

**NAYIFAT FINANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Unaudited Condensed Interim Financial Statements**  
**For the nine-month period ended**  
**30 September 2024**  
**and the Independent Auditor's Review Report**

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**Unaudited Condensed Interim Financial Statements**  
**For the nine-month period ended 30 September 2024**

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## KPMG Professional Services

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

# Independent auditor's report on the review of condensed interim financial statements

To the shareholders of Nayifat Finance Company (A Saudi Joint Stock Company)

## Introduction

We have reviewed the accompanying 30 September 2024 condensed interim financial statements of Nayifat Finance Company (the "Company"), which comprises:

- the condensed statement of financial position as at 30 September 2024;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2024;
- the condensed statement of cash flows for the nine-month period ended 30 September 2024; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed 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 30 September 2024 condensed interim financial statements of the Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Hani Hamzah A. Bedairi  
License No. 460



Riyadh: 24 Rabi' Al Thani 1446H  
Corresponding to: 27 October 2024

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

		<b>30 September 2024</b>	31 December 2023
	<i>Notes</i>	<b>(Unaudited)</b>	(Audited)
<b>ASSETS</b>			
Cash and cash equivalents	6	41,761	61,295
Other balances with banks	7	2,058	3,016
Islamic financing receivables - net	8	1,894,128	1,872,511
Equity investments measured at fair value through OCI		893	893
Prepayments and other assets		58,765	77,220
Assets held for sale	9	18,189	18,189
Intangible assets		9,747	11,700
Property and equipment		31,209	31,748
<b>Total assets</b>		<u><b>2,056,750</b></u>	<u><b>2,076,572</b></u>
<b>LIABILITIES AND EQUITY</b>			
Accruals and other payables		47,070	43,177
Islamic bank financing and other liabilities	10	507,097	624,816
Provision for Zakat		16,590	18,021
Provision for employees' end of service benefits		14,663	13,644
<b>Total liabilities</b>		<u><b>585,420</b></u>	<u><b>699,658</b></u>
Share capital	11	1,200,000	1,200,000
Statutory reserve		69,645	69,645
General reserve		8,822	8,822
Retained earnings		192,863	98,447
<b>Total equity</b>		<u><b>1,471,330</b></u>	<u><b>1,376,914</b></u>
<b>Total liabilities and equity</b>		<u><b>2,056,750</b></u>	<u><b>2,076,572</b></u>

The accompanying notes from 1 through 20 form an integral part of these condensed interim financial statements.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chairman of the  
Board of Directors

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

	<i>Notes</i>	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
		<b><u>2024</u></b>	<u>2023</u>	<b><u>2024</u></b>	<u>2023</u>
Commission income from Islamic financing receivables		92,727	99,590	271,346	300,635
Commission expense on Islamic bank financing		<b>(12,052)</b>	(12,866)	<b>(36,194)</b>	(37,018)
<b>Net commission income from Islamic financing receivables</b>		<b>80,675</b>	86,724	<b>235,152</b>	263,617
Reversal / (charge) of expected credit loss allowance – net	8.6	<b>4,229</b>	(25,016)	<b>(10,362)</b>	(62,508)
Salaries and other related expenses	12	<b>(23,944)</b>	(22,670)	<b>(67,841)</b>	(64,736)
Other administrative expenses		<b>(14,029)</b>	(13,909)	<b>(39,634)</b>	(38,320)
Depreciation and amortization		<b>(2,619)</b>	(2,609)	<b>(7,687)</b>	(11,604)
Other income – net		<b>211</b>	215	<b>638</b>	1,493
<b>Net income for the period before Zakat</b>		<b>44,523</b>	22,735	<b>110,266</b>	87,942
Zakat charge for the period		<b>(5,600)</b>	(3,600)	<b>(15,850)</b>	(15,100)
<b>Net income for the period</b>		<b>38,923</b>	19,135	<b>94,416</b>	72,842
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>38,923</b>	19,135	<b>94,416</b>	72,842
<b>Basic and diluted earnings per share</b>	13	<b>0.32</b>	0.16	<b>0.79</b>	0.61

The accompanying notes from 1 through 20 form an integral part of these condensed interim financial statements.

