-
Reduction of share capital	**-**	(700,000)
Net cash from / (used in) financing activities	**240,448**	(621,428)
Net (decrease) / increase in cash and cash equivalents	**(700,468)**	326,008
Cash and cash equivalents at the beginning of the period	**958,564**	497,060
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 9)	**258,096**	823,068
NON-CASH TRANSACTIONS:		
Movement in fair value reserve	**(4,691)**	(8,363)

The accompanying notes from 1 to 24 form an integral part of these condensed interim financial statements

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Abdul Latif Jameel United Finance Company (the "Company") is a Saudi Closed Joint Stock Company, initially registered in the Kingdom of Saudi Arabia as a Limited Liability Company under Commercial Registration number 4030206631, (Unified number 7001715155), issued on 28 Dhul-Hijjah 1431H (corresponding to December 4, 2010).

The Company's head office is in Jeddah. The activities of the Company include finance leasing, financing of productive assets and consumer financing in the Kingdom of Saudi Arabia.

On 16 Safar 1436H (corresponding to December 8, 2014), the Company received a license from Saudi Central Bank (previously Saudi Arabian Monetary Authority (SAMA)) to undertake activities of finance leasing, financing of productive assets and consumer financing in the Kingdom of Saudi Arabia under license number 28/AU/201412. During 2019, the Company renewed its license for another five years until 14 Safar 1446H (corresponding to August 18, 2024).

During the year ended December 31, 2020, the Company obtained No Objection Certificate from SAMA to engage in financing to Small and Medium enterprises under Finance Companies Control Law.

During June 2021, a request was submitted to SAMA, seeking to merge Abdul Latif Jameel United Real Estate Company and Bab Rizq Jameel Micro Finance Company with the Company, all affiliates are ultimately owned by the same shareholders. During the period, SAMA provided No Objection letter and requested that a detailed plan for the merger be submitted to SAMA for approval within a period of one year. The plan should include exact steps and timelines including the impact on companies systems and jobs specially for Saudis in the merged company within a period of one year from the date of the No Objection letter of SAMA. After the approval of plan by SAMA, the Company shall also seek approvals of the Ministry of Commerce and Zakat, Tax and Customs Authority ("ZATCA"). Accordingly, the Board of Directors on August 30, 2021 approved the merger of the Company with its affiliates and authorized the Chairman of the Board of Directors to execute the merger and obtain all the required shareholders and regulatory approvals. As of September 30, 2021, the Company is yet to submit the plan to SAMA.

a) Share capital of the Company

The share capital of the Company was divided into 170,000,000 shares of SR 10 each and was owned as follows:

	No. of shares of SR 10 each	Amount SR'000
Abdul Latif Jameel Modern Trading Company Limited	150,450,000	1,504,500
Altawfiq United Company	17,000,000	170,000
Taif First United Company Limited	850,000	8,500
Bader First United Company Limited	850,000	8,500
Najid Al Raeda United Company Limited	850,000	8,500
	170,000,000	1,700,000

On 1 Muharram 1441H (corresponding to August 31, 2019), the Board of Directors of the Company resolved to decrease the share capital of the Company by SR 700 million (70,000,000 shares of SR 10 each) in proportion to the existing shareholding pattern. The Company received a No Objection Letter from SAMA dated October 13, 2019 (corresponding to 14 Safar 1441H) to decrease the Company's share capital. The legal formalities in respect of decrease in share capital were completed on August 9, 2020 and the amount of reduction in share capital was returned to shareholders on August 24, 2020.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

After the decrease, the share capital of the Company, divided into 100,000,000 shares of SR 10 each is owned as follows:

	No. of shares of SR 10 each	Amount SR'000
Abdul Latif Jameel Modern Trading Company Limited	88,500,000	885,000
Altawfiq United Company	10,000,000	100,000
Taif First United Company Limited	500,000	5,000
Bader First United Company Limited	500,000	5,000
Najid Al Raeda United Company Limited	500,000	5,000
	100,000,000	1,000,000

The Company is subsidiary of Abdul Latif Jameel Modern Trading Company Limited. The Ultimate Parent of the Company is United Instalment Sales Company Limited ("UIS" or "Ultimate Parent"). The Company, the Parent, the Ultimate Parent are wholly owned by Saudi shareholders.

b) Insurance arrangement

With effect from January 1, 2017, the Company entered into arrangements with Insurers for an initial period of six months, (renewed every six months) for three years. Upon each renewal, the premium rate, insurance charges and profit share was subject to be reviewed for any subsequent renewal period. As a result of this arrangement, the Company does not retain any insurance risk. During 2019, the said agreement has been renewed for another three years (renewable every six months) with effect from January 1, 2020.

During 2020, SAMA issued the Rules for Comprehensive Insurance of Motor vehicles financially leased to individuals to regulate the relationship between the financing entities and their individual customers with regard to the insurance coverage on the financially leased vehicles. As per the rules, at the end of the finance contract between the lessee and the lessor, the lessor shall pay back the lessee the extra amount of premiums paid by the lessee, or shall ask the lessee to pay the extra amount paid by the lessor to the insurer for the insurance policy.

c) Branches of the Company

As of September 30, 2021, the Company operates through 84 branches (December 31, 2020: 130 branches). The accompanying financial statements include the assets, liabilities and results of these branches as the beneficial owner of these branches is the Company.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New, Amended and Revised International Financial Reporting Standards ("IFRS") Standards that are effective for the current period

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 2021, have been adopted in these financial statements.

