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 PERIOD ENDED MARCH 31, 2024

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 PERIOD ENDED MARCH 31, 2024

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants
The Headquarters Business Park
Tower 2444, Taha Khasiyfan,
Ash Shati District,
P.O. Box: 442, Jeddah 21411
Kingdom of Saudi Arabia
CR 4030297049
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 March 31, 2024 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and other 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 is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants

Waleed Bin Moha'd Sobahi
Certified Public Accountant
License No. 378

ديلويت آند توش وشركاهم
محاسبون ومراجعون قانونيون
فرع مكتب جدة
س.ت. ٤٠٣٠٢٩٧٠٤٩
CR.: 4030297049
Jeddah Branch
Chartered Accountants
Deloitte and Touche & Co.
3 ٣

26 Shawwal, 1445
May 5, 2024

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property and equipment		**66,910**	68,891
Intangible assets		**14,441**	14,947
Investment classified as fair value through other comprehensive income		**893**	893
Net investment in finance lease	5	**1,671,523**	1,500,308
Notes receivable carried at amortized cost	6	**14,815**	9,592
Notes receivable carried at fair value through other comprehensive income	6	**15,925**	15,720
Loans and advances to customers, net	7	**626,172**	479,635
Derivative financial instruments	15	**839**	-
Term deposits	10	**-**	610,437
Other non-current assets	8	**208,091**	209,791
Total non-current assets		**2,619,609**	2,910,214
Current assets			
Net investment in finance lease	5	**439,880**	398,444
Notes receivable carried at amortized cost	6	**5,443**	4,649
Notes receivables carried at fair value through other comprehensive income	6	**17,619**	19,896
Loans and advances to customers, net	7	**246,259**	194,982
Inventories		**41,194**	48,354
Prepayments and other receivables		**367,857**	383,390
Deferred consideration receivable	8	**137,170**	129,487
Due from related parties	9	**4,321**	8,430
Cash and bank balances	10	**1,782,281**	1,186,347
Total current assets		**3,042,024**	2,373,979
TOTAL ASSETS		**5,661,633**	5,284,193
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1	**1,000,000**	1,000,000
Statutory reserve		**300,000**	300,000
Retained earnings		**1,925,027**	1,800,742
Fair value reserve		**991**	1,430
Hedging reserve	15	**(671)**	-
Actuarial gains		**68,475**	68,475
Total shareholders' equity		**3,293,822**	3,170,647
Non-current liabilities			
Employee benefits liabilities		**71,889**	70,265
Lease liabilities		**2,690**	1,245
Bank borrowings		**387,358**	257,845
Derivative financial instruments	15	**1,510**	-
Other non-current liabilities	11	**192,585**	183,177
Total non-current liabilities		**656,032**	512,532
Current liabilities			
Accounts payable, accrued and other liabilities	12	**1,308,974**	1,271,998
Bank borrowings		**171,403**	108,294
Due to related parties	9	**231,402**	220,722
Total current liabilities		**1,711,779**	1,601,014
TOTAL LIABILITIES		**2,367,811**	2,113,546
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,661,633**	5,284,193

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 PERIOD ENDED MARCH 31, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	Three month period ended March 31 (Unaudited) 2024	2023
Revenues	13	**161,988**	108,319
Direct costs	14	**(24,698)**	(13,150)
GROSS MARGIN		**137,290**	95,169
Net gain on derecognition of receivables	19	**99,829**	71,715
Net change in present value of assets and liabilities relating to derecognized receivables		**(3,323)**	(543)
TOTAL OPERATING INCOME		**233,796**	166,341
Selling and marketing expenses		**(47,501)**	(40,225)
General and administrative expenses		**(53,104)**	(47,992)
Impairment charge on financial assets, net	16	**(26,463)**	(6,996)
Total operating expenses		**(127,068)**	(95,213)
INCOME FROM OPERATIONS, net		**106,728**	71,128
Finance charges		**(7,226)**	(4,082)
Finance income	10	**24,611**	30,072
Other income		**12,257**	11,344
Income before zakat		**136,370**	108,462
Zakat	17	**(12,085)**	(15,000)
NET INCOME FOR THE PERIOD		**124,285**	93,462
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Movement in fair value reserve	6.1	**(439)**	(365)
Fair value loss on derivative financial instruments	15	**(671)**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**123,175**	93,097
Basic and diluted earnings per share (expressed in Saudi Riyal per share)	18	**1.24**	0.93

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
THREE MONTH PERIOD ENDED MARCH 31, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Hedging reserve	Actuarial gains	Total
January 1, 2023 (audited)		1,000,000	300,000	1,359,347	1,881	-	54,089	2,715,317
Net income for the period		-	-	93,462	-	-	-	93,462
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	-	-	-	(365)	-	-	(365)
Total comprehensive income for the period		-	-	93,462	(365)	-	-	93,097
March 31, 2023 (unaudited)		1,000,000	300,000	1,452,809	1,516	-	54,089	2,808,414
January 1, 2024 (audited)		**1,000,000**	**300,000**	**1,800,742**	**1,430**	**-**	**68,475**	**3,170,647**
Net income for the period		**-**	**-**	**124,285**	**-**	**-**	**-**	**124,285**
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	**-**	**-**	**-**	**(439)**	**-**	**-**	**(439)**
Movement in fair value of cash flow hedge	15	**-**	**-**	**-**	**-**	**(671)**	**-**	**(671)**
Total comprehensive income for the period		**-**	**-**	**124,285**	**(439)**	**(671)**	**-**	**123,175**
March 31, 2024 (unaudited)		**1,000,000**	**300,000**	**1,925,027**	**991**	**(671)**	**68,475**	**3,293,822**