  
\_\_\_\_\_  
Chief Financial Officer

  
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Chief Executive Officer

  
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Chairman of the  
Board of Directors

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<b>2024</b>					
Balance as at 31 December 2023 (Audited)	1,200,000	69,645	8,822	98,447	1,376,914
Total comprehensive income for the period	-	-	-	94,416	94,416
<b>Balance as at 30 September 2024 (Unaudited)</b>	<u>1,200,000</u>	<u>69,645</u>	<u>8,822</u>	<u>192,863</u>	<u>1,471,330</u>
<b>2023</b>					
Balance as at 31 December 2022 (Audited)	1,000,000	99,945	-	188,755	1,288,700
Issue of bonus shares (Note 11)	200,000	(30,300)	-	(169,700)	-
Total comprehensive income for the period	-	-	-	72,842	72,842
<b>Balance as at 30 September 2023 (Unaudited)</b>	<u>1,200,000</u>	<u>69,645</u>	<u>-</u>	<u>91,897</u>	<u>1,361,542</u>

The accompanying notes from 1 through 20 form an integral part of these condensed interim financial statements.



\_\_\_\_\_  
Chief Financial Officer



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Chief Executive Officer



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Chairman of the  
Board of Directors

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

	<b>For the nine-month ended 30 September</b>	
<i>Notes</i>	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Cash flows from operating activities</b>		
Net income for the period before Zakat	110,266	87,942
<b>Adjustments for</b>		
Depreciation and amortization	7,687	11,604
Provision for employees' end of service benefits	2,357	2,066
Charge of expected credit loss allowance – net	8.6 10,362	62,508
Commission expense on lease liabilities	48	14
Commission expense on Islamic bank financing	36,194	37,018
	166,914	201,152
<b>Changes in operating assets and liabilities</b>		
Islamic financing receivables – net	(31,979)	(217,302)
Prepayments and other assets	18,455	7,324
Accruals and other payables	3,893	(2,814)
Other balances with banks	958	6,936
	158,241	(4,704)
Employees' end of service benefits paid	(1,338)	(964)
Zakat paid	(17,281)	(19,709)
Commission expense and charges paid	(36,194)	(36,632)
<b>Net cash generated from / (used in) operating activities</b>	103,428	(62,009)
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(1,233)	(291)
Acquisition of intangible assets	(3,962)	(4,981)
<b>Net cash (used in) from investing activities</b>	(5,195)	(5,272)
<b>Cash flows from financing activities</b>		
Proceeds from Islamic bank financing	75,000	286,865
Repayment of Islamic bank financing	(192,719)	(212,528)
Payment of lease liabilities	(48)	(459)
<b>Net cash (used in) / generated from financing activities</b>	(117,767)	73,878
<b>Net change in cash and cash equivalents</b>	(19,534)	6,597
Cash and cash equivalents at the beginning of the period	6 61,295	44,650
<b>Cash and cash equivalents at the end of the period</b>	6 41,761	51,247

The accompanying notes from 1 through 20 form an integral part of these condensed interim financial statements.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chairman of the  
Board of Directors

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

**1. GENERAL INFORMATION**

Nayifat Finance Company (the “Company”) is a Saudi joint stock company under Commercial Registration (“CR”) number 1010176451 issued in Riyadh on 9 Jumad al-Thani 1431 H (corresponding to 23 May 2010). The Company is licensed to operate under The Saudi Central Bank (“SAMA”) having license no. 5/AS/201312 expiring on 25 Safar 1450H (corresponding to 18 July 2028). The Company is authorized to provide lease finance, consumer finance, small and medium enterprise finance, debt crowdfunding and credit cards finance in the Kingdom of Saudi Arabia.

The Company’s registered office is located in Riyadh at the following address:

Nayifat Finance Company  
7633 Al Ulaya – Al Woroud Dist.  
Unit No 1555, Riyadh 12253 – 2105  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

2.1 These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard – 34 ‘*Interim Financial Reporting*’ (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The assets and liabilities in the condensed statement of financial position are presented in order of liquidity.

2.2 These condensed interim financial statements do not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the Company’s last annual audited financial statements as at and for the year ended 31 December 2023.