In the current period, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after January 1, 2021.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

- **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary relief that address the impact on financial reporting when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

For further details, please refer note 21 to these interim condensed interim financial statements.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after January 1, 2021 and relevant to the Company's operations.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 1, 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 17	January 1, 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

The management is in the process of assessing the potential financial impact of application and do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

During 2020, SAMA issued rules governing credit risk exposure classification and provisioning. These rules set out the minimum requirements on credit risk exposure classification and provisioning. These rules were applicable to all finance companies licensed pursuant to Finance Companies Control Law effective from July 1, 2021. In a subsequent communication, SAMA deferred implementation of the rules to January 1, 2022, except for certain rules to be implemented on or before December 31, 2023. The management has engaged a consultant to update policies and procedures to be in line with the rules.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The condensed interim financial statements of the Company as of and for the nine month period ended September 30, 2021 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia.

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020.

The results for the nine month period ended September 30, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

In preparing these condensed interim financial statements, the significant judgments made by the management are same as those that are applied to the financial statements for the year ended December 31, 2020.

3.2 Basis of preparation

These condensed interim financial statements have been prepared under the historical cost convention using accrual basis of accounting, except for employees benefit liability which is carried at present value of defined benefit obligation, using actuarial present value calculations based on projected unit credit method, the measurement at fair value of 'Investment classified at fair value through other comprehensive income' (FVTOCI) and a segment of notes receivable portfolio, which have been measured at their fair values and both of which have been classified as 'FVTOCI'.

3.3 Functional and presentational currency

These condensed interim financial statements have been presented in Saudi Riyals and have been rounded off to the nearest thousand Saudi Riyals, except as otherwise indicated.

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Due to the outbreak of novel coronavirus ("COVID-19") since early 2020, the Company's management revisited its significant judgments in applying the Company's accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended December 31, 2020. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Further, as the COVID situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

The accounting estimates and assumptions used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020.

5. NET INVESTMENT IN FINANCE LEASE

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Gross investment in finance lease	**1,326,345**	1,201,754
Less: unearned finance income	**(269,964)**	(225,400)
Present value of lease payments receivable	**1,056,381**	976,354
Less: impairment loss allowance (note a)	**(72,211)**	(125,858)
Net investment in finance lease	**984,170**	850,496

	September 30, 2021 (Unaudited)			
	Gross Investment	**Unearned finance income**	**Allowance for impairment loss**	**Net Investment**
Current portion	**394,756**	**(95,934)**	**(72,211)**	**226,611**
Non-current portion	**931,589**	**(174,030)**	**-**	**757,559**
Total	**1,326,345**	**(269,964)**	**(72,211)**	**984,170**

	December 31, 2020 (Audited)			
	Gross Investment	Unearned finance income	Allowance for impairment loss	Net Investment
Current portion	420,723	(94,454)	(125,858)	200,411
Non-current portion	781,031	(130,946)	-	650,085
Total	1,201,754	(225,400)	(125,858)	850,496

a) The movement in impairment loss allowance is as follows:

	Nine month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited)
January 1	**125,858**	203,757
Reversals during the period	**(38,594)**	(53,308)
Provision transferred on closure of 'purchase and agency agreements'	**40,105**	104,842
Amount written off during the period	**(55,158)**	-
September 30	**72,211**	255,291

b) During the period ended September 30, 2021, amounts previously written off amounting to SR 30.6 million (September 30, 2020: SR 12.1 million) have been recovered. These amounts are disclosed as part of 'other income' in the statement of condensed interim statement of comprehensive income.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

c) The ageing of gross finance lease receivables which are past due and considered impaired by the management is as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
1 - 3 months	**5,583**	11,399
4 - 6 months	**4,804**	15,044
7 - 12 months	**8,097**	11,578
More than 12 months	**21,578**	30,882
	40,062	68,903

The not yet due portion of above overdue finance lease receivables as of September 30, 2021 amounts to SR 132.21 million (December 31, 2020: SR 214.04 million).

6. NOTES RECEIVABLE

Notes receivable comprise of receivables arising from instalment sales of equipment and vehicles. For the purposes of these condensed interim financial statements, the notes receivable pertaining to instalment sale of vehicles have been carried at fair value through other comprehensive income (note 6.1) and notes receivable pertaining to instalment sales of equipment have been carried at amortized cost (note 6.2), as detailed below:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Notes receivable carried at fair value through other comprehensive income, net (note 6.1)	**90,338**	136,284
Notes receivable carried at amortized cost (note 6.2)	**16,731**	18,721

6.1 Notes receivable carried at fair value through other comprehensive income

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Notes receivable	**90,338**	136,284
Less: current portion	**(7,274)**	(6,515)
Non- current portion	**83,064**	129,769

As of September 30, 2021, the amortized cost of notes receivable measured at fair value through other comprehensive income was SR 68 million (December 31, 2020: SR 109.3 million), whereas the fair value of this portfolio was determined to be SR 90.3 million (December 31, 2020: SR 136.3 million) resulting in fair value reserve of SR 22.3 million (December 31, 2020: SR 27 million). The changes in the fair value during the nine month period ended September 30, 2021 of negative SR 4.7 million (September 30, 2020: negative SR 8.4 million) are recognized in the 'condensed interim statement of other comprehensive income'.

a) During the period ended September 30, 2021, amounts previously written off amounting to SR 0.7 million (September 30, 2020: SR 0.04 million) have been recovered. These amounts are disclosed as part of 'other income' in the statement of condensed interim statement of comprehensive income.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) The movement in allowance for doubtful debts against notes receivable carried at fair value through other comprehensive income is as follows:

	Nine month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited)
January 1	**24,121**	22,967
(Reversal)/charge during the period	**(5,615)**	1,549
Amount written off during the period	**(6,655)**	-
September 30	**11,851**	24,516

6.2 Notes receivable carried at amortized cost

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Notes receivable, gross	**20,855**	23,354
Less: unearned finance income	**(1,959)**	(1,930)
	18,896	21,424
Less: impairment loss allowance (6.2a)	**(2,165)**	(2,703)
Notes receivable, net	**16,731**	18,721

