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

CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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 AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2024

Deloitte.

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

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS

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

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of Abdul Latif Jameel United Finance Company (a Saudi Closed Joint Stock Company) ("the Company") as of September 30, 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 and nine month periods 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 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 condensed interim financial statements are 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

دیلویت آند توش وشركاهم
محاسبون ومراجعون قانونيون
فرع مكتب جدة
س.ت: ٤٠٣٠٢٩٧٠٤٩
CR.: 4030297049
Jeddah Branch
Chartered Accountants
Deloitte and Touche & Co.
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Waleed Bin Moha'd Sobahi
Certified Public Accountant
License No. 378

24 Rabi'II, 1446 AH
October 27, 2024

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	**September 30, (Unaudited) 2024**	December 31, (Audited) 2023
ASSETS			
Non-current assets			
Property and equipment		**59,603**	68,891
Intangible assets		**15,655**	14,947
Investment classified as fair value through other comprehensive income		**893**	893
Net investment in finance lease	5	**1,701,712**	1,500,308
Notes receivable carried at amortized cost	6	**19,529**	9,592
Notes receivable carried at fair value through other comprehensive income	6	**15,291**	15,720
Loans and advances to customer, net	7	**681,310**	479,635
Long term deposits	10	**-**	610,437
Derivative financial instruments	15	**828**	-
Other non-current assets	8	**243,671**	209,791
Total non-current assets		**2,738,492**	2,910,214
Current assets			
Net investment in finance lease	5	**388,573**	398,444
Notes receivable carried at amortized cost	6	**5,769**	4,649
Notes receivables carried at fair value through other comprehensive income	6	**18,182**	19,896
Loans and advances to customer, net	7	**224,852**	194,982
Inventories		**64,786**	48,354
Prepayments and other receivables		**396,131**	383,390
Deferred consideration receivable	19	**154,350**	129,487
Due from related parties	9	**13,774**	8,430
Cash and bank balances	10	**2,020,485**	1,186,347
Total current assets		**3,286,902**	2,373,979
TOTAL ASSETS		**6,025,394**	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		**1,336,403**	1,800,742
Fair value reserve		**550**	1,430
Hedging reserve		**(5,563)**	-
Actuarial gains		**68,475**	68,475
Total shareholders' equity		**2,699,865**	3,170,647
Non-current liabilities			
Employee benefit liabilities		**68,581**	70,265
Lease liabilities		**1,342**	1,245
Bank borrowings		**385,957**	257,845
Derivative financial instruments	15	**6,391**	-
Other non-current liabilities	11	**232,094**	183,177
Total non-current liabilities		**694,365**	512,532

The accompanying notes from 1 to 25 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 FINANCIAL POSITION – Continued
AS OF SEPTEMBER 30, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	**September 30, (Unaudited) 2024**	December 31, (Audited) 2023
Current liabilities			
Accounts payable, accrued and other liabilities	12	**1,350,413**	1,271,998
Bank borrowings		**196,461**	108,294
Dividend payable	21	**904,900**	-
Due to related parties	9	**179,390**	220,722
Total current liabilities		**2,631,164**	1,601,014
TOTAL LIABILITIES		**3,325,529**	2,113,546
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**6,025,394**	5,284,193

The accompanying notes from 1 to 25 form an integral part of these condensed interim financial statements