2.3 These condensed interim financial statements have been prepared on a going concern basis under the historical cost convention except for equity investments measured at fair value through OCI which are carried at fair value. Further, provision for employees’ end of service benefits is measured at present value of defined benefit obligation using the Projected Unit Credit Method.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the last annual audited financial statements for the year ended 31 December 2023.

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

**4. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS**

*Standards, interpretations and amendments effective*

Following standards, interpretations and amendments are effective from the current year and are adopted by the Company. The Company has assessed that these amendments have no significant impact on the Company's condensed interim financial statements.

<b><u>Standards, interpretations and amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Amendment to IAS 1 – Non-current liabilities with covenants
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	IFRS S1, 'General requirements for disclosure of sustainability-related financial information'
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

**4. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)**

*Standards, interpretations and amendments not yet effective*

The International Accounting Standard Board (IASB) has issued the following accounting standards, interpretation and amendments, which were effective from periods on or after 1 January 2025. The Company did not opt for early adoption of these pronouncements and do not expect the adoption to have a significant impact on the financial statements of the Company.

Standards, interpretations, and amendments issued but not yet effective up to the date of issuance of the Company's condensed interim financial statements are listed below. The Company intends to adopt these standards when they become effective.

<b><u>Standards, interpretations and amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.  The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027

**NAYIFAT FINANCE COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

**4. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)**

*Standards, interpretations and amendments not yet effective (continued)*

<u>Standards, interpretations and amendments</u>	<u>Description</u>	<u>Effective date</u>
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

**5. USE OF JUDGEMENTS AND ESTIMATES**

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited financial statements as at and for the year ended 31 December 2023.

The management has concluded that the critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances and there are no changes to the significant judgements and estimates disclosed in the annual audited financial statements for the year ended 31 December 2023.

**6. CASH AND CASH EQUIVALENTS**

	<b>30 September 2024 (Unaudited)</b>	31 December 2023 (Audited)
Cash at bank – note 6.1	<u><b>41,761</b></u>	<u>61,295</u>

6.1 This represents current accounts maintained with local banks.

**7. OTHER BALANCES WITH BANKS**

	<b>30 September 2024 (Unaudited)</b>	31 December 2023 (Audited)
Margin deposits (restricted) – note 7.1	<u><b>2,058</b></u>	<u>3,016</u>

7.1 These represent non-profit bearing margin deposits held with local banks against financing facilities obtained and the tenor of these deposits is in line with the maturity of the underlying financing facilities (note 10).

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

**8. ISLAMIC FINANCING RECEIVABLES – NET**

The business activities of the Company are in the Kingdom of Saudi Arabia and primarily represent Tawarruq financing and Islamic credit cards.

**8.1 The breakup of Islamic financing receivables is as follows:**

**30 September 2024**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Performing	1,287,446	337,532	23,840	1,648,818
Non-performing	261,810	111,828	3,554	377,192
<b>Gross receivables</b>	<b>1,549,256</b>	<b>449,360</b>	<b>27,394</b>	<b>2,026,010</b>
ECL allowance	(118,366)	(10,577)	(2,939)	(131,882)
<b>Net receivables</b>	<b>1,430,890</b>	<b>438,783</b>	<b>24,455</b>	<b>1,894,128</b>

**31 December 2023**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Performing	1,251,701	374,484	28,402	1,654,587
Non-performing	248,897	84,309	7,000	340,206
<b>Gross receivables</b>	<b>1,500,598</b>	<b>458,793</b>	<b>35,402</b>	<b>1,994,793</b>
ECL allowance	(113,941)	(5,908)	(2,433)	(122,282)
<b>Net receivables</b>	<b>1,386,657</b>	<b>452,885</b>	<b>32,969</b>	<b>1,872,511</b>

**8.2 Reconciliation of gross to net Islamic financing receivables:**

**30 September 2024**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Gross receivables	2,241,629	566,112	27,394	2,835,135
Unearned commission income	(692,373)	(116,752)	-	(809,125)
	<b>1,549,256</b>	<b>449,360</b>	<b>27,394</b>	<b>2,026,010</b>
ECL allowance	(118,366)	(10,577)	(2,939)	(131,882)
<b>Net receivables</b>	<b>1,430,890</b>	<b>438,783</b>	<b>24,455</b>	<b>1,894,128</b>