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS
THREE MONTH PERIOD ENDED MARCH 31, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	For the three month period ended March 31 (Unaudited)	
	2024	2023
OPERATING ACTIVITIES		
Income before zakat	**136,370**	108,462
Adjustments for:		
Depreciation of property and equipment	**4,459**	3,567
Amortization of intangible assets	**1,070**	1,460
Impairment charge on financial assets	**26,463**	6,996
Gain on disposal of property and equipment	**(289)**	(8)
Finance charges	**7,226**	4,082
Finance income	**(24,611)**	(30,072)
Present value loss on receivables under purchase and agency agreements	**(501)**	(2,030)
Allowance for inventory	**(221)**	(431)
Net gain on derecognition of receivables	**(99,829)**	(71,715)
Net change in present value of assets and liabilities relating to derecognition of receivables	**3,323**	543
Provision for employee benefits liabilities	**2,589**	5,392
Provision for onerous contracts	**790**	(3,800)
	56,839	22,446
Changes in operating assets and liabilities:		
Net investment in finance lease	**(122,219)**	(42,013)
Notes receivable	**(6,582)**	1,794
Loans and advances to customers, net	**(212,867)**	(161,925)
Prepayments, other receivables and other non-current assets	**(20,206)**	(112,820)
Inventories	**7,381**	(27,092)
Due from related parties	**4,109**	(368)
Accounts payable, accrued and other liabilities and other non- current liabilities	**61,120**	107,018
Due to related parties	**10,679**	(172,189)
Cash used in operations	**(221,746)**	(385,149)
Employees benefits liabilities paid	**(965)**	(6,795)
Finance charges paid	**(7,436)**	(1,824)
Zakat Paid	**-**	(32,585)
Net cash used in operating activities	**(230,147)**	(426,353)
INVESTING ACTIVITIES		
Purchase of property and equipment and intangibles	**(953)**	(4,353)
Proceeds from the disposal of property and equipment	**307**	11
Finance income received	**24,611**	30,072
Other deposits	**(21,671)**	(26,164)
Net cash generated from/(used in) investing activities	**2,294**	(434)
FINANCING ACTIVITIES		
Finance charges paid on lease liabilities	**(97)**	(43)
Repayment of lease liabilities	**(652)**	(226)
Proceeds from/(repayments of) bank borrowings, net	**192,428**	(3,617)
Repayment of Saudi Central Bank loan	**-**	(56,634)
Net cash generated from/(used in) financing activities	**191,679**	(60,520)
Net decrease in cash and cash equivalents	**(36,174)**	(487,307)
Cash and cash equivalents at the beginning of the period	**309,970**	1,196,609
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 10)	**273,796**	709,302
NON-CASH TRANSACTIONS:		
Movement in fair value reserve	**(439)**	(365)
Movement in hedging reserve	**(671)**	-

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 real estate financing, financing of productive assets, finance leasing, consumer financing, financing for small and medium companies and microfinance activities in the Kingdom of Saudi Arabia.

On 16 Safar 1436H (corresponding to December 8, 2014), the Company received a license from Saudi Central Bank (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 2021, a request was submitted to SAMA, seeking to merge Abdul Latif Jameel United Real Estate Finance Company ("ALJUREF") and Bab Rizq Jameel Micro Finance Company ("BRJMF") with the Company, as all are ultimately owned by the same shareholders. During 2021, SAMA provided No Objection letter dated August 18, 2021 and requested that a detailed plan for the merger be submitted to SAMA for approval within a period of one year from the date of the No Objection letter.

On March 24, 2022, SAMA announced the amendment to the Law allowing finance companies to deal in the above activities by applying for real-estate and microfinancing licenses. On April 5, 2022, the Company applied for real-estate and microfinance license, which was granted during the quarter ended December 31, 2022.

During 2022, the Company, upon discussions with SAMA, agreed to execute a business transfer agreement for the transfer of assets and liabilities (including the contract with employees and customers) of ALJUREF and BRJMF instead of a merger. Accordingly, ALJUREF and BRJMF submitted applications seeking SAMA's approval on the values of their portfolios amounting to SR 224.69 million and SR 179.29 million.

On 13 Jumada I, 1444 and 18 Jumada I, 1444 (corresponding to December 7, 2022 and December 12, 2022 respectively), BRJMF and ALJUREF respectively received No objection letters from SAMA to transfer the portfolio to the Company subject to completing the necessary internal procedures and approvals and other requirements of relevant regulations, rules and instructions issued by SAMA.

Consequently, the Company entered into a business transfer agreement with ALJUREF and BRJMF signed on December 22, 2022 and its subsequent addendum signed on December 31, 2022, whereby ALJUREF and BRJMF transferred the following assets and liabilities to the Company as of December 31, 2022:

	BRJMF	**ALJUREF**	**Total**
ASSETS			
Loans and advances to customers, net (note a)	**158,408**	**-**	**158,408**
Net investment in finance lease relating to real estate (note b)	**-**	**198,293**	**198,293**
Cash and bank balances	**-**	**28,054**	**28,054**
Property and equipment	**43**	**40**	**83**
Loans to employees	**3,183**	**754**	**3,937**
Total assets	**161,634**	**227,141**	**388,775**

	BRJMF	ALJUREF	Total
LIABILITIES			
Payable to SAMA	**32,994**	**25,578**	**58,572**
Bank borrowings	**28,373**	**-**	**28,373**
Accounts payable, accrued and other liabilities	**440**	**-**	**440**
Deferred income	**1,136**		**1,136**
Employee benefits liabilities	**5,701**	**4,622**	**10,323**
Total Liabilities	**68,644**	**30,200**	**98,844**
Net assets transferred	**92,990**	**196,941**	**289,931**

a) Loans and advances to customers transferred from BRJMF were net of allowance for impairment loss amounting to SR 10.61 million.

b) Net investment in finance lease relating real estate transferred from ALJUREF were net of allowance for impairment loss amounting to SR 7.38 million.