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

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	Three month period ended September 30 (Unaudited) 2024	2023	Nine month period ended September 30 (Unaudited) 2024	2023
Revenues	13	**165,694**	126,516	**495,578**	354,218
Direct costs	14	**(25,160)**	(18,677)	**(72,422)**	(49,727)
GROSS MARGIN		**140,534**	107,839	**423,156**	304,491
Net gain on derecognition of receivables	19	**120,775**	76,092	**343,489**	213,313
Net change in present value of assets and liabilities relating to derecognized receivables		**(2,584)**	(3,293)	**(16,399)**	(5,567)
TOTAL OPERATING INCOME		**258,725**	180,638	**750,246**	512,237
Selling and marketing expenses		**(26,940)**	(41,331)	**(117,758)**	(122,881)
General and administrative expenses		**(72,014)**	(43,546)	**(178,966)**	(141,680)
Impairment (charge) / reversal on financial assets, net	16	**(26,700)**	4,056	**(55,800)**	(15,890)
Total operating expenses		**(125,654)**	(80,821)	**(352,524)**	(280,451)
INCOME FROM OPERATIONS, net		**133,071**	99,817	**397,722**	231,786
Finance charges		**(11,804)**	(4,326)	**(29,597)**	(12,489)
Finance income	10 (a)	**30,519**	30,383	**80,981**	89,099
Other income		**14,849**	9,972	**36,140**	30,738
Income before zakat		**166,635**	135,846	**485,246**	339,134
Zakat	17	**(17,600)**	(15,000)	**(44,685)**	(45,000)
NET INCOME FOR THE PERIOD		**149,035**	120,846	**440,561**	294,134
Other comprehensive income					
Items that may be reclassified to income:					
Movement in fair value reserve	6.1	**(1,040)**	13	**(880)**	(393)
Fair value loss on financial instruments - net	15	**(5,617)**	-	**(5,563)**	-
Items that cannot be reclassified to income in subsequent periods:					
Actuarial gains relating to employee benefits liabilities, net		**-**	10,663	**-**	10,663
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**142,378**	131,522	**434,118**	304,404
Basic and diluted earnings per share (expressed in Saudi Riyal per share)	18	**1.49**	1.21	**4.41**	2.94

The accompanying notes from 1 to 25 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 CHANGES IN EQUITY
NINE MONTH PERIOD ENDED SEPTEMBER 30, 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		-	-	294,134	-	-	-	294,134
Net change in actuarial gains on employee benefits liabilities		-	-	-	-	-	10,663	10,663
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	-	-	-	(393)	-	-	(393)
Total comprehensive income for the period		-	-	294,134	(393)	-	10,663	304,404
September 30, 2023 (unaudited)		1,000,000	300,000	1,653,481	1,488	-	64,752	3,019,721
January 1, 2024 (audited)		**1,000,000**	**300,000**	**1,800,742**	**1,430**	**-**	**68,475**	**3,170,647**
Net income for the period		**-**	**-**	**440,561**		**-**	**-**	**440,561**
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	**-**	**-**	**-**	**(880)**	**-**	**-**	**(880)**
Movement in fair value of cash flow hedge	15	**-**	**-**	**-**	**-**	**(5,563)**	**-**	**(5,563)**
Total comprehensive income for the period		**-**	**-**	**440,561**	**(880)**	**(5,563)**	**-**	**434,118**
Dividend declared during the period	21	**-**	**-**	**(904,900)**	**-**	**-**	**-**	**(904,900)**
September 30, 2024 (unaudited)		**1,000,000**	**300,000**	**1,336,403**	**550**	**(5,563)**	**68,475**	**2,699,865**

The accompanying notes from 1 to 25 form an integral part of these condensed interim financial statements

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	For the nine month period ended September 30 (Unaudited)	
	2024	2023
OPERATING ACTIVITIES		
Income before zakat	**485,246**	339,134
Adjustments for:		
Depreciation and amortization	**15,200**	14,332
Impairment charge on financial assets	**55,800**	15,890
Finance charges	**29,597**	12,489
Finance income	**(80,981)**	(89,099)
Allowance for inventory	**(528)**	(1,163)
Present value loss on receivables under purchase and agency agreements	**(951)**	(4,771)
Net gain on derecognition of receivables	**(343,489)**	(213,313)
Net change in present value of assets and liabilities relating to derecognition of receivables	**16,399**	5,567
Provision for employee benefits liabilities	**5,949**	(152)
Provision for onerous contracts	**780**	(9,466)
	183,022	69,448
Changes in operating assets and liabilities:		
Net investment in finance lease	**81,461**	16,854
Notes receivable	**(11,747)**	(286)
Loans and advances to customers	**(226,902)**	(409,459)
Prepayments, other receivables and other non-current assets	**(130,996)**	(187,753)
Inventories	**(15,904)**	(27,224)
Due from related parties	**(5,344)**	(957)
Accounts payable, accrued and other liabilities and other non- current liabilities	**194,148**	150,404
Due to related parties	**(45,823)**	(167,218)
Cash generated from / (used in) operations	**21,915**	(556,191)
Employees benefits liabilities paid	**(7,633)**	(18,764)
Zakat paid	**(50,743)**	(32,585)
Finance charges paid	**(5,739)**	(5,332)
Net cash used in operating activities	**(42,200)**	(612,872)
INVESTING ACTIVITIES		
Purchase of property and equipment and intangibles	**(4,652)**	(17,455)
Finance income received	**80,981**	89,099
Other deposits	**781,745**	(44,289)
Net cash generated from investing activities	**858,074**	27,355
FINANCING ACTIVITIES		
Finance cost paid	**(24,809)**	(162)
Repayment of lease liabilities	**(1,898)**	(1,618)
Bank borrowings	**216,279**	206,030
Repayment of SAMA loan	**-**	(111,861)
Net cash generated from financing activities	**189,572**	92,389
Net increase / (decrease) in cash and cash equivalents	**1,005,446**	(493,128)
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)	**1,315,416**	703,481
NON-CASH TRANSACTIONS:		
Movement in fair value reserve	**(880)**	(394)
Actuarial losses, net	**-**	(6,754)
Movement in hedging reserve	**(5,563)**	-
Employees benefits liability transferred in	**-**	2,243