**31 December 2023**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Gross receivables	2,190,821	592,892	35,402	2,819,115
Unearned commission income	(690,223)	(134,099)	-	(824,322)
	<b>1,500,598</b>	<b>458,793</b>	<b>35,402</b>	<b>1,994,793</b>
ECL allowance	(113,941)	(5,908)	(2,433)	(122,282)
<b>Net receivables</b>	<b>1,386,657</b>	<b>452,885</b>	<b>32,969</b>	<b>1,872,511</b>

**NAYIFAT FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(All amounts in Saudi Riyals in thousand unless otherwise stated)

**8. ISLAMIC FINANCING RECEIVABLES - NET (CONTINUED)**

**8.3 Stage wise analysis of Islamic financing receivables:**

<b>30 September 2024</b>	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Stage 1	1,157,690	306,423	22,445	1,486,558
Stage 2	129,756	31,109	1,395	162,260
Stage 3	261,810	111,828	3,554	377,192
	<u>1,549,256</u>	<u>449,360</u>	<u>27,394</u>	<u>2,026,010</u>
ECL allowance	<u>(118,366)</u>	<u>(10,577)</u>	<u>(2,939)</u>	<u>(131,882)</u>
Net receivables	<u>1,430,890</u>	<u>438,783</u>	<u>24,455</u>	<u>1,894,128</u>

<b>31 December 2023</b>	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Stage 1	1,081,868	340,739	25,664	1,448,271
Stage 2	169,833	33,745	2,738	206,316
Stage 3	248,897	84,309	7,000	340,206
	<u>1,500,598</u>	<u>458,793</u>	<u>35,402</u>	<u>1,994,793</u>
ECL allowance	<u>(113,941)</u>	<u>(5,908)</u>	<u>(2,433)</u>	<u>(122,282)</u>
Net receivables	<u>1,386,657</u>	<u>452,885</u>	<u>32,969</u>	<u>1,872,511</u>

**8.4 Reconciliation of gross Islamic financing receivables**

Movement in gross Islamic financing receivables is as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>Balances as at 1 January 2024</b>	<b>1,448,271</b>	<b>206,316</b>	<b>340,206</b>	<b>1,994,793</b>
Transfer from Stage 1	(146,071)	82,810	63,261	-
Transfer from Stage 2	43,671	(168,553)	124,882	-
Transfer from Stage 3	7,372	2,913	(10,285)	-
Net other movements*	133,315	38,774	(103,518)	68,571
	<u>38,287</u>	<u>(44,056)</u>	<u>74,340</u>	<u>68,571</u>
Written off during the period	-	-	(37,354)	(37,354)
<b>Balances as at 30 September 2024</b>	<b>1,486,558</b>	<b>162,260</b>	<b>377,192</b>	<b>2,026,010</b>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balances as at 1 January 2023	1,331,152	194,472	286,524	1,812,148
Transfer from Stage 1	(205,678)	119,207	86,471	-
Transfer from Stage 2	35,417	(103,772)	68,355	-
Transfer from Stage 3	76,979	12,116	(89,095)	-
Net other movements*	210,401	(15,707)	54,145	248,839
	<u>117,119</u>	<u>11,844</u>	<u>119,876</u>	<u>248,839</u>
Written off during the year	-	-	(66,194)	(66,194)
Balances as at 31 December 2023	<u>1,448,271</u>	<u>206,316</u>	<u>340,206</u>	<u>1,994,793</u>

\*Net other movements include financing originated, financing repaid and other measurements.