All the above items, except borrowings, were transferred as of December 1, 2022. Borrowings were transferred as of December 31, 2022. The transfer of assets satisfied the definition of "business" transfer between entities under common control and therefore, the transaction was executed at the carrying values in the records of ALJUREF and BRJMF. In accordance with the amended business transfer agreement, the Company settled the amounts due to ALJUREF and BRJMF during 2023. The Company was also required to submit the transfer agreement with SAMA upon its signoff which was duly made on December 26, 2022. The management finalized the addendum to the business transfer agreement.

The Ministry of Commerce and Investment (MC) of the Kingdom of Saudi Arabia has issued new Regulations for Companies, effective January 19, 2023 with a grace period of two years for implementation. The management of the Company is in the process of assessing the potential impact of implementation of the new regulations on the Company, if any, and expects to be fully compliant with the new regulations by the end of the grace period which is January 17, 2025.

During the year ended December 31, 2022, pursuant to shareholder's decision of Abdul Latif Jameel Company for Information and Services Limited ("ALJISR"), ALJISR entered into an agreement with the Company whereby certain assets and liabilities of ALJISR would be transferred to the Company, effective January 01, 2023. Consequent to this transfer, ALJISR had ceased its operational activities

The following assets and liabilities has been transferred at their carrying amount (net book value) to the Company as of January 01, 2023 (amounts expressed in Thousands of Saudi Riyals).

	January 1, 2023
ASSETS	
Property and equipment, net	**588**
Intangible assets, net	**38**
Prepayments	**716**
Advances to employees	**148**
Total assets	**1,490**
LIABILITIES	
Employees' other liabilities	**408**
Employees' benefits liabilities	**2,097**
Total Liabilities	**2,505**

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

End of Service and Ex-gratia provision balances relating to employee benefit liabilities and other staff liabilities have been transferred for those associates, who are transferred to the Company as of January 01, 2023.

a) Share capital of the Company

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

	March 31, 2024 *No. of shares of SR 10 each*	**March 31, 2024 Amount SR'000**	December 31, 2023 Amount SR'000
Abdul Latif Jameel Modern Trading Company Limited	**88,500,000**	**885,000**	885,000
Altawfiq United Company	**10,000,000**	**100,000**	100,000
Taif First United Company Limited	**500,000**	**5,000**	5,000
Bader First United Company Limited	**500,000**	**5,000**	5,000
Najid Al Raeda United Company Limited	**500,000**	**5,000**	5,000
	100,000,000	**1,000,000**	1,000,000

The Ultimate Parent of the Company is Al Mumaizah United Company ("Ultimate Parent"). The Company, the Parent, the Ultimate Parent and other shareholders 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 was renewed for another three years (renewable every six months) with effect from January 1, 2020.

The above-mentioned agreement matured on December 31, 2022. During 2023, the Company has renewed the insurance agreement for another three years (renewable every six months) with effect from January 1, 2023.

As per the terms of the insurance agreements, the Company is entitled to a profit share after the completion of three years from the expiry of the agreements, as agreed with the insurers. In respect of the underwriting years 2017 to 2019 that ended on December 31, 2019, the Company received a preliminary profit share during 2022 which was included in other income.

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 these 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.

As part of the periodic installments due from customers, the Company charges customers for insurance cover on the leased properties under lease contracts. Insurance charges represent cost of insurance (premium). Consequently, premiums are paid to the Insurers for the insurance cover for the properties leased.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

c) Branches of the Company

As of March 31, 2024, the Company operates through 72 branches (December 31, 2023: 71 branches). The accompanying condensed interim financial statements include the assets, liabilities and results of these branches (including those of ALJUREF and BRJMF) as the beneficial owner of these branches is the Company.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended International Financial Reporting Standards ("IFRSs") 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 1, 2024, have been adopted in these condensed interim financial statements.

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

New and revised IFRS	Summary
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.
IFRS S2 Climate-related Disclosures	IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
IFRS 17 Insurance Contracts and its amendments	Amendments require insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. These Amendments to IFRS 17 also address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements

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

At the date of authorization of these condensed interim 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
Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	January 1, 2025
Amendments to the SASB standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics	January 1, 2025
IFRS 18 Presentation and Disclosure in Financial Statements IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 Presentation of Financial Statements	1 January 2027

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 condensed interim financial statements of the Company in future period.

2.3 New SAMA rules governing credit risk exposure classification and provisioning effective from January 1, 2023.

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 shall be 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, 2023, except for certain rules (relating to write offs) to be implemented on or before December 31, 2023.

Moreover, the new rules require the Company to write off any exposures meeting the following criteria:

a) Unsecured exposures (including retail, micro and small enterprises and excluding mortgages) should be written off within 360 days once they are classified as Stage 3 exposures;

b) Secured exposures (including retail, micro and small enterprises and excluding mortgages) should be written off within 720 days once they are classified as Stage 3 exposures;

c) Mortgages (including retail, micro and small enterprises mortgages) and corporate exposures (including medium corporates as per MSME definition by SAMA) should be written off before 1,080 days from the date they are classified as Stage 3 exposures;

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial period beginning on or after January 1, 2024 and relevant to the Company's operations.

3. MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance

The condensed interim financial statements of the Company as of and for the three month period ended March 31, 2024 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, 2023.

The results for the interim period of three month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

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, 2023.