	September 30, 2021 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net Investment**
Current portion	**14,986**	**(1,453)**	**(2,165)**	**11,368**
Non-current portion	**5,869**	**(506)**	**-**	**5,363**
Total	**20,855**	**(1,959)**	**(2,165)**	**16,731**

	December 31, 2020 (Audited)			
	Gross Investment	Unearned finance income	Allowance for impairment loss	Net Investment
Current portion	17,455	(1,479)	(2,703)	13,273
Non-current portion	5,899	(451)	-	5,448
Total	23,354	(1,930)	(2,703)	18,721

a) The movement in impairment loss allowance is as follows:

	Nine month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited)
January 1	**2,703**	3,317
Reversal during the period	**(538)**	(210)
September 30	**2,165**	3,107

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) The ageing of notes receivables which are past due and considered impaired by the management is as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
1 - 3 months	**232**	871
4 - 6 months	**262**	881
7 - 12 months	**707**	3,180
More than 12 months	**10,544**	14,520
	11,745	19,452

The not yet due portion of above overdue notes receivables as of September 30, 2021 amounts to SR 12.6 million (December 31, 2020: SR 31.3 million).

7. OTHER NON-CURRENT ASSETS

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Employees' receivables - non-current portion	**7,124**	8,217
Net servicing asset (note 16)	**3,400**	5,638
Deferred consideration receivable – non-current Portion (note 16)*	**146,712**	154,797
	157,236	168,652

* Current portion of deferred consideration receivables amounts to SR 122 million as of September 30, 2021 (December 31, 2020: SR 119 million).

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

i) Following are the details of related party transactions during the period:

Related party	**Nature of transaction**	**For the three month period ended September 30**		**For the nine month period ended September 30**	
		2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Ultimate Parent	Collections from Company's customers	**79**	285	**100**	291
Other related parties	Purchases, net	**357,670**	140,771	**1,031,133**	683,767
	Advertisement expenses	**320**	457	**1,034**	1,106
	Expenses charged	**11,777**	16,826	**19,277**	23,698
	Supports received	**8,351**	3,649	**24,994**	13,936
	Charges for customer evaluations prior to lease	**6,550**	1,469	**6,550**	4,591
	Amounts collected on behalf of an affiliate	**1,475**	3,302	**4,602**	9,176

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

ii) Due from related parties comprised of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Abdul Latif Jameel Import and Distribution Company Limited	2,861	1,692
Bab Rizq Jameel Micro Finance Company	750	467
United Instalment Sales Company Limited ("Ultimate Parent")	215	400
Mutalba Debt Collection Company	87	422
Abdul Latif Jameel Insurance Brokerage Company	75	-
Abdul Latif Jameel Modern Trading Company Limited	-	100
Abdul Latif Jameel United Real Estate Finance Company	-	78
	3,988	3,159

iii) Due to related parties comprised of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Abdul Latif Jameel Retail Company Limited	85,505	67,345
Abdul Latif Jameel for Automotive Wholesale Company Limited	25,424	-
Salim Saleh Saeed Babqui Trading Company Limited	2,654	5,925
Abdul Latif Jameel Lands Company Limited	2,076	486
Abdul Latif Jameel Company for Information and Services Limited	1,001	907
Abdul Latif Jameel Technology Products Company Limited	395	698
Abdul Latif Jameel Company Limited	523	1,340
Abdul Latif Jameel Industrial Equipment Company Limited	259	540
Abdul Latif Jameel Technology Company Limited	193	-
Abdul Latif Jameel Bodywork and Paint Company Limited	26	60
Abdul Latif Jameel for Advertising Services Company Limited	-	81
Abdul Latif Jameel Summit Company Limited	-	3
	118,056	77,385

iv) The total amount of compensation to key management personnel during the period is as follows:

	For the nine month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited)
Directors' remuneration	2,899	4,315
Short-term employee benefits	9,000	9,000
Employee benefits liabilities	258	271
	12,157	13,586

The Company's Board of Directors includes the Board and other Board related committees (Credit and Risk Management Committee and Audit Committee). Compensation to Company's key management personnel includes salaries, non-cash benefits allowances and post-employment defined benefits plans.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

9. CASH AND BANK BALANCES

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash in hand	**2,671**	3,089
Bank balances	**255,425**	955,475
Cash and cash equivalents	**258,096**	958,564
Other deposits (having original maturity of more than three months) (note 'b')	**3,110,942**	2,303,141
Cash and bank balances	**3,369,038**	3,261,705

a) During the period, the Company earned SR 12.7 million (September 30, 2020: SR 39.1 million) on the murabaha deposits at the rate of return ranging from 0.28% to 2.06% (September 30, 2020: 0.25% to 2.70%).

b) As of September 30, 2021, this includes murabaha deposits of SR 122.1 million (December 31, 2020: SR 121.4 million), representing amounts set aside in respect of employees' benefits liabilities.

c) Details of foreign currency time deposits included in cash and bank balances is follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash and cash equivalents	**56**	55
Other deposits	**1,736,396**	1,731,016
Cash and bank balances	**1,736,452**	1,731,071

10. OTHER NON-CURRENT LIABILITIES

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Present value of net servicing liability - non-current portion (note 16)	**16,582**	20,115
Provision against expected defaults and discounts in respect of sold finance lease and notes receivable - non-current portion (note 16)	**146,712**	154,797
	163,294	174,912

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

11. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Accounts payable – trade	**37,003**	59,461
Accrued expenses*	**48,535**	70,955
Zakat payable (note 14)	**60,105**	77,566
Payable under purchase and agency agreements (note 16 and note 'a' below)	**500,600**	622,074
Present value of net servicing liability - current portion (note 16)	**10,105**	6,289
Amount due to the insurer	**35,371**	25,493
Current portion of lease liabilities	**4,699**	6,262
Provision for onerous arrangement (note 13 and note 'b' below)	**928**	1,889
Advance collections and other payables	**114,349**	116,128
	811,695	986,117