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**8. ISLAMIC FINANCING RECEIVABLES - NET (CONTINUED)**

**8.5 Movement in ECL allowance of Islamic financing receivables:**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>ECL allowance as at 1 January 2024</b>	<b>18,252</b>	<b>23,206</b>	<b>80,824</b>	<b>122,282</b>
Transfer from stage 1	(12,845)	5,773	7,072	-
Transfer from stage 2	10,911	(30,625)	19,714	-
Transfer from stage 3	2,925	480	(3,405)	-
Financial assets settled	(8,102)	(8,654)	(7,579)	(24,335)
New financial assets originated	13,599	-	-	13,599
Net re-measurement of loss allowance	(3,386)	26,616	34,460	57,690
	<u>3,102</u>	<u>(6,410)</u>	<u>50,262</u>	<u>46,954</u>
Written off during the period	-	-	(37,354)	(37,354)
<b>ECL allowance as at 30 September 2024</b>	<b><u>21,354</u></b>	<b><u>16,796</u></b>	<b><u>93,732</u></b>	<b><u>131,882</u></b>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
ECL allowance as at 1 January 2023	10,845	15,009	37,787	63,641
Transfer from stage 1	(42,113)	16,306	25,807	-
Transfer from stage 2	2,900	(8,054)	5,154	-
Transfer from stage 3	1,750	496	(2,246)	-
Financial assets settled	(2,415)	(3,153)	(7,904)	(13,472)
New financial assets originated	27,585	-	-	27,585
Net re-measurement of loss allowance	19,700	2,602	88,420	110,722
	<u>7,407</u>	<u>8,197</u>	<u>109,231</u>	<u>124,835</u>
Written off during the year	-	-	(66,194)	(66,194)
ECL allowance as at 31 December 2023	<u>18,252</u>	<u>23,206</u>	<u>80,824</u>	<u>122,282</u>

**8.6 Charge of expected credit loss allowance – net**

	<b>For the nine-month period ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Provision for expected credit loss allowance – net of reversals	<b>46,954</b>	89,737
Recoveries against receivables previously written off	<b>(36,592)</b>	(27,229)
Charge of expected credit loss allowance – net	<b><u>10,362</u></b>	<u>62,508</u>

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**8. ISLAMIC FINANCING RECEIVABLES - NET (CONTINUED)**

**8.7 Assignment of Islamic financing receivables**

The Company assigned Islamic financing receivables amounting to SR 0.6 billion (31 December 2023: SR 0.8 billion) to local commercial banks as a pledge for obtaining Islamic bank financing. The carrying amount of associated Islamic bank financing amounts to SR 0.51 billion (31 December 2023: SR 0.62 billion). These Islamic financing receivables have not been derecognized from the condensed statement of financial position as the Company retains substantially all the related risks and rewards, primarily credit risk. The Company is liable for the repayments of their assigned receivables to local commercial banks in case of customer default. The amount received on assignment of Islamic financing receivables has been recognized as Islamic bank financing in the condensed statement of financial position. Pursuant to the terms of the transfer agreement, the Company is not allowed to repledge those receivables and the financial institution lenders have recourse only to the receivables in the event the Company defaults its obligation. The carrying value of these receivables and the liability is approximate to its fair value.

**8.8 Amounts written off still subject to enforcement activity**

As at 30 September 2024, the receivables amount written-off still subject to enforcement activity is SR 210 million (31 December 2023: SR 156 Million).

**8.9 Ageing analysis of stage 3 (non-performing) Islamic financing receivables:**

**Tawarruq – Personal financing**

<u>30 September 2024</u>	<u>Gross exposure</u>	<u>ECL allowance</u>	<u>Net exposure</u>
90 to 180 days	42,542	(14,446)	28,096
180 to 270 days	35,799	(12,150)	23,649
270 to 360 days	34,879	(11,837)	23,042
360 to 450 days	32,141	(10,911)	21,230
450 to 540 days	36,196	(12,280)	23,916
540 to 630 days	36,433	(12,360)	24,073
630 days & above	43,820	(8,710)	35,110
<b>Total</b>	<b>261,810</b>	<b>(82,694)</b>	<b>179,116</b>
	<u>Gross</u>	<u>ECL</u>	
<u>31 December 2023</u>	<u>exposure</u>	<u>allowance</u>	<u>Net exposure</u>
90 to 180 days	58,191	(18,544)	39,647
180 to 270 days	45,332	(14,321)	31,011
270 to 360 days	44,949	(13,898)	31,051
360 to 450 days	31,871	(9,997)	21,874
450 to 540 days	19,494	(6,484)	13,010
540 to 630 days	15,965	(5,325)	10,640
630 days & above	33,095	(4,643)	28,452
<b>Total</b>	<b>248,897</b>	<b>(73,212)</b>	<b>175,685</b>