(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 the three month period ended June 30, 2024, the Company renewed its license for another five years until 13 Safar 1451H (corresponding to June 25, 2029).

During 2022, the Company applied for a real-estate and microfinance license, which was granted during the quarter ended December 31, 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 Abdul Latif Jameel United Real Estate Finance Company ("ALJUREF") and Bab Rizq Jameel Micro Finance Company ("BRJMF").

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

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:

	September 30, 2024 *No. of shares of SR 10 each*	**September 30, 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 1 January 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. 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. This coverage is intended to hedge any potential risks linked with such financing comprising:

- Life insurance for customers financed to cover for the outstanding exposure in the event of death;
- Insurance coverage for financed properties against potential risks including maintenance needed from time to time.

c) Branches of the Company

As of September 30, 2024, the Company operates through 70 branches (December 31, 2023: 71 branches). The accompanying condensed interim financial statements include the assets, liabilities and results of these branches (including those transferred from 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 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.
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

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.	January 1, 2026
Annual Improvements to IFRS Accounting Standards — Volume 11 The pronouncement comprises the following amendments: IFRS 1: Hedge accounting by a first-time adopter, IFRS 7: Gain or loss on derecognition, IFRS 7: Disclosure of deferred difference between fair value and transaction price, IFRS 7: Introduction and credit risk disclosures, IFRS 9: Lessee derecognition of lease liabilities, IFRS 9: Transaction price, IFRS 10: Determination of a 'de facto agent' and IAS 7: Cost method	January 1, 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	January 1, 2027
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	January 1, 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 periods.

2.3 New SAMA rules governing credit risk exposure classification and provisioning effective from January 1, 2022.

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, 2022, 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 nine month period ended September 30, 2024 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim financial statements do not include all of the information and disclosures required for 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 nine month period ended September 30, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

3.2 Basis of preparation

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

3.3 Functional and presentational currency

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

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2023, except for changes made to the ex-gratia benefits 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 recognized 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 recognized immediately in statement of profit or loss.

Amounts previously recognized 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 recognized 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 recognized 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.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

Any gain or loss recognized 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.

5. NET INVESTMENT IN FINANCE LEASE

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Net investment in finance lease relating to vehicles (note 5.1)	**1,660,534**	1,566,320
Net investment in finance lease relating to real estate (note 5.2)	**429,751**	332,432
Total net investment in finance lease	**2,090,285**	1,898,752
Non-current portion		
Net investment in finance lease relating to vehicles (note 5.1)	**1,326,460**	1,205,098
Net investment in finance lease relating to real estate (note 5.2)	**375,252**	295,210
	1,701,712	1,500,308
Current portion		
Net investment in finance lease relating to vehicles (note 5.1)	**334,074**	361,222
Net investment in finance lease relating to real estate (note 5.2)	**54,499**	37,222
	388,573	398,444

5.1 Net investment in finance lease relating to vehicles

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Gross investment in finance lease relating to vehicles	**2,277,732**	2,142,335
Less: unearned finance income	**(558,226)**	(522,515)
Present value of lease payments receivables	**1,719,506**	1,619,820
Less: Allowance for impairment loss (note a)	**(58,972)**	(53,500)
Net investment in finance lease relating to vehicles	**1,660,534**	1,566,320

	September 30, 2024 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net investment**
Current portion	**613,645**	**(220,599)**	**(58,972)**	**334,074**
Non-current portion	**1,664,087**	**(337,627)**	**-**	**1,326,460**
Total	**2,277,732**	**(558,226)**	**(58,972)**	**1,660,534**

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	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

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

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**53,500**	63,136
Charge/(reversal) during the period (note 16)	**5,614**	(13,032)
Provision transferred on closure of 'purchase and agency agreements'	**29,529**	45,299
Amount written off during the period	**(29,671)**	(46,229)
September 30	**58,972**	49,174

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**2,950**	3,375
4 - 6 months	**2,469**	1,769
7 - 12 months	**3,637**	2,994
More than 12 months	**10,937**	14,486
	19,993	22,624

The not yet due portion of above overdue finance lease receivables relating to vehicles as of September 30, 2024 amounts to SR 118.1 million (December 31, 2023: SR 105 million).