* Accrued expenses include amount due to related parties amounting to SR 7.8 million (December 31, 2020: SR 11.9 million).

a) This includes provision against expected defaults and discounts (note 16). This also includes an amount of SR 86 million representing net excess payments to Banks against various agreements which arose due to deferral of payments to the MSME customers under the SAMA deferred payment program (refer note 20). Under the terms of these agreements, the Company has a recourse to any future excess payments, balance in reserve account and finally the banks. The Company's management intends to initiate discussions with the Banks for the settlement of the amount on or before the repayment date of the related SAMA loan and expects to finalize the arrangements with the Banks before December 31, 2021.

b) The movement in the provision for onerous insurance arrangements is as follows:

	Nine month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited)
January 1	**1,889**	9,711
(Reversal)/charge for the period	**(961)**	1,985
September 30	**928**	11,696

12. REVENUES

	For the three month period ended September 30		**For the nine month period ended September 30**	
	2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Income from finance leases	**25,082**	6,621	**85,050**	98,743
Income from instalment sales	**7,464**	11,227	**27,581**	64,179
Contract fee income	**5,780**	2,946	**18,194**	13,808
Income from purchase and agency agreements (note 16)	**25,701**	33,012	**77,667**	117,098
Others	**6,692**	22,231	**25,724**	26,348
	70,719	76,037	**234,216**	320,176

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

13. DIRECT COSTS

	For the three month period ended September 30		For the nine month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (Restated)	**2021 (Unaudited)**	2020 (Unaudited) (Restated)
Direct cost on finance leases	**11,078**	8,124	**31,202**	32,515
Direct cost on instalment sales	**5,218**	7,712	**17,017**	44,792
(Reversal)/charge for provision for onerous insurance arrangements (note 11)	**(174)**	(1,292)	**(961)**	1,985
	16,122	14,544	**47,258**	79,292

14. ZAKAT

During the nine month period ended September 30, 2021, an amount of SR 38 million has been recorded as zakat charge (September 30, 2020: SR 49 million).

Status of zakat assessments
For the year 2012, the Zakat, Tax and Customs Authority ("ZATCA") formerly General Authority of Zakat and Tax ("GAZT") issued an assessment claiming additional zakat of SR 27.6 million against which the Company filed an objection, which was not accepted by the ZATCA, therefore, the Company requested that the objection be forwarded to the Preliminary Objection Committee. However, the Company has retracted the objection and settled the above amount. The zakat declaration for the year 2013 is currently under review by the ZATCA and the declarations for the years 2014 to 2018 have been finalized, while the declaration for 2019 and 2020 is also under review. Further, the Company has a zakat certificate valid up to April 30, 2022.

15. EARNINGS PER SHARE

Basic earnings per share amounts is calculated by dividing the net income for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the nine month period ended September 30, 2021 and 2020.

There has been no dilutive effect on the weighted average number of shares during the nine month period ended September 30, 2021 and 2020.

The basic and diluted earnings per share are calculated as follows:

	For the three month period ended September 30		For the nine month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (Restated)	**2021 (Unaudited)**	2020 (Unaudited) (Restated)
Net income for the period *(in SR '000)*	**64,295**	17,708	**172,490**	217,863
Weighted average number of ordinary shares *(in'000)* (note 1(a))	**100,000**	123,333	**100,000**	154,444
Basic and diluted earnings (expressed in SR per share)	**0.64**	0.14	**1.72**	1.41

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

16. PURCHASE AND AGENCY AGREEMENTS

The Company has entered into purchase and agency agreements (the 'agreements') with certain local banks in respect of certain finance lease and notes receivables (collectively referred as 'receivables').

Under the terms of the purchase and agency agreements, the Company first sells the eligible receivables to the banks and then manages them on behalf of the banks as an agent for a monthly fee as per the terms of the agreements.

During the nine month period ended September 30, 2021, the Company sold SR 1,587.4 million (September 30, 2020: SR 1,606 million) of its net receivables and the total amount received from the bank in respect of such sale was SR 1,763.3 million (September 30, 2020: SR 1,805.4 million). Upon sale, the Company derecognizes the receivables from its books and recognizes the difference as either gain or loss on derecognition of receivables (note (c)).

The following are the significant terms of the agreement:

a) The Company continues to manage the sold receivables on behalf of the banks for a fee (agency fee). The total settlement of net receivables to be made to the banks (as per the agreed cash flows), as an agent under purchase and agency arrangements amount to SR 5,440 million as of September 30, 2021 (December 31, 2020: SR 5,551 million).

The maturity analysis of derecognized receivables is as follows:

Under purchase and agency agreements	**Up to 1 year**	**2 - 3 years**	**After 3 years**	**Total**
September 30, 2021 (Unaudited)	**2,324,074**	**2,302,532**	**813,303**	**5,439,909**
December 31, 2020 (Audited)	2,264,083	2,629,505	657,135	5,550,723

b) Each agreement is supported by a "cash flow statement" which stipulates the principal amount and the monthly receivables falling due. Under the terms of the agreements, the Company, in the capacity of an agent, settles to the banks a monthly amount based on the cash flow statement. Any excess collections over and above the stipulated amounts and after retaining the amount for the next month's repayment, are transferred monthly by the Company to the banks. The amount of the next month's repayment is recognized as a liability and included in payable under purchase and agency agreements (note 11).

c) A reserve is to be maintained out of the monthly receipts, which is to be distributed at the end of the term of the agreements after deducting the actual defaults and discounts due to premature terminations. The balance in the reserve account after deducting the actual defaults and discounts shall be retained by the Company as deferred consideration on sale of receivables. Any shortfall in the reserve account is to be borne by the banks.