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**8. ISLAMIC FINANCING RECEIVABLES - NET (CONTINUED)**

**8.9 Ageing analysis of stage 3 (non-performing) Islamic financing receivables (continued)**

**Tawarruq - SME**

<b><u>30 September 2024</u></b>	<b><u>Gross exposure</u></b>	<b><u>ECL allowance</u></b>	<b><u>Net exposure</u></b>
90 to 180 days	19,822	(1,721)	18,101
180 to 270 days	1,834	(310)	1,524
270 to 360 days	24,247	(1,753)	22,494
360 to 450 days	-	-	-
450 to 540 days	554	(39)	515
540 to 630 days	4,699	(325)	4,374
630 days & above	60,672	(4,822)	55,850
<b>Total</b>	<b><u>111,828</u></b>	<b><u>(8,970)</u></b>	<b><u>102,858</u></b>

<b><u>31 December 2023</u></b>	<b><u>Gross exposure</u></b>	<b><u>ECL allowance</u></b>	<b><u>Net exposure</u></b>
90 to 180 days	4,298	(215)	4,083
180 to 270 days	4,732	(230)	4,502
270 to 360 days	104	(5)	99
360 to 450 days	11,784	(631)	11,153
450 to 540 days	47,082	(3,009)	44,073
540 to 630 days	627	(31)	596
630 days & above	15,682	(1,567)	14,115
<b>Total</b>	<b><u>84,309</u></b>	<b><u>(5,688)</u></b>	<b><u>78,621</u></b>

**Tawarruq - Credit cards**

<b><u>30 September 2024</u></b>	<b><u>Gross exposure</u></b>	<b><u>ECL allowance</u></b>	<b><u>Net exposure</u></b>
90 to 180 days	1,139	(663)	476
180 to 270 days	1,606	(934)	672
270 to 360 days	809	(471)	338
<b>Total</b>	<b><u>3,554</u></b>	<b><u>(2,068)</u></b>	<b><u>1,486</u></b>

<b><u>31 December 2023</u></b>	<b><u>Gross exposure</u></b>	<b><u>ECL allowance</u></b>	<b><u>Net exposure</u></b>
90 to 180 days	2,505	(685)	1,820
180 to 270 days	1,877	(513)	1,364
270 to 360 days	2,618	(715)	1,903
<b>Total</b>	<b><u>7,000</u></b>	<b><u>(1,913)</u></b>	<b><u>5,087</u></b>

**9. ASSETS HELD FOR SALE**

These represent properties in the Kingdom of Saudi Arabia which were repossessed by the Company against settlement of Islamic financing receivables. The fair value of these properties is based on the latest valuation carried out during the year 2023.

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**10. ISLAMIC BANK FINANCING AND OTHER LIABILITIES**

	<i>Note</i>	<b>30 September 2024 (Unaudited)</b>	31 December 2023 (Audited)
Islamic bank financing	<i>10.1</i>	<b>506,905</b>	624,672
Lease liabilities		<b>192</b>	144
		<b><u>507,097</u></b>	<b><u>624,816</u></b>

10.1 The Company has long-term financing limits amounting to SR 2.06 billion (31 December 2023: SR 2.0 billion) with local banks to finance current and long-term funding needs of which SR 0.51 billion was utilized as of 30 September 2024 (31 December 2023: SR 0.62 billion). These financing facilities are repayable in three to five years in monthly, quarterly or bi-annual instalments. The commission rates on the financing availed range from 1 month / 3 months / 6 months SIBOR along with margin of 1.20% to 1.75%.

As at 30 September 2024, the balance of Islamic bank financing includes accrued commission expense of SR 3.0 million (31 December 2023: SR 3.8 million).

Under the terms of the financing arrangements, the Company adhered to financial covenants. The Company is required to maintain margin deposits (note 7). These margin deposits cannot be withdrawn or used by the Company for liquidity purposes whilst the financing amount is outstanding, the same amount can be offset against the financing in the event of default, though there is no intention of net settlement on part of the Company.

**11. SHARE CAPITAL**

As at 31 December 2022, the authorized, issued and fully paid-up share capital of the Company was SR 1,000 million divided into 100 million shares with a nominal value of SR 10 each.