5.2 Net investment in finance lease relating to real estate

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Gross investment in finance lease relating to real estate	**639,364**	504,426
Less: unearned finance income	**(196,334)**	(162,267)
Present value of lease payments receivables	**443,030**	342,159
Less: Allowance for impairment loss (note a)	**(13,279)**	(9,727)
Net investment in finance lease relating to real estate	**429,751**	332,432

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	September 30, 2024 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net investment**
Current portion	**117,633**	**(49,855)**	**(13,279)**	**54,499**
Non-current portion	**521,731**	**(146,479)**	**-**	**375,252**
Total	**639,364**	**(196,334)**	**(13,279)**	**429,751**

	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:

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**9,727**	6,834
Charge during the period (note 16)	**8,172**	3,487
Amount written off during the period	**-**	(172)
Others	**(4,620)**	-
September 30	**13,279**	10,149

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**229**	299
4 - 6 months	**852**	190
7 - 12 months	**1,042**	559
More than 12 months	**1,029**	2,671
	3,152	3,719

The not yet due portion of above overdue finance lease receivables as of September 30, 2024 amounts to SR 58.39 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)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Notes receivable carried at fair value through other comprehensive income, net (note 6.1)	**33,473**	35,616
Notes receivable carried at amortized cost (note 6.2)	**25,298**	14,241

6.1 Notes receivable carried at fair value through other comprehensive income

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Notes receivable	**33,473**	35,616
Less: current portion	**(18,182)**	(19,896)
Non- current portion	**15,291**	15,720

As of September 30, 2024, the amortized cost of notes receivable measured at fair value through other comprehensive income was SR 32.92 million (December 31, 2023: SR 34.19 million), whereas the fair value of this portfolio was determined to be SR 33.47 million (December 31, 2023: SR 35.62 million) resulting in fair value reserve of SR 0.55 million (December 31, 2023: SR 1.43 million). The changes in the fair value during the nine month period ended September 30, 2024 of negative SR 0.88 million (September 30, 2023: negative SR 0.39 million) are 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:

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**11,277**	6,012
Provision transferred on closure of 'purchase and agency agreements'	**2,319**	393
Charge during the period	**67**	4,650
Amount written off during the period	**(2,421)**	(1,145)
September 30	**11,242**	9,910

6.2 Notes receivable carried at amortized cost

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Notes receivable, gross	**42,421**	23,031
Less: unearned finance income	**(14,380)**	(8,307)
	28,041	14,724
Less: impairment loss allowance (6.2a)	**(2,743)**	(483)
Notes receivable, net	**25,298**	14,241

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	September 30, 2024 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net Investment**
Current portion	**15,367**	**(6,855)**	**(2,743)**	**5,769**
Non-current portion	**27,054**	**(7,525)**	**-**	**19,529**
Total	**42,421**	**(14,380)**	**(2,743)**	**25,298**

	December 31, 2023 (Audited)			
	Notes receivables, gross	Unearned finance income	Allowance for impairment loss	Net Investment
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:

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**483**	254
Charge during the period	**2,260**	135
September 30	**2,743**	389

b) The ageing of notes receivables at fair value through other comprehensive income and at amortized cost which are past due and considered impaired by the management is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**364**	86
4 - 6 months	**485**	85
7 - 12 months	**500**	125
More than 12 months	**27,379**	18,848
	28,728	19,144

The not yet due portion of above overdue notes receivables as of September 30, 2024 amounts to SR 17.23 million (December 31, 2023: SR 14.6 million).