During the nine month period ended September 30, 2021, the Company made gain amounting to SR 180.4 million (September 30, 2020: SR 211.8 million) on derecognition of receivables sold to the banks under the agreements, which is calculated as follows:

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	For the three month period ended September 30,		For the nine month period ended September 30,	
	2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Gross amount of receivables	**873,191**	380,477	**2,057,576**	2,103,764
Less: deferred finance income	**(202,142)**	(83,275)	**(470,179)**	(497,332)
Less: present value of deferred consideration receivable (note (i))	-	-	-	-
Less: present value of net servicing liability (note (ii))	**(2,470)**	4,117	**(4,525)**	(12,862)
Less: amounts received from the banks	**(743,900)**	(329,500)	**(1,763,300)**	(1,805,400)
Net gain on derecognition of receivables	**75,321**	28,181	**180,428**	211,830

During the nine month period ended September 30, 2021, certain purchase and agency agreements, previously entered into by the Company, matured and the Company recorded a net gain amounting to SR 8.9 million (September 30, 2020: SR 30.8 million) after deducting the actual customer defaults and discounts on premature terminations. The Company is in process of obtaining final settlement and discharge letters from the banks with respect to these agreements.

The total gain on derecognized receivables for the period is as follows:

	For the three month period ended September 30,		For the nine month period ended September 30,	
	2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Gain on derecognition of receivables	**75,321**	28,181	**180,428**	211,830
Gain on maturity of derecognized pools	**560**	18,161	**8,998**	30,777
	75,881	46,342	**189,426**	242,607

i. The deferred consideration receivable represents the continuing involvement in the transferred asset. Provision against expected defaults in respect of sold finance lease and notes receivable represents a guarantee provided by the Company under purchase and agency agreements to pay for default losses on a transferred asset. These have been disclosed as deferred consideration receivable (note 7) and provision against expected defaults and discounts in respect of sold finance lease and notes receivable (notes 10 and 11).

ii. The Company's net servicing assets and related liabilities are calculated separately for each agreement by calculating the present value of servicing assets, as per the terms of the agreement and by estimating the present value of servicing liability and related provisions. The net amount is classified as a net servicing asset or a net servicing liability on the condensed interim statement of financial position. This has been presented as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Net servicing assets	**3,400**	5,638
Present value of net servicing liability	**26,687**	26,404
Less: current portion (note 11)	**(10,105)**	(6,289)
Non-current portion (note 10)	**16,582**	20,115

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

The present value of net deferred consideration receivable and the present value of net servicing asset and net servicing liability is calculated by using an appropriate discount rate.

17. FINANCIAL RISK MANAGEMENT

Credit Risk

Credit quality analysis

i) Financial assets carried at fair value through other comprehensive income (FVTOCI)

The following tables set out information about the credit quality of financial assets measured at fair value through other comprehensive income as of September 30, 2021 and December 31, 2020.

a) Net carrying amounts

	September 30, 2021 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Notes receivable carried at fair value through other comprehensive income	**67,088**	**849**	**22,401**	**90,338**

	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Notes receivable carried at fair value through other comprehensive income	107,205	4,279	24,802	136,284

b) Allowance for ECL

	September 30, 2021 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Notes receivable carried at fair value through other comprehensive income	**1,867**	**99**	**9,885**	**11,851**

	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Notes receivable carried at fair value through other comprehensive income	5,060	1,831	17,230	24,121

ii) Financial assets carried at amortized cost

The following tables set out information about the credit quality of financial assets measured at amortised cost as of September 30, 2021 and December 31, 2020.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

a) Gross carrying amounts

	September 30, 2021 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease	**1,274,302**	**8,451**	**43,592**	**1,326,345**
Notes receivable carried at amortized cost	**18,661**	**219**	**1,975**	**20,855**
Carrying amount	**1,292,963**	**8,670**	**45,567**	**1,347,200**

	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not Credit impaired	Lifetime ECL credit impaired	Total
Net investment in finance lease	1,111,644	14,572	75,538	1,201,754
Notes receivable carried at amortized cost	20,002	605	2,747	23,354
Carrying amount	1,131,646	15,177	78,285	1,225,108

b) Allowance for ECL

	September 30, 2021 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease	**31,439**	**2,953**	**37,819**	**72,211**
Notes receivable carried at amortized cost	**446**	**24**	**1,695**	**2,165**
	31,885	**2,977**	**39,514**	**74,376**

	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net investment in finance lease	50,913	10,756	64,189	125,858
Notes receivable carried at amortized cost	756	92	1,855	2,703
	51,669	10,848	66,044	128,561

The allowance for ECL for net investment in finance lease also includes the ECL on insurance, which the Company arranges on behalf of the customers.

Amounts arising from ECL - Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company groups its receivables into Stage 1, Stage 2, Stage 3 as described below:

Stage 1: When loans are first recognized, the Company recognizes an allowance based on 12 months ECLs. Stage 1 receivables also include receivables where the credit risk has improved, and the balance has been reclassified from Stage 2.

Stage 2: When a receivable has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECL. Stage 2 receivables also include receivables, where the credit risk has improved, and the receivable has been reclassified from Stage 3.

Stage 3: Receivables considered credit impaired. The Company records an allowance for the Lifetime ECL.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

a) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. For some portfolios, information obtained from external credit reference agencies is also used.

The Company employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macroeconomic factors as well as in depth analysis of the input of certain other factors (e.g. forbearance experience) on the risk of default include oil prices, inflation, manufacturing purchasing manager's index, money supply, GDP etc. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on 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 (see incorporation of forward-looking information). The Company then uses these forecasts to adjust its estimates of PDs.

b) Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition, which is determined under basis of Company's staging criteria.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

In addition to the above SICR criteria, the Company has created a detailed risk profiling, by incorporating new components for the determination of SICR in order to address COVID-19 effects; such as industry risk, pool PDs and prior delinquency behavior.