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), derivative financial instruments 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 presentation 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, 2023, except for hedge accounting detailed below:

Hedge accounting
The Company uses derivative financial instruments – profit rate swaps "PRS", to hedge its interest rate risks. The Company designated PRS, at its outset, as a cash flow hedge. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:
- the critical terms of the hedged item and the hedging instrument matches;
- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Furthermore, if the Company expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Cash flow hedges
The effective portion of changes in the fair value of PRS that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

De-recognition
The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

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. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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, 2023.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

5. NET INVESTMENT IN FINANCE LEASE

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Net investment in finance lease relating to vehicles (note 5.1)	**1,728,700**	1,566,320
Net investment in finance lease relating to real estate (note 5.2)	**382,703**	332,432
Total net investment in finance lease	**2,111,403**	1,898,752
Non-current portion		
Net investment in finance lease relating to vehicles (note 5.1)	**1,335,807**	1,205,098
Net investment in finance lease relating to real estate (note 5.2)	**335,716**	295,210
	1,671,523	1,500,308
Current portion		
Net investment in finance lease relating to vehicles (note 9.1)	**392,893**	361,222
Net investment in finance lease relating to real estate (note 9.2)	**46,987**	37,222
	439,880	398,444

5.1 Net investment in finance lease relating to vehicles

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Gross investment in finance lease relating to vehicles	**2,353,624**	2,142,335
Less: unearned finance income	**(570,108)**	(522,515)
Present value of lease payments receivables	**1,783,516**	1,619,820
Less: Allowance for impairment loss (note a)	**(54,816)**	(53,500)
Net investment in finance lease relating to vehicles	**1,728,700**	1,566,320

	March 31, 2024 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net investment**
Current portion	**672,408**	**(224,699)**	**(54,816)**	**392,893**
Non-current portion	**1,681,216**	**(345,409)**	**-**	**1,335,807**
Total	**2,353,624**	**(570,108)**	**(54,816)**	**1,728,700**

	December 31, 2023 (Audited)			
	Gross investment	Unearned finance income	Allowance for impairment loss	Net investment
Current portion	623,274	(208,552)	(53,500)	361,222
Non-current portion	1,519,061	(313,963)	-	1,205,098
Total	2,142,335	(522,515)	(53,500)	1,566,320

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

a) The movement in allowance for impairment loss is given below:

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**53,500**	63,136
Charge/(reversal) during the period (note 16)	**2,220**	(8,293)
Provision transferred on closure of 'purchase and agency agreements'	**2,852**	41,425
Amounts written off during the period	**(3,756)**	(32,425)
March 31	**54,816**	63,843

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**3,639**	3,375
4 - 6 months	**2,001**	1,769
7 - 12 months	**2,633**	2,994
More than 12 months	**13,598**	14,486
	21,871	22,624

The not yet due portion of above overdue finance lease receivables relating to vehicles as of March 31, 2024 amounts to SR 119.6 million (December 31, 2023: SR 105 million).

5.2 Net investment in finance lease relating to real estate

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Gross investment in finance lease relating to real estate	**573,034**	504,426
Less: unearned finance income	**(177,360)**	(162,267)
Present value of lease payments receivables	**395,674**	342,159
Less: Allowance for impairment loss (note a)	**(12,971)**	(9,727)
Net investment in finance lease relating to real estate	**382,703**	332,432

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	March 31, 2024 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net investment**
Current portion	**104,381**	**(44,423)**	**(12,971)**	**46,987**
Non-current portion	**468,653**	**(132,937)**	**-**	**335,716**
Total	**573,034**	**(177,360)**	**(12,971)**	**382,703**

	December 31, 2023 (Audited)			
	Gross investment	Unearned finance income	Allowance for impairment loss	Net investment
Current portion	88,621	(41,672)	(9,727)	37,222
Non-current portion	415,805	(120,595)	-	295,210
Total	504,426	(162,267)	(9,727)	332,432

a) The movement in allowance for impairment loss is given below:

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**9,727**	6,834
Charge during the period (note 16)	**3,244**	1,736
March 31	**12,971**	8,570

b) The ageing of gross finance lease receivables relating to real estate which are past due and considered impaired by the management is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**459**	299
4 - 6 months	**308**	190
7 - 12 months	**625**	559
More than 12 months	**2,676**	2,671
	4,068	3,719

The not yet due portion of above overdue finance lease receivables relating to real estate as of March 31, 2024 amounts to SR 54.98 million (December 31, 2023: SR 42.97 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:

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Notes receivable carried at fair value through other comprehensive income (note 6.1)	**33,544**	35,616
Notes receivable carried at amortized cost (note 6.2)	**20,258**	14,241

6.1 Notes receivable carried at fair value through other comprehensive income

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Notes receivable	**33,544**	35,616
Less: current portion	**(17,619)**	(19,896)
Non- current portion	**15,925**	15,720

As of March 31, 2024, the amortized cost of notes receivable measured at fair value through other comprehensive income was 32.55 SR million (December 31, 2023: SR 34.17 million), whereas the fair value of this portfolio was determined to be 33.54 SR million (December 31, 2023: SR 35.62 million) resulting in fair value reserve of SR 0.99 million (December 31, 2023: SR 1.43 million). The changes in the fair value during the three month period ended March 31, 2024 of negative SR 0.44 million (March 31, 2023: negative SR 0.37 million) is recognized in the 'condensed interim statement of other comprehensive income'.

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

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**11,277**	6,012
Charge during the period (note 16)	**1,587**	4,998
Amount written off during the period, net	**(296)**	(684)
March 31	**12,568**	10,326

6.2 Notes receivable carried at amortized cost

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Notes receivable, gross	**34,203**	23,031
Less: unearned finance income	**(12,625)**	(8,307)
	21,578	14,724
Less: impairment loss allowance (6.2a)	**(1,320)**	(483)
Notes receivable, net	**20,258**	14,241

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	March 31, 2024 (Unaudited)			
	Gross notes receivables	**Unearned finance income**	**Allowance for impairment loss**	**Net notes receivables**
Current portion	**12,025**	**(5,262)**	**(1,320)**	**5,443**
Non-current portion	**22,178**	**(7,363)**	**-**	**14,815**
Total	**34,203**	**(12,625)**	**(1,320)**	**20,258**

	December 31, 2023 (Audited)			
	Gross notes receivables	Unearned finance income	Allowance for impairment loss	Net notes receivables
Current portion	8,576	(3,444)	(483)	4,649
Non-current portion	14,455	(4,863)	-	9,592
Total	23,031	(8,307)	(483)	14,241

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

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**483**	254
Charge/(reversal) during the period (note 16)	**837**	(71)
March 31	**1,320**	183

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**139**	86
4 - 6 months	**160**	85
7 - 12 months	**131**	125
More than 12 months	**21,545**	18,848
	21,975	19,144

The not yet due portion of above overdue notes receivables as of March 31, 2024 amounts to SR 14.7 million (December 31, 2023: SR 14.6 million).