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

7. LOANS AND ADVANCES TO CUSTOMERS, net

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Loans and advances to customers - microfinance receivables (note 7.1)	**559,631**	341,227
Loans and advances to customers - tawarruq receivables (note 7.2)	**346,531**	333,390
Total loans and advances to customers, net	**906,162**	674,617
Non-current portion		
Loans and advances to customers - microfinance receivables (note 7.1)	**410,449**	225,601
Loans and advances to customers - tawarruq receivables (note 7.2)	**270,861**	254,034
	681,310	479,635
Current portion		
Loans and advances to customers - microfinance receivables (note 7.1)	**149,182**	115,626
Loans and advances to customers - tawarruq receivables (note 7.2)	**75,670**	79,356
	224,852	194,982

7.1 Loans and advances to customers - Microfinance receivables

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Loans and advances to customers - Microfinance receivables	**583,540**	347,642
Less: allowance for impairment loss	**(23,909)**	(6,415)
	559,631	341,227

	Year	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion	Until Sep 2025 & Dec 2024	**149,182**	115,626
Non-current portion	2025	**47,640**	109,792
	2026	**183,133**	84,736
	2027	**131,857**	30,737
	2028	**42,950**	336
	2029	**4,869**	-
Non-current portion		**410,449**	225,601
Total		**559,631**	341,227

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**6,415**	8,775
Charge during the period (note 16)	**22,338**	4,599
Amounts written off during the period, net	**(4,844)**	(4,688)
September 30	**23,909**	8,686

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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**1,025**	725
4 - 6 months	**1,237**	1,037
7 - 12 months	**2,005**	1,337
More than 12 months	**1,186**	1,348
	5,453	4,447

The not yet due portion of above overdue loans and advances to customers (micro finance receivables) as of September 30, 2024 amounts to SR 43.23 million (December 31, 2023: SR 34.13 million).

7.2 Loans and advances to customers - Tawarruq receivables

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Loans and advances to customers - Tawarruq receivables	**382,513**	360,568
Less: allowance for impairment loss	**(35,982)**	(27,178)
	346,531	333,390

	Year	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Current portion	Until Sep, 2025 & Dec 2024	**75,670**	79,356
Non-current portion	2025	**31,507**	113,321
	2026	**120,366**	109,290
	2027	**78,336**	17,649
	2028	**26,466**	13,578
	2029	**14,186**	196
Non-current portion		**270,861**	254,034
Total		**346,531**	333,390

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**27,177**	2,529
Charge during the period (note 16)	**17,577**	16,498
Amounts written off during the period	**(8,772)**	-
September 30	**35,982**	19,027

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
1 - 3 months	**871**	1,246
4 - 6 months	**1,626**	2,308
7 - 12 months	**963**	8,515
More than 12 months	**204**	7
	3,664	12,076

The not yet due portion of above overdue loans and advances to customers (Tawarruq receivables) as of September 30, 2024 amounts to SR 31.79 million (December 31, 2023: SR 64.28 million).

8. OTHER NON-CURRENT ASSETS

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Employees' receivables - non-current portion	**5,979**	5,806
Net servicing asset (note 19)	**14,186**	13,158
Receivable under purchase and Agency agreements - non-current portion (note 8.1)	**-**	13,359
Deferred consideration receivable - non-current portion (note 8.2 & note 19)	**223,506**	177,468
	243,671	209,791

8.1 Current portion of receivables under purchase and agency agreements as of September 30, 2024 amounts to SR 6.66 million (December 31, 2023: SR 52.81 million).

8.2 Current portion of deferred consideration receivable as of September 30, 2024 amounts to SR 154.3 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.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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

Related party	Nature of transaction	For the three month period ended September 30		For the nine month period ended September 30	
		2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Ultimate Parent	Collections from Company's customers	**23**	30	**85**	421
Other related parties	Purchases, net	**453,400**	378,515	**1,393,079**	1,101,005
	Advertisement expenses	**340**	255	**765**	740
	Expenses charged	**1,697**	1,340	**5,089**	10,697
	Supports received	**7,221**	1,835	**15,288**	3,828
	Sale of repossessed cars	**2,267**	14,787	**3,668**	14,787
	Amounts collected on behalf of an affiliate	**-**	-	**-**	68
	Repairs and maintenance	**536**	110	**703**	469
	Employee benefits liability transferred in	**-**	2,243	**-**	2,243

Due from related parties comprised of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Abdul Latif Jameel Import and Distribution Company	**6,781**	756
Bab Rizq Jameel Micro Finance Company	**860**	2,689
Abdul Latif Jameel Lands Company Limited	**-**	305
Abdul Latif Jameel Technology Company Limited	**2,540**	-
Abdul Latif Jameel United Real Estate Finance Company	**869**	-
Al-Tasweyah for Debts Collection Company Limited	**117**	3
Al Ufuq Auction Company	**2,607**	4,677
	13,774	8,430