Consideration due to the Covid-19:

In response to the impacts of COVID-19, various support programmes have been offered to the customers by the Company on account of SAMA initiatives, such as customers eligible under Deferred Payments Program (refer note 20 for further details). The exercise of the deferment option by a customer, in its own, is not consider by the Company as triggering SICR and as a consequence impact on ECL for those customers were determined based on their existing staging. However, as part of the Company's credit evaluation process especially given the current economic situation due to after effects of lock down, the Company analyzed the financial position of the customers and ability to repay the amounts and in case where indicators of significant deterioration were noted, the customers' credit ratings and accordingly exposure staging were adjusted, where applicable.

No change has been made in the backstop criteria for all types of exposures.

c) Modified financial assets

The contractual terms of finance lease and notes receivables may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing and advances whose terms have been modified may be derecognized and the renegotiated financing and advances recognized as a new financing and advances at fair value in accordance with the accounting policy.

When the terms of finance lease and notes receivables are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly is completed on the basis of the approved staging criteria.

The Company renegotiates finance lease and notes receivables to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Company's forbearance policy, finance lease and notes receivable forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of leasing and instalments covenants. Both consumer and corporate portfolios are subject to the forbearance policy.

Any repayment holidays should not automatically trigger forbearance and migration to Stage 2. For all the exposures available to use repayment holidays due to COVID-19 the following are applied:

- *Micro, Small and Medium Enterprises ("MSMEs") portfolio:*
  Exposures with more than 30 days past due at least once in the last 6 months or exposures which are classified into PD Pool 3 and belong to high risk industries with respect to Covid-19 impact are considered as High risk exposures and thus, after SICR is identified, are allocated into Stage 2.

- *Other than MSME portfolio:*
  Exposures with more than 30 days past due at least once in the last 6 months or exposures which are classified into PD Pools 1, 2 or 4 and belong to high risk industries with respect to Covid-19 impact are considered as High risk exposures and thus, after SICR is identified, are allocated into Stage 2.

d) Definition of 'Default'

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- The obligor is past due for 90 days or more on any material credit obligations to the Company including principal instalments, interest payments and fees.
- The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any).

The definition of default largely aligns with that applied by the Company for regulatory capital purposes.

e) Incorporation of forward-looking information

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 advice from the 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 of Saudi Arabia and selected private sector and academic forecasters.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

There have been no changes to the types of forward looking variables (key economic drivers) used as model inputs in the current period.

f) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated, based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization.

The Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a finance lease and notes receivables arrangement.

The uncertainty of the impact of COVID-19 introduces significant estimation uncertainty in relation to the measurement of the Company's allowance for expected credit losses. The changing COVID-19 circumstances and the Government, business and consumer responses could result in significant adjustments to the allowance in future financial years.

Given current economic uncertainties and the judgment applied to factors used in determining the expected default of finance lease and instalment sales in future periods, expected credit losses reported by the Company should be considered as a best estimate within a range of possible estimates.

Consideration due to COVID-19:

The PD, EAD and LGD models are subject to the Company's model risk policy that stipulates periodic model monitoring, periodic revalidation and defines approval procedures and authorities according to model materiality.

As of December 31, 2020, the Company has made following material changes in its ECL methodology:

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

- The Through The Cycle (TTC) PD estimates were updated using new additional vintages / quarterly cohorts starting March 2019 through December 2019 with a one-year performance window for each of them. Hence, the TTC PD estimates are based on the period September 2012 through December 2020.
- The TTC LGD estimates were updated using new additional vintages / quarterly cohorts including defaults and recovery data. Hence, the TTC LGD estimates are based on the period September 2012 through December 2020.
- Updated macroeconomic forecasts were used to update PIT PD and LGD estimates used to generate ECL for December 2020 and September 2021.

g) Governance and controls

In addition to the existing risk management framework, the Company has established a Steering Committee for oversight of IFRS 9 impairment process that includes representation from Finance, Risk and Information Technology (IT), as well as the involvement of subject matter experts in the areas of methodology reviews, data sourcing, risk modelling, and formulating judgements with respect to the aspects of significant increase in credit risk determination, macroeconomic assumptions and forward looking factors. The Framework and related controls have been approved by the board of directors.

h) Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Share capital has been reduced by SR 700 million during 2020 (note 1).

The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Regulations for Companies and SAMA. SAMA requires finance Companies engaged in financing other than real estate, to maintain aggregate financing to capital ratio of three times.

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Aggregate financing to capital ratio (Total financing (net investment in finance lease and notes receivable) divided by total shareholders' equity)	**0.37 times**	**0.36 times**

18. DIVIDEND

On 27 Rajab 1441H (corresponding to March 22, 2020), the shareholders of the Company in their annual meeting approved to distribute dividend amounting to SR 284.3 million (SR 1.67 per share). The dividend was paid to the shareholders on 29 Shawwal 1441H (corresponding to June 21, 2020).

During the quarter ended June 30, 2021, the Board of Directors proposed the distribution of dividends out of the net profits of the Company for the years 2019 and 2020. The Company has received no objection letter from SAMA to distribute dividend amounting to SR 514.9 million represented by an amount of SR 290.8 million in respect of the year ended December 31, 2019 and SR 224.1 million in respect of the year ended December 31, 2020. The financial statements for the nine months period ended September 30, 2021 do not include the effect of the dividends, as they will be accounted for, in the period in which these are approved by the shareholders in the upcoming general meeting.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, investment, net investment in finance lease, notes receivable, due from related parties, employees' receivables, amount due from insurer and other receivables. Its financial liabilities consist of due to related parties, accounts payable, payable under purchase and agency agreements, lease liabilities and amount due to Insurers.