7. LOANS AND ADVANCES TO CUSTOMERS, net

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Loans and advances to customers - microfinance receivables (note 7.1)	**416,408**	341,227
Loans and advances to customers - tawarruq receivables (note 7.2)	**456,023**	333,390
Total loans and advances to customers, net	**872,431**	674,617

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current portion		
Loans and advances to customers - microfinance receivables (note 7.1)	**280,774**	225,601
Loans and advances to customers - tawarruq receivables (note 7.2)	**345,398**	254,034
	626,172	479,635
Current portion		
Loans and advances to customers - microfinance receivables (note 7.1)	**135,634**	115,626
Loans and advances to customers - tawarruq receivables (note 7.2)	**110,625**	79,356
	246,259	194,982

7.1 Loans and advances to customers - Microfinance receivables

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Loans and advances to customers - Microfinance receivables	**423,578**	347,642
Less: allowance for impairment loss	**(7,170)**	(6,415)
	416,408	341,227

	Year	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Current portion	2024	**-**	115,626
	March 31, 2025	**135,634**	-
Non-current portion	December 31,		
	2025	**101,257**	109,792
	2026	**116,224**	84,736
	2027	**59,150**	30,737
	2028	**4,143**	336
Non-current portion		**280,774**	225,601
Total		**416,408**	341,227

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

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**6,415**	8,775
Charge during the period (note 16)	**1,888**	3,948
Amounts written off during the period, net	**(1,133)**	(949)
March 31	**7,170**	11,774

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) The ageing of loans and advances to customers (micro finance receivables) which are past due and considered impaired by the management is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**900**	725
4 - 6 months	**661**	1,037
7 - 12 months	**1,816**	1,337
More than 12 months	**1,234**	1,348
	4,611	4,447

The not yet due portion of above overdue loans and advances to customers (micro finance receivables) as of March 31, 2024 amounts to SR 32.1 million (December 31, 2023: SR 34.13 million).

7.2 Loans and advances to customers - Tawarruq receivables

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Loans and advances to customers - Tawarruq receivables	**496,547**	360,568
Less: allowance for impairment loss	**(40,524)**	(27,178)
	456,023	333,390

	Year	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Current portion	2024	**-**	79,356
	March 31, 2025	**110,625**	-
Non-current portion	December 31,		
	2025	**119,001**	113,321
	2026	**159,620**	109,290
	2027	**42,429**	17,649
	2028	**21,755**	13,578
	2029	**2,593**	196
Non-current portion		**345,398**	254,034
Total		**456,023**	333,390

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

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**27,178**	2,529
Charge during the period (note 16)	**16,793**	4,841
Amounts written off during the period	**(3,447)**	-
March 31	**40,524**	7,370

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) The ageing of loans and advances to customers (Tawarruq receivables) which are past due and considered impaired by the management is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**774**	1,246
4 - 6 months	**731**	2,308
7 - 12 months	**2,041**	8,515
More than 12 months	**7,178**	7
	10,724	12,076

The not yet due portion of above overdue loans and advances to customers (Tawarruq receivables) as of March 31, 2024 amounts to SR 47.16 million (December 31, 2023: SR 64.28 million).

8. OTHER NON-CURRENT ASSETS

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Employees' receivables - non-current portion	**5,783**	5,806
Present value of net servicing asset (note 19)	**12,537**	13,158
Receivable under purchase and agency agreements - non-current portion (note 8.1)	**2,261**	13,359
Deferred consideration receivable - non-current portion (note 8.2 & 19)	**187,510**	177,468
	208,091	209,791

8.1 Current portion of receivables under purchase and agency agreements as of March 31, 2024 amounts to SR 34.15 million (December 31, 2023: SR 52.81 million) and is included in prepayments and other receivables.

8.2 Current portion of deferred consideration receivables as of March 31, 2024 amounts to SR 137.17 million (December 31, 2023: SR 129.49 million)

9. 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 and agreed between the concerned parties.

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

Related party	**Nature of transaction**	**Three month period ended March 31**	
		2024 (Unaudited)	2023 (Unaudited)
Ultimate Parent	Collections from Company's customers	**45**	207
Other related parties	Purchases, net	**513,361**	400,967
	Advertisement expenses	**255**	100
	Expenses charged by	**1,697**	3,802
	Supports received (rebates)	**3,463**	403
	Repairs and maintenance	**114**	186
	Amounts collected on behalf of an affiliate	**-**	67

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

Vehicles are purchased from a related party for further lease to lessees.