On 29 November 2022, the Board of Directors approved a proposed increase in the Company's share capital through a one-for-five bonus share which was approved by the shareholders in the extra ordinary general assembly held on 18 June 2023 and resultantly the share capital increased from SR 1,000 million to SR 1,200 million through transfer of SR 169.7 million and SR 30.3 million from retained earnings and statutory reserve respectively.

**12. SALARIES AND OTHER RELATED EXPENSES**

	<b>For the nine-month period ended 30 September</b>	
	<b>2024 (Unaudited)</b>	2023 (Unaudited)
Salaries and related costs	<b>36,987</b>	36,708
Other employee related costs	<b>24,382</b>	21,810
Accrued bonus	<b>1,061</b>	361
Directors and Board committees' fees	<b>5,411</b>	5,857
	<b><u>67,841</u></b>	<b><u>64,736</u></b>

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**13. EARNINGS PER SHARE**

The basic and diluted earnings per share (EPS) has been computed by dividing net income for the period by the weighted average number of shares outstanding during the period.

	<b>For the nine-month period ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net income for the period	<b>94,416</b>	72,842
Weighted average number of shares for basic and diluted EPS	<b>120,000</b>	120,000
Basic and diluted EPS (in Saudi Riyals)	<b>0.79</b>	0.61

**14. CONTINGENCIES AND COMMITMENTS**

There is no significant change in the status of contingencies since the year ended 31 December 2023. Further, there are no significant commitments other than irrevocable commitments to extend credit related to undrawn credit card limits as at 30 September 2024 amounting to SR 7.8 million (31 December 2023: SR 5.9 million) and SME related commitments as at 30 September 2024 are nil (31 December 2023: SR 0.3 million).

**15. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Company include shareholders, affiliated company, directors and key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms.

15.1 Related party transactions during the period were as follows:

<u>Related party</u>	<u>Nature of transactions</u>	<b>For the nine-month period ended 30 September</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Key management personnel (KMPs) No. of KMP: 16 (2023:14)	Compensation for the period (short-term)	<b>7,936</b>	8,514
	Employees' end of service benefits entitlement (post-employment benefits)	<b>424</b>	2,172
Directors and Board committee's members	Remuneration of directors and Board committee's members	<b>5,411</b>	5,857
AlBayouk Chartered Accountants Office (15.3)	Zakat / VAT consultancy fees	<b>255</b>	255
Affiliated company – Yaqeen Capital (note 15.4)	Commodities / securities dealings account – net transactions	<b>475</b>	1,000

15.2 Key management personnel of the Company include Chief Executive Officer and his direct reports.

15.3 AlBayouk Chartered Accountants Office is under control of a Board member.

15.4 Affiliated company is under common control of major shareholder.

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**15. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

15.5 Balances of related parties as at statement of financial position date were as follows:

<u>Related party</u>	<u>Nature of balance outstanding</u>	<u>Amount receivable / (payable)</u>	
		<u>As at 30 September 2024 (Unaudited)</u>	<u>As at 31 December 2023 (Audited)</u>
Affiliated company – Yaqeen Capital	Commodities for facilitating Tawarruq financing and other receivables – held on behalf of the Company	<b>35,961</b>	36,435
Directors and Board committee members	Board remuneration payable	<b>(1,944)</b>	(1,880)
Key management personnel (KMPs)	End of service benefits payable	<b>(2,894)</b>	(2,276)

**16. CAPITAL MANAGEMENT**

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern, maintain healthy capital ratios in order to support its business and to provide an optimal return to its shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of Islamic bank financing and the advantages and security afforded by a sound capital position. The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements which requires to maintain aggregate financing to capital ratio of three times.

	<u>30 September 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
Aggregate financing to capital ratio (Islamic financing receivables – net divided by total equity)	<b>1.29 times</b>	1.36 times

**17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

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**17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

**Valuation models**

The Company measures fair values of financial assets and financial liabilities using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

All financial assets and liabilities which are carried at fair value are of an insignificant amount.

The fair value of Islamic financing receivables is classified as level 3 as per fair value hierarchy and has been determined using expected cash flows discounted at relevant current effective profit rate for respective segment. The fair value as at 30 September 2024 amounts to SR 1,823 million (31 December 2023: SR 1,804 million).