The fair values of the financial instruments are not materially different from their carrying values except for the net investment in finance lease and a segment of notes receivable portfolio measured at amortized cost.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Company's financial assets as of September 30, 2021:

September 30, 2021 (Unaudited)		**Fair value measurement using**		
	Total	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value				
Notes receivable classified as fair value through other comprehensive income	**90,338**	-	-	**90,338**
Investment classified as fair value through other comprehensive income	**893**	-	-	**893**

December 31, 2020 (Audited)		Fair value measurement using		
	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value				
Notes receivable classified as fair value through other comprehensive income	136,284	-	-	136,284
Investment classified as fair value through other comprehensive income	893	-	-	893

20. IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES ("ECL") AND SAMA PROGRAMS

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

During 2020, the management performed a detailed assessment to ascertain the impact of the pandemic and resultant government and SAMA support measures, such as repayment holidays and other mitigating packages, have had on the financing portfolio.

The Company continues to evaluate the current macroeconomic situation and conducts review of credit exposure concentrations at a more granular level with particular focus on specific economic sectors, regions, counterparties and collateral protection. The credit reviews also take into consideration the impact of the government and SAMA support relief programs.

During the period ended September 30, 2021, the Company has revised certain inputs and assumptions (including but not limited to macroeconomic factors) used for the determination of ECL. The Company's ECL model continues to be sensitive to macroeconomic variables and scenario weightings. To the extent that certain effects cannot be fully incorporated into the ECL model calculations at this point in time, management continues to exercise expert credit judgement to estimate ECL by considering reasonable and supportable information not already included in the quantitative models. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

It continues to be challenging to reliably ascertain the specific effects the pandemic and the government and SAMA support measures, such as the repayment holidays and other mitigating packages, will have. The Company has therefore concluded that it is too early for any potential credit impairment to be reflected through the application of the staging criteria and has instead put more emphasis on the macroeconomic model underpinning the PD and LGD determinations. The Company will continue to individually assess significant counterparty exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

SAMA support programs and initiatives

Private Sector Financing Support Program ("PSFSP")

In response to COVID-19, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises ("MSME") as defined by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The PSFSP mainly encompasses the following programs:

- Deferred payments program (DPP);
- Funding for lending program;
- Loan guarantee program; and
- Point of sale ("POS") and e-commerce service fee support program.

Deferred payments program

During the year, SAMA announced deferred payment programs on March 14, 2020 and provided further extensions as follows:

Deferred payment program - period from March 14, 2020 to September 14, 2020
1st extension - deferral period extended from September 15, 2020 to December 14, 2020
2nd extension - deferral period extended from December 15, 2020 to March 31, 2021.
3rd extension - deferral period extended from April 1, 2021 to June 30, 2021.
4th extension - deferral period extended from July 1, 2021 to September 30, 2021.
5th extension - deferral period extended from October 1, 2021 to December 31, 2021.

As part of the deferred payments program and its subsequent extensions, the Company is required to defer payments for the relevant deferral period on lending facilities to eligible MSMEs. The Company effected the payment reliefs by deferring instalments falling due within the period from the start of the relevant deferral period till the end of the deferral period. The Company has effected the payment reliefs by extending the tenure of the applicable financings granted with no additional costs to be borne by the customer.

As a result of the above program and related extensions, the Company has deferred total payments of SR 1,151.5 million till September 30, 2021.

Further to the above, SAMA on June 22, 2021 announced the extension of the DPP for three additional months from July 1, 2021 to September 30, 2021, only for MSMEs that were still affected by the COVID-19 precautionary measures, in line with guidance issued by SAMA in this regard. This resulted in a modification loss of SR 1.8 million which was recorded during the quarter ended September 30, 2021. On September 29, 2021, for these effected MSME customers, a further extension of three additional months was announced by SAMA i.e., for the installment falling due from October 1, 2021 to December 31, 2021. The Company performed an assessment to determine the pool of customers eligible for continued deferment and accordingly deferred the installment falling due from October 1, 2021 to December 31, 2021 amounting to SR 42.2 million and extended the tenure of the applicable loans at no additional costs to the customer. This resulted in the Company recognizing an additional modification loss of SR 1.4 million which will be recorded during the quarter ending December 31, 2021.

The accounting impact of the above changes in terms of the credit facilities were assessed and treated as per the requirements of IFRS 9 as modification in terms of arrangement. This has resulted in the Company recognizing a total modification loss amounting to SAR 52 million, out of which SR 4.2 million has been recorded during the nine month period ended September 30, 2021 (September 30, 2020: SAR 42.6 million).

The Company generally considered the deferral of payments in hardship arrangements as an indication of a SICR but the deferral of payments under the current COVID-19 support packages have not, in isolation, been treated as an indication of SICR.

SAMA deposit granted to the Company under the deferred payment program

In order to compensate the related cost that the Company is expected to incur under the SAMA programs, the Company in aggregate received SR 981.3 million of profit free deposit from SAMA till September 30, 2021 with varying maturities. During the period, SAMA modified the repayment terms from monthly instalments to full amounts payable on their respective maturity date as a result of which the Company recorded a modification gain of SR 14.8 million in the condensed interim financial statements. Details of the amounts received from SAMA are as follows:

Grants received against net investment in finance lease/notes receivables:

- an amount of SR 108.8 million, out of which the remaining balance of SR 81.6 million is repayable to SAMA in full in October 2023 as per modified terms;
- an amount of SR 71.5 million, out of which the remaining balance of SR 42.9 million is repayable to SAMA in full in April 2022 as per modified terms;
- an amount of SR 36.5 million, out of which the remaining balance of SR 28.4 million is repayable to SAMA in full in September 2022 as per modified terms;
- an amount of SR 23.1 million, out of which the remaining balance of SR 20.8 million is repayable to SAMA in full in October 2022 as per modified terms; and
- an amount of SR 46.3 million, repayable to SAMA in full in March 2023 as per modified terms.