Due from related parties comprised of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Abdul Latif Jameel Import and Distribution Company	**1,547**	756
Abdul Latif Jameel Technology Products Company Limited	**1,979**	-
Bab Rizq Jameel Micro Finance Company	**666**	2,689
Abdul Latif Jameel Lands Company Limited	**3**	305
Al-Tasweyah for Debts Collection Company Limited	**126**	3
Al Ufuq Auction Company	**-**	4,677
	4,321	8,430

Due to related parties comprised of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Abdul Latif Jameel Retail Company Limited	**140,658**	137,658
Abdul Latif Jameel for Automotive Wholesale Company Limited	**73,779**	75,931
Salim Saleh Saeed Babqui Trading Company Limited	**2,608**	1,613
Mutalba Debt Collection Company	**96**	786
Abdul Latif Jameel Bodywork and Paint Company Limited	**29**	99
Al Mumaizah United Company (“Ultimate Parent”)	**148**	176
Abdul Latif Jameel Company Limited	**1,701**	624
Abdul Latif Jameel Technology Company Limited	**4,030**	1,856
Abdul Latif Jameel Technology Products Company Limited	**1,436**	422
Abdul Latif Jameel United Real Estate Finance Company	**2,466**	384
Abdul Latif Jameel Industrial Equipment Company Limited	**2,583**	1,173
Al Ufuq Auction Company	**1,868**	-
	231,402	220,722

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

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Directors' remuneration	**2,330**	1,102
Short-term employee benefits	**3,000**	3,000
Employee benefits liabilities	**258**	77
	5,588	4,179

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

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

10. CASH AND BANK BALANCES

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in hand	**1,564**	1,661
Bank balances	**272,232**	308,309
Cash and cash equivalents	**273,796**	309,970
Other deposits (having original maturity of more than three months) (note 'b')	**1,508,485**	876,377
Total cash and bank balances	**1,782,281**	1,186,347

a) During the period, the Company earned SR 24.6 million (March 31, 2023: SR 30.1 million) on the murabaha deposits at the rate of return ranging from 5.5% to 6.2% (March 31, 2023: 4.25% to 5.65%).

b) As of March 31, 2024, this includes murabaha deposits of SR 74.6 million (December 31, 2023: SR 72.3 million), representing amounts set aside in respect of employees' benefits liabilities.

c) Details of foreign currency time deposits and cash and cash equivalents is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and bank balances	**496**	429
Other deposits (note 'd')	**1,433,895**	804,116
	1,434,391	804,545
Long term deposits (note 'e')	**-**	610,437
Total	**1,434,391**	1,414,982

d) At each reporting date, all bank balances including short-term Murabaha and other deposits are assessed to have low credit risk as they are held with reputable and high credit rating institutions and there has been no history of default with any of the Company's bank balance. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

e) These are foreign currency deposits maturing in January 2025.

11. OTHER NON-CURRENT LIABILITIES

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of net servicing liability - non-current portion (note 19)	**5,075**	5,709
Provision against expected defaults and discounts in respect of sold finance lease and notes receivable - non-current portion (note 19)	**187,510**	177,468
	192,585	183,177

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

12. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable – trade	**132,976**	123,077
Accrued expenses*	**40,091**	40,137
Zakat payable (note 17)	**85,017**	72,932
Payable under purchase and agency agreements (note 19)	**756,668**	760,517
Present value of net servicing liability - current portion (note 19)	**8,157**	7,613
Amount due to the insurer	**71,571**	62,079
Current portion of lease liabilities	**2,988**	2,169
Provision for onerous arrangement (note a)	**790**	-
Advance collections and other payables	**210,716**	203,474
	1,308,974	1,271,998

* Accrued expenses include amount due to related parties amounting to SR 1.9 million (December 31, 2023: Nil).

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

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**-**	20,756
Charge/ (reversal) for the period (note 14)	**790**	(3,801)
March 31	**790**	16,955

13. REVENUES

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Income from finance lease relating to vehicles	**58,867**	32,530
Income from finance lease relating to real estate	**11,906**	7,877
Income from instalment sales	**11,213**	6,497
Income from loans and advances to customers - microfinance receivables	**16,232**	8,598
Income from loans and advances to customers - tawarruq receivables	**19,734**	13,263
Contract fee income	**13,243**	9,247
Income from purchase and agency agreements (note 19)	**26,414**	23,859
Others	**4,379**	6,448
	161,988	108,319

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

14. DIRECT COSTS

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Direct costs on finance lease relating to vehicles	**10,233**	10,084
Direct costs on finance lease relating to real estate	**794**	563
Direct cost on instalment sales	**9,307**	4,789
Direct costs on loans and advances to customers - microfinance receivables	**159**	57
Direct costs on loans and advances to customers – tawarruq receivables	**3,415**	1,458
Charge/(reversal) for provision for onerous insurance arrangements (note 12)	**790**	(3,801)
	24,698	13,150

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Company entered into profit rate swap ("PRS") agreements with local commercial banks to convert floating interest rate on bank borrowings to fixed interest rate arrangements. The Company designated PRS, at its outset, as a cash flow hedge.

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in the cash flow hedge since the hedging instrument has been designed to match the critical terms of the hedged item.

The outstanding notional value as of March 31, 2024 was SR 545.83 million (December 31, 2023: Nil).

As of March 31, 2024, the PRS with positive fair value amounted to SR 0.8 million (December 31, 2023: Nil), based on the valuation confirmed by the Company's bankers and included in non-current assets.

As of March 31, 2024, the PRS with negative fair value amounted to SR 1.5 million (December 31, 2023: Nil), based on the valuation confirmed by the Company's bankers and included in non-current liabilities.