Due to related parties comprised of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Abdul Latif Jameel Retail Company Limited	**117,832**	137,658
Abdul Latif Jameel for Automotive Wholesale Company Limited	**55,599**	75,931
Salim Saleh Saeed Babqui Trading Company Limited	**1,734**	1,613
Mutalba Debt Collection Company	**56**	786
Abdul Latif Jameel Bodywork and Paint Company Limited	**542**	99
Abdul Latif Jameel Company Limited	**2,269**	624
Abdul Latif Jameel Technology Company Limited	**-**	1,856
Abdul Latif Jameel Technology Products Company Limited	**-**	422
Abdul Latif Jameel United Real Estate Finance Company	**-**	384
Al Mumaizah United Company ("Ultimate Parent")	**154**	176
Abdul Latif Jameel Industrial Equipment Company Limited	**1,204**	1,173
	179,390	220,722

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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

	Nine month period ended September 30	
	2024	2023
	(Unaudited)	(Unaudited)
Directors' remuneration	**7,289**	4,508
Short-term employee benefits	**9,000**	9,000
Employee benefits liabilities	**551**	1,699
	16,840	15,207

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.

10. CASH AND BANK BALANCES

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in hand	**2,217**	1,661
Bank balances	**1,313,199**	308,309
Cash and cash equivalents	**1,315,416**	309,970
Other deposits (having original maturity of more than three months) (note 'b')	**705,069**	876,377
	2,020,485	1,186,347

a) During the period, the Company earned SR 80.9 million on the murabaha deposits at the rate of return ranging from 5.5% to 6.24%. (September 30, 2023: 4.25% to 5.9%).

b) As of September 30, 2024, this includes murabaha deposits of SR 69.4 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 included in cash and bank balances is follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	**840,189**	429
Other deposits (note 'd')	**634,565**	804,116
	1,474,754	804,545
Long term deposits (note 'e')	**-**	610,437
Total	**1,474,754**	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.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

11. OTHER NON-CURRENT LIABILITIES

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of net servicing liability - non-current portion (note 19)	**8,588**	5,709
Provision against expected defaults and discounts in respect of sold finance lease, notes receivable and tawarruq receivables- non-current portion (note 19)	**223,506**	177,468
	232,094	183,177

12. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable - trade	**150,580**	123,077
Accrued expenses (note 'a')	**40,393**	40,137
Zakat payable (note 17)	**66,874**	72,932
Payable under purchase and agency agreements (note 19)*	**769,554**	760,517
Present value of net servicing liability - current portion (note 19)	**10,737**	7,613
Amount due to the insurer	**126,971**	62,079
Current portion of lease liabilities	**1,889**	2,169
Provision for onerous arrangement (note 'b')	**780**	-
Advance collections and other payables	**182,635**	203,474
	1,350,413	1,271,998

*Includes current portion of provision against expected defaults and discounts in respect of sold finance lease, notes receivable and tawarruq receivables amounting to SR 404.8 million (December 31, 2023: SR 449.1 million)

a) Accrued expenses include due to related parties amounting to SR 5.96 million (December 31, 2023: Nil).

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

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**-**	20,756
Charge / (reversal) for the period	**780**	(9,466)
September 30	**780**	11,290

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

13. REVENUES

	For the three month period ended September 30		**For the nine month period ended September 30**	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Income from finance lease relating to vehicles	**54,942**	40,562	**174,094**	113,250
Income from finance lease relating to real estate	**11,937**	8,010	**37,064**	24,250
Income from instalment sales	**8,113**	9,807	**30,084**	24,814
Income from loans and advances to customers – microfinance receivables	**23,689**	11,341	**59,416**	29,973
Income from loans and advances to customers – tawarruq receivables	**19,528**	18,991	**59,470**	49,838
Contract fee income	**13,153**	8,960	**38,168**	25,664
Income from purchase and agency agreements (note 19)	**29,587**	24,129	**83,766**	71,891
Others	**4,745**	4,716	**13,516**	14,538
	165,694	126,516	**495,578**	354,218