Grants received against sold receivables under purchase and agency agreements (note 16):

SAMA has provided clarification that the grants received against sold receivables under purchase and agency agreements are provided as support for the Company, therefore, the Company has recognized grant income on such amounts to offset the modification losses. The details of these amounts are as follows:

- an amount of SR 230 million, out of which the remaining balance of SR 172.5 million is repayable to SAMA in full in October 2023 as per modified terms;
- an amount of SR 132.9 million, out of which the remaining balance of SR 106.3 million is repayable to SAMA in full in June 2022 as per modified terms;
- an amount of SR 158.2 million, repayable to SAMA in full in October 2022 as per modified terms; and
- an amount of SR 174 million, out of which the remaining balance of SR 156.8 million is repayable to SAMA in full in October 2022 as per modified terms.

The benefit of the above subsidized funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. This resulted in recognition of total government grant income of SR 42.7 million out of which SR 9.5 million has been recognized during the nine month period ended 30 September 2021 (30 September 2020: SR 25.5 million) to offset the modification losses for which the grant has been provided. Management had determined based on the communication from SAMA, that the government grant primarily relates to compensation for the modification loss incurred on the deferral of payments. For the recognition of this benefit of subsidized funding rate, the management has exercised certain judgements in the recognition and measurement of this grant income. During the nine months period ended September 30, 2021, negative SR 0.85 million (September 30, 2020: positive SR 6.1 million) has been charged to the statement of income relating to unwinding of profit free deposit from SAMA.

Funding for lending program

During 2020, the Company had received additional profit free deposit from SAMA amounting to SR 10 million with a tenure of 36 months under the funding for lending program with a grace period of 6 months for repayment. The benefit of the interest free deposit has been accounted for on a systematic basis, in accordance with government grant accounting requirements.

Loan guarantee program

In a separate communication from SAMA, the above funding for lending program was superseded with loan guarantee program, whereby the Company would be required to provide finance to specific segment of the customers in accordance with the terms and conditions of the program and SAMA regulations. During 2020, the Company received an additional amount of SR 20 million with a tenure of 36 months under the funding for lending program with a grace period of 6 months for repayment.

Repayments of SAMA Programs

The Company has repaid a total of SR 176.9 million to SAMA upon maturity since the start of the programs. An amount of SR 157.1 million was paid during the nine month period ended September 30, 2021.

Based on clarification by SAMA, the Company has applied the above programs on MSME and individuals.

As of September 30, 2021, the Company has not participated in the Point of sale ("POS") and e-commerce service fee support program.

During May 2020, SAMA issued a guidance document entitled "Guidance on Accounting and Regulatory Treatment of COVID-19 - Extraordinary Support Measures". The Company has considered the guidance issued in the preparation of these condensed interim financial statements.

21. IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)

A fundamental review and reform of major profit rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of a profit rate benchmark, including the replacement of an existing Inter-bank Offer Rate ("IBOR") with an alternative Risk Free Rate ("RFR"). The Phase 2 amendments are effective for annual periods beginning on or after 1 January 2021, and include practical expedients in respect of:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform by updating the effective interest rate, resulting in no immediate profit or loss impact. This applies only when the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis; and
- Permitting changes to hedge designation and documentation as a result of IBOR reform without discontinuing the existing hedge accounted relationship.

As the Company believes there continues to be uncertainty as to the timing and the methods for transition, under the Phase 1 amendments, IBOR continues to be used as a reference rate as of September 30, 2021 in the valuation of instruments with maturities that exceed the expected end date for IBORs in various jurisdictions and applying to various currencies. Regulatory authorities, relevant benchmark rate administrators and public and private sector working groups globally are considering, and have started to announce mechanisms for, transition to alternative benchmark rates. The Company continues to monitor this guidance as it emerges.

The Company has exposure to IBOR rates that are subject to reform and IBOR transition may impact the sale of receivables to Banks in the future periods since those are based on IBOR Benchmark.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

22. PRIOR PERIOD ADJUSTMENTS AND COMPARATIVE FIGURES

During the period, the management identified certain expenses which required adjustment in the financial statements for the year ended December 31, 2019 but were erroneously recorded in the nine month period ended September 30, 2020. These expenses include traffic violation expense of SR 5,461 thousand and car repossession expense amounting to SR 2,411 thousand due to which the profit for the above period was understated by SR 7,872 thousand.

In accordance with IAS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors', the correction of the above has resulted in a retrospective restatement of the comparative amounts as given below. Further, certain prior year figures have also been reclassified to conform with current year presentation, in accordance with IAS 1 – 'Presentation of financial statements', as shown below:

	Balances as previously reported	**Adjustments**	**Balance as restated**
Statement of Profit or Loss and Other Comprehensive Income			
For the nine month period ended September 30, 2020			
Direct costs	(81,703)	2,411	(79,292)
Selling and marketing expenses	(170,500)	5,461	(165,039)
Net income for the period	**209,991**	**7,872**	**217,863**
Statement of changes in equity:			
As of December 31, 2019			
Shareholders' equity			
Retained earnings	**1,438,708**	**(7,872)**	**1,430,836**

There was no impact in the statement of cash flows for the nine month period ended September 30, 2020 except for the change in income before zakat from SR 258,991 thousands to SR 266,863 thousands.

The statement of financial position as of the beginning of period ended December 31, 2020 was not presented in these condensed interim financial statements as there were no impact on the opening balances of 2020. The EPS of the Company increased from 1.36 to 1.41 for the nine month period ended September 30, 2020 as a result of this restatement.

23. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the period end, the Company executed a purchase and agency agreement with a local commercial bank to sell SR 197.9 million of its finance lease receivables. Under the terms of the purchase and agency agreement, the Company sold the eligible receivables to the bank net of insurance premiums and undertook to manage them on behalf of the bank as an agent for a monthly fee as per the terms of the purchase and agency agreement.

24. BOARD OF DIRECTORS' APPROVAL

These financial statements were approved by the Board of Directors on October 27, 2021 (corresponding to 21 Rabi'I 1443H).