The movement in PRS positive fair value is as follows:

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**-**	-
Fair value gain on derivative financial instruments presented under other comprehensive income - effective portion	**839**	-
March 31	**839**	-

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

The movement in PRS negative fair value is as follows:

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**-**	-
Fair value loss on derivative financial instruments presented under other comprehensive income - effective portion	**1,510**	-
March 31	**1,510**	-
Net fair value loss for the period on derivative financial instruments presented under other comprehensive income - effective portion`	**671**	-

16. IMPAIRMENT OF FINANCIAL ASSETS

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Impairment charge/(reversal) on lease receivables relating to vehicles (note 5.1)	**2,220**	(8,293)
Impairment charge on lease receivables relating to real estate (note 5.2)	**3,244**	1,736
Impairment charge on notes receivable carried at fair value through other comprehensive income (note 6.1)	**1,587**	4,998
Impairment charge/(reversal) on notes receivable carried at amortized cost (note 6.2)	**837**	(71)
Impairment charge on loans and advances to customers - microfinance receivables (note 7.1)	**1,888**	3,948
Impairment charge on loans and advances to customers – tawarruq receivables (note 7.2)	**16,793**	4,841
Reversal of impairment on receivables under purchase and agency agreements	**(106)**	(163)
	26,463	6,996

17. ZAKAT

During the three month period ended March 31, 2024, an amount of SR 12.1 million has been recorded as zakat charge (March 31, 2023: SR 15 million) and no amount has been paid to Zakat, Tax And Customs Authority (ZATCA) during the three month period ended March 31, 2024 and March 31, 2023.

Status of zakat assessments

For the year 2012, ZATCA 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 (with an overpayment of SR 5.53 million as an excess amount refunded by ZATCA on March 23, 2022), while the declarations for 2019, 2020, 2021, 2022 and 2023 are under review. Further, the Company has a zakat certificate valid up to April 30, 2025.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

18. EARNINGS PER SHARE

Basic earnings per share amounts is calculated by dividing the net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the three month period ended March 31, 2024 and 2023.

There has been no dilutive effect on the weighted average number of shares during the three month period ended March 31, 2024 and 2023.

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

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Net income for the period *(in SR '000)*	**124,285**	93,462
Weighted average number of ordinary shares *(in'000)* (note 1(a))	**100,000**	100,000
Basic and diluted earnings (expressed in SR per share)	**1.24**	0.93

19. PURCHASE AND AGENCY AGREEMENTS

The Company has entered into purchase and agency agreements (the 'agreements') with certain local banks in respect of certain financial assets comprising of finance lease, notes receivable and tawarruq 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 three month period ended March 31, 2024, the Company sold SR 858.9 million (March 31, 2023: SR 537.9 million) of its net receivables and the total amount received from the bank in respect of such sale was SR 946.4 million (March 31, 2023: SR 586.6 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 6,658 million as of March 31, 2024 (December 31, 2023: SR 6,911.1 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**
March 31, 2024 (Unaudited)	**2,595,331**	**3,034,264**	**1,028,412**	**6,658,007**
December 31, 2023 (Audited)	2,447,121	3,532,171	931,796	6,911,088

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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 12).

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 three month period ended March 31, 2024, the Company made gain amounting to SR 90.2 million (March 31, 2023: SR 52.6 million) on derecognition of receivables sold to the banks under the agreements, which is calculated as follows:

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Gross amount of finance lease receivables sold	**1,110,382**	716,163
Gross amount of tawarruq receivables sold	**56,927**	-
Less: deferred finance income	**(308,418)**	(178,182)
Less: present value of deferred consideration receivable (note (i))	**-**	-
Less: present value of net servicing liability (note (ii))	**(2,797)**	(3,968)
Less: amounts received from the banks	**(946,387)**	(586,590)
Net gain on derecognition of receivables	**90,293**	52,577

During the three-month period ended March 31, 2024 certain purchase and agency agreements entered into by the Company, matured and the Company recorded a net gain amounting to SR 9.5 million (March 31, 2023: SR 19.1 million) after deducting the actual customer defaults and discounts on premature terminations. The Company obtained 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:

	Three month period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Gain on derecognition of receivables	**90,293**	52,577
Gain on maturity of derecognized pools	**9,536**	19,138
	99,829	71,715

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 8) and provision against expected defaults and discounts in respect of sold finance lease and notes receivable (notes 11 and 12).

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of net servicing assets (note 8)	**12,537**	13,158
Present value of net servicing liability	**13,232**	13,322
Less: current portion (note 12)	**(8,157)**	(7,613)
Non-current portion (note 11)	**5,075**	5,709

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

20. 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 March 31, 2024 and December 31, 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Net carrying amounts

	March 31, 2024 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Notes receivable carried at fair value through other comprehensive income	**15,587**	**196**	**17,761**	**33,544**

	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Notes receivable carried at fair value through other comprehensive income	18,364	600	16,652	35,616

b) Allowance for ECL

	March 31, 2024 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Notes receivable carried at fair value through other comprehensive income	**332**	**30**	**12,206**	**12,568**

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Notes receivable carried at fair value through other comprehensive income	385	26	10,866	11,277

ii) Financial assets carried at amortized cost

The following tables set out information about the credit quality of financial assets measured at amortized cost as of March 31, 2024 and December 31, 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Gross carrying amounts

	March 31, 2024 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease relating to vehicles	**2,239,073**	**92,533**	**22,018**	**2,353,624**
Net investment in finance lease relating to real estate	**528,762**	**8,189**	**36,083**	**573,034**
Notes receivable carried at amortized cost	**27,302**	**4,225**	**2,676**	**34,203**
Loans and advances to customers - microfinance receivables	**503,374**	**13,534**	**18,399**	**535,307**
Loans and advances to customers - tawarruq receivables	**610,721**	**27,806**	**31,155**	**669,682**
Carrying amount	**3,909,232**	**146,287**	**110,331**	**4,165,850**

	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net investment in finance lease relating to vehicles	2,036,701	82,585	23,049	2,142,335
Net investment in finance lease relating to real estate	467,514	6,771	30,141	504,426
Notes receivable carried at amortized cost	19,623	2,642	766	23,031
Loans and advances to customers - microfinance receivables	413,406	8,365	15,048	436,819
Loans and advances to customers - tawarruq receivables	435,545	14,189	28,581	478,315
Carrying amount	3,372,789	114,552	97,585	3,584,926