14. DIRECT COSTS

	For the three month period ended September 30		**For the nine month period ended September 30**	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Direct costs on finance lease relating to vehicles	**15,302**	9,804	**35,931**	31,716
Direct costs on finance lease relating to real estate	**944**	689	**3,246**	2,106
Direct cost on instalment sales	**5,142**	7,915	**22,493**	19,474
Direct costs on loans and advances to customers – microfinance receivables	**69**	209	**381**	327
Direct costs on loans and advances to customers – tawarruq receivables	**3,673**	2,955	**9,591**	5,570
Charge / (reversal) for provision for onerous insurance arrangements (note 12)	**30**	(2,895)	**780**	(9,466)
	25,160	18,677	**72,422**	49,727

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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 September 30, 2024 was SR 582.4 million.

As of September 30, 2024, the PRS with positive fair value amounted to SR 0.83 million (December 31, 2023: Nil), based on the valuation confirmed by the Company's bankers and included in non-current assets.

As of September 30, 2024, the PRS with negative fair value amounted to SR 6.39 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:

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**-**	-
Fair value gain on derivative financial instruments presented under other comprehensive income - effective portion	**828**	-
September 30	**828**	-

The movement in PRS negative fair value is as follows:

	Nine month period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
January 1	**-**	-
Fair value loss on derivative financial instruments presented under other comprehensive income - effective portion	**6,391**	-
September 30	**6,391**	-

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

16. IMPAIRMENT CHARGE ON FINANCIAL ASSETS

	For the three month period ended September 30		**For the nine month period ended September 30**	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Impairment charge/(reversal) of impairment on lease receivables relating to vehicles (note 5.1)	**2,006**	(5,232)	**5,614**	(13,032)
Impairment charge of impairment on lease receivables relating to real estate (note 5.2)	**5,912**	1,243	**8,172**	3,487
Impairment (reversal) / charge on notes receivable carried at fair value through other comprehensive income (note 6.1)	**(184)**	(429)	**67**	4,650
Impairment charge of impairment on notes receivable carried at amortized cost (note 6.2)	**1,496**	154	**2,260**	135
Impairment charge / (reversal) on loans and advances to customers – microfinance receivables (note 7.1)	**10,694**	(1,102)	**22,338**	4,599
Impairment charge on loans and advances to customers – tawarruq receivables (note 7.2)	**6,807**	1,466	**17,577**	16,498
Reversal of impairment on receivables under purchase and agency agreements	**(31)**	(156)	**(228)**	(447)
	26,700	(4,056)	**55,800**	15,890

17. ZAKAT

During the nine month period ended September 30, 2024, an amount of SR 44.69 million has been recorded as zakat charge (September 30, 2023: SR 45 million) and an amount of SR 50.74 million (September 30, 2023: SR 32.59 million) has been paid to Zakat, Tax And Customs Authority (ZATCA).

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 nine month period ended September 30, 2024 and 2023.

There has been no dilutive effect on the weighted average number of shares during the nine month period ended September 30, 2024 and 2023.

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

	For the three month period ended September 30		**For the nine month period ended September 30**	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Net income for the period *(in SR '000)*	**149,035**	120,846	**440,561**	294,134
Weighted average number of ordinary shares *(in'000)* (note 1(a))	**100,000**	100,000	**100,000**	100,000
Basic and diluted earnings (expressed in SR per share)	**1.49**	1.21	**4.41**	2.94

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 nine month period ended September 30, 2024, the Company sold SR 3,015.4 million (September 30, 2023: SR 1,688.9 million) of its net receivables and the total amount received from the bank in respect of such sale was SR 3,317.5 million (September 30, 2023: SR 1,850 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 7,787.8 million as of September 30, 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**
September 30, 2024 (Unaudited)	**2,924,389**	**3,552,683**	**1,310,739**	**7,787,811**
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 nine month period ended September 30, 2024, the Company made gains amounting to SR 313.6 million (September 30, 2023: SR 169.4 million) on derecognition of receivables sold to the banks under the agreements, which is calculated as follows:

	For the three month period ended September 30,		**For the nine month period ended September 30,**	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Gross amount of finance lease receivables sold	**1,225,867**	835,295	**3,541,096**	2,262,218
Gross amount of tawarruq receivables sold	**159,589**	-	**548,303**	-
Less: deferred finance income	**(361,911)**	(215,081)	**(1,074,026)**	(573,334)
Less: present value of deferred consideration receivable (note (i))	**-**	-	**-**	-
Less: present value of net servicing liability (note (ii))	**(4,426)**	(2,010)	**(11,555)**	(8,679)
Less: amounts received from the banks	**(1,129,241)**	(679,219)	**(3,317,461)**	(1,849,599)
Net gain on derecognition of receivables	**110,122**	61,015	**313,643**	169,394

During the nine month period ended September 30, 2024, certain purchase and agency agreements, previously entered into by the Company, matured and the Company recorded a net gain amounting to SR 29.8 million (September 30, 2023: SR 43.92 million) after deducting the actual customer defaults and discounts on premature terminations. The Company is in process of obtaining final settlement and discharge letters from the banks with respect to these agreements.