For all other financial assets and liabilities which are not measured at fair value, the Company has assessed that the carrying amount approximates their fair value due to their short-term nature and frequent re-pricing. Cash at banks and margin deposits have been classified as level 1 while all remaining financial assets and liabilities are classified as level 3 as per the fair value hierarchy and have been determined by using expected cash flows discounted at relevant current effective profit rate.

There have been no transfers between levels of the fair value hierarchy during the current and prior period.

**18. OPERATING SEGMENTS**

Operating segments are identified based on internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in its function as the Chief Operating Decision Maker to allocate resources to segments and assess their performance. Performance of each segment is measured based on return from respective portfolio, as management believes that this indicator is the most relevant in evaluating the results of segments.

The Company's reportable segments are as follows:

- 1) Personal financing:** These relate to personal financing provided to retail segment.
- 2) SME financing:** These relate to financing provided to SMEs and HNWI's.
- 3) Islamic credit cards:** These relate to Islamic credit cards provided to retail customers.

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**18. OPERATING SEGMENTS (CONTINUED)**

The segments wise breakup is as follows:

**As at 30 September 2024**

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
<b>Total assets</b>	<b>1,430,890</b>	<b>438,783</b>	<b>24,455</b>	<b>1,894,128</b>
<b>Total liabilities</b>	<b>419,949</b>	<b>127,452</b>	<b>8,341</b>	<b>555,742</b>

As at 31 December 2023

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Total assets	1,386,657	452,885	32,969	1,872,511
Total liabilities	506,691	161,084	5,748	673,523

**18.1 Reconciliation of reportable segment assets and liabilities to the condensed statement of financial position**

	<u>As at 30 September 2024 (Unaudited)</u>	<u>As at 31 December 2023 (Audited)</u>
Total assets for reportable segments	<b>1,894,128</b>	1,872,511
Other unallocated amounts	<b>162,622</b>	204,061
Total assets as per condensed statement of financial position	<b><u>2,056,750</u></b>	<b><u>2,076,572</u></b>
Total liabilities for reportable segments	<b>555,742</b>	673,523
Other unallocated amounts	<b>29,678</b>	26,135
Total liabilities as per condensed statement of financial position	<b><u>585,420</u></b>	<b><u>699,658</u></b>

The segments wise breakup of income and expenses is as follows:

***For the nine months ended 30 September 2024***

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Commission income	226,458	43,295	1,593	271,346
Commission expense	(27,343)	(8,384)	(467)	(36,194)
Direct operating expense	(24,382)	(3,798)	(2,343)	(30,523)
Impairment charge	(4,504)	(4,669)	(1,189)	(10,362)
Net income / (loss) before Zakat	<b><u>170,229</u></b>	<b><u>26,444</u></b>	<b><u>(2,406)</u></b>	<b><u>194,267</u></b>

***For the nine months ended 30 September 2023***

	<u>Personal</u>	<u>SME</u>	<u>Islamic credit cards</u>	<u>Total</u>
Commission income	246,493	42,597	11,545	300,635
Commission expense	(28,091)	(8,119)	(808)	(37,018)
Direct operating expense	(25,582)	(1,823)	(2,326)	(29,731)
Impairment (charge) / reversals	(53,245)	522	(9,785)	(62,508)
Net income / (loss) before Zakat	<b><u>139,575</u></b>	<b><u>33,177</u></b>	<b><u>(1,374)</u></b>	<b><u>171,378</u></b>

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**18. OPERATING SEGMENTS (CONTINUED)**

**18.2 Reconciliation of reportable segment income and expenses to the condensed statement of comprehensive income**

	<b>For the nine-month period ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Total income for reportable segments and as per condensed statement of comprehensive income	<b>271,984</b>	302,128
Total expenses for reportable segments	<b>77,079</b>	129,258
Other unallocated amounts	<b>84,639</b>	84,928
Total expenses as per condensed statement of comprehensive income	<b>161,718</b>	214,186

**19. SUBSEQUENT EVENTS**

There were no events subsequent to the condensed statement of financial position date which required adjustments to or disclosure in these condensed interim financial statements.

**20. DATE OF APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed interim financial statements were approved for issue by the Board of Directors on 23 October 2024.