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) Allowance for ECL

	March 31, 2024 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease relating to vehicles	**29,252**	**3,716**	**21,848**	**54,816**
Net investment in finance lease relating to real estate	**3,736**	**379**	**8,856**	**12,971**
Notes receivable carried at amortized cost	**183**	**48**	**1,089**	**1,320**
Loans and advances to customers - microfinance receivables	**3,693**	**541**	**2,936**	**7,170**
Loans and advances to customers - tawarruq receivables	**19,383**	**1,285**	**19,856**	**40,524**
	56,247	**5,969**	**54,585**	**116,801**

	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net investment in finance lease relating to vehicles	26,765	3,310	23,425	53,500
Net investment in finance lease relating to real estate	3,133	363	6,231	9,727
Notes receivable carried at amortized cost	193	44	246	483
Loans and advances to customers - microfinance receivables	2,344	298	3,773	6,415
Loans and advances to customers - tawarruq receivables	12,990	634	13,554	27,178
	45,425	4,649	47,229	97,303

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.

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

For the determination of term structure of PD for exposures, the Company does not recognize the deterioration of credit quality to intermediate-risk buckets/grades. Rather PD term structure has been created using cumulative PD methodologies.

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).

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

c) Modified financial assets

The contractual terms of finance lease, notes receivables and loans and advances to customers 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, notes receivables and loans and advances to customers 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, notes receivables and loans and advances 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, notes receivable and loans and advances to customers 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.

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 year.

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 while also incorporating forward-looking information through Jacobs & Frye method. 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, notes receivables and loans and advances arrangement.

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

Updates to the ECL Methodology

- As of January 1, 2023, the Company has made following material changes as a result of the change in the ECL Methodology and new SAMA rules:
- It has aligned with the SAMA guidelines the governance and controls framework over ECL estimation and reporting focusing on data integrity and model validation.
- Revised and more recent portfolio data has been used to compute the PD and LGD.
- Updated macroeconomic forecasts were used to update PIT PD and LGD estimates.
- The gross outstanding as of reporting date and each future prediction date (monthly) is considered as the EAD as opposed to net outstanding.
- Cool off periods have been defined with minimum time interval for which an account needs to stay in the worse stage before being transferred to a better stage after the criteria for classification into worse stage no longer persists.

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.

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. For real estate financing, the requirement for capital ratio is five times.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Aggregate financing to capital ratio (Total financing (net investment in finance lease, notes Receivable and loans and advances to customers) divided by total shareholders' equity)	**0.92 times**	0.83 times

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, net investment in finance lease relating to vehicles, net investment in finance lease relating to real estate, notes receivable, loans and advances to customers, due from related parties, net deferred consideration receivable, 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 Insurer.

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.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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 March 31, 2024 and December 31, 2023:

March 31, 2024 (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	**33,544**	**-**	**-**	**33,544**
Investment classified as fair value through other comprehensive income	**893**	**-**	**-**	**893**
Positive fair value of derivative financial instruments	**839**	**-**	**839**	**-**
Negative fair value of derivative financial instruments	**1,510**	**-**	**1,510**	**-**

December 31, 2023 (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	35,616	-	-	35,616
Investment classified as fair value through other comprehensive income	893	-	-	893

22. SAMA SUPPORT PROGRAMS AND INITIATIVES

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 2021 to provide the necessary support to the Micro, Small and Medium Enterprises ("MSMEs") as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The PSFSP mainly encompasses the following programs:

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

Deferred payments program

As part of the deferred payments program launched by SAMA in March 2020 and with further extensions to the program till March 2022 announced subsequently, the Company deferred payments and extended maturities on lending facilities to all eligible MSMEs

As part of business transfer agreement, ALJUREF and BRJMF transferred the profit free deposits amounting to SR 25.6 million and SR 30.9 million respectively, received by them from SAMA under deferred payment programs (note 1).

The payment reliefs were considered as short-term liquidity support to address borrowers' potential cash flow shortages.

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. The deferred payment program ended on March 31, 2022.

In order to compensate the related cost that the Company had incurred under the SAMA and other public authorities program, the Company has received multiple profit free deposits from SAMA amounting to SR 1,125.22 million with varying maturities, which qualify as government grants since the initiation of SAMA program till the reporting date.

Management determined based on communication from SAMA that the government grant primarily related to compensation for the modification loss incurred on the deferral of payments. The benefit of the subsidized funding rate was accounted for on a systematic basis, in accordance with government grant accounting requirements. Management exercised certain judgements in the recognition and measurement of this grant income. During the three month period ended March 31, 2024, an amount of Nil (March 31, 2023: SR 3.96 million) has been charged to the condensed interim statement of profit or loss and other comprehensive 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 the 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.

As part of the business transfer agreement, BRJMF transferred the profit free deposits amounting to SR 2.8 million received from SAMA under the loan guarantee program (note 1).

Repayments of SAMA Programs

The Company has repaid the entire amount to SAMA upon maturity since the start of the programs till December 31, 2023. Based on clarification by SAMA, the Company has applied the above programs on MSMEs and individuals.

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 financial statements.

As of December 1, 2022, pursuant the business transfer agreement signed on December 22, 2022 and amended on December 31, 2022 with ALJUREF and BRJMF, SR 25.58 million and SR 32.99 million respectively were transferred to the Company by ALJUREF and BRJMF respectively at carrying values in their respective books as of December 1, 2022. Prior to signing the agreement and transfer of the loan, ALJUREF and BRJMF obtained the no-objection letter from SAMA confirming that the SAMA agreement as well as the liability to repay SAMA Loan Instalments, as they become due, shall be transferred from BRJMF and ALJUREF to ALJUF.

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 407.3 million of its net financial assets. Under the terms of the purchase and agency agreement, the Company sold the eligible financial assets 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 condensed interim financial statements were approved by the Board of Directors on May 1, 2024 (corresponding to 22 Shawwal, 1445).