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

	For the three month period ended September 30,		**For the nine month period ended September 30,**	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Gain on derecognition of receivables	**110,122**	61,015	**313,643**	169,394
Gain on maturity of derecognized pools	**10,653**	15,077	**29,846**	43,919
	120,775	76,092	**343,489**	213,313

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

i. The deferred consideration receivable represents the continuing involvement in the transferred asset. Provision against expected defaults in respect of sold 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).

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Net servicing assets (note 8)	**14,186**	13,158
Present value of net servicing liability	**19,325**	13,322
Less: current portion (note 12)	**(10,737)**	(7,613)
Non-current portion (note 11)	**8,588**	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 September 30, 2024, and December 31, 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Net carrying amounts

	September 30, 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	**15,673**	**599**	**17,201**	**33,473**

	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

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) Allowance for ECL

	September 30, 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	**248**	**18**	**10,976**	**11,242**

ii) Financial assets carried at amortized cost

	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

The following tables set out information about the credit quality of financial assets measured at amortized cost as at September 30, 2024 and December 31, 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Gross carrying amounts

	September 30, 2024 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease relating to vehicles	**2,190,620**	**67,928**	**19,184**	**2,277,732**
Net investment in finance lease relating to real estate	**595,581**	**10,694**	**33,089**	**639,364**
Notes receivable carried at amortized cost	**27,056**	**7,642**	**7,723**	**42,421**
Loans and advances to customers - microfinance receivables	**720,551**	**11,089**	**19,202**	**750,842**
Loans and advances to customers - tawarruq receivables	**491,509**	**16,057**	**27,004**	**534,570**
Carrying amount	**4,025,317**	**113,410**	**106,202**	**4,244,929**

(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
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

b) Allowance for ECL

	September 30, 2024 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease relating to vehicles	**34,483**	**3,327**	**21,162**	**58,972**
Net investment in finance lease relating to real estate	**6,616**	**360**	**6,303**	**13,279**
Notes receivable carried at amortized cost	**146**	**68**	**2,529**	**2,743**
Loans and advances to customers - microfinance receivables	**3,577**	**1,227**	**19,105**	**23,909**
Loans and advances to customers - tawarruq receivables	**13,187**	**566**	**22,229**	**35,982**
	58,009	**5,548**	**71,328**	**134,885**

	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

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	September 30, 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)	**1.13 times**	0.83 times

21. DIVIDEND

During the nine month period ended September 30, 2024, the Board of Directors proposed the distribution of dividend and the Company has received no objection letter from SAMA to distribute a total dividend amounting to SR 904.9 million represented by an amount of SR 441 million, SR 221.6 million and SR 242.3 million out of the net profits of the Company for the years ended December 31, 2023, 2022 and 2021 respectively. The dividends were approved on August 15, 2024 by the shareholders and have therefore been accounted for as a liability in these condensed interim financial statements. These were paid to the shareholders of the Company during October 2024.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

The following table provides the fair value measurement hierarchy of the Company's financial assets as of September 30, 2024:

September 30, 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	**33,473**	**-**	**-**	**33,473**
Investment classified as fair value through other comprehensive income	**893**	**-**	**-**	**893**
Positive fair value of derivative financial instruments	**828**	**-**	**828**	**-**
Negative fair value of derivative financial instruments	**6,391**	**-**	**6,391**	**-**

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

23. IMPACT OF SAMA PROGRAMS

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 nine month period ended September 30, 2024, an amount of Nil (September 30, 2023: SR 10.98 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 condensed interim financial statements.

24. 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 550.9 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.

25. BOARD OF DIRECTORS' APPROVAL

These condensed interim financial statements were approved by the Board of Directors on October 27, 2024 (corresponding to Rabi'II 24, 1446 AH).