NAYIFAT FINANCE COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2024
together with the
Independent Auditor's Report

NAYIFAT FINANCE COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Nayifat Finance Company

Opinion

We have audited the financial statements of Nayifat Finance Company ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Shareholders of Nayifat Finance Company (continued)

<table>
<tr><th colspan="2">Key Audit Matter (continued)</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>

Expected credit loss allowance against Islamic financing receivables
As at 31 December 2024, the Islamic financing receivables before impairment were SR 2,000 million (2023: SR 1,995 million), against which an expected credit loss (“ECL”) allowance of SR 135 million (2023: SR 122 million) was maintained.

We considered this as a key audit matter, as the determination of the ECL involves significant estimation and management judgement, and this has a material impact on the financial statements of the Company. The key areas of judgement include:

1. Categorisation of Islamic financing receivables into Stages 1, 2 and 3 based on the identification of:

a) exposures with a significant increase in credit risk (“SICR”) since their origination; and
b) impaired / default exposures.

2. Assumptions used in the ECL model for determining probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) including, but not limited to assessment of expected future cash flows and developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.

Application of these judgements and estimates have given rise to greater estimation uncertainty and the associated audit risk around the ECL calculations as at 31 December 2024.

Refer to the summary of material accounting policies note 3.13 (i) for impairment of financial assets; note 4 which contains the disclosure of critical accounting estimates and judgements relating to impairment losses on Islamic financing receivables and the impairment assessment methodology used by the Company; note 7 which contains the disclosure of impairment against Islamic financing receivables; and note 27 (i) which contains the credit quality analysis and key assumptions and factors considered in determination of the ECL.

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In this area our audit procedures included:

▪ We obtained and updated our understanding of management's assessment of the ECL allowance against Islamic financing receivables, including the relevant accounting policy and model methodology, as well as any key changes during the year.

▪ We compared the Company's accounting policy for the ECL allowance and the ECL methodology with the requirements of IFRS 9.

▪ We assessed the design and implementation and tested the operating effectiveness of relevant IT general and application controls over:
• the classification of borrowers into various stages and timely identification of SICR and the determination of default / impaired exposures; and
• the integrity of data inputs used in the ECL model.

▪ For a sample of customers, we assessed:
• the appropriateness of staging as identified by management; and
• management's computation of the ECL.

▪ We assessed the appropriateness of the Company's criteria for the determination of SICR and identification of "default" or “impaired" exposures.

▪ We assessed the reasonableness of underlying assumptions used by the Company in the ECL model including forward looking assumptions.

▪ We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2024 by performing reconciliations and sample testing of key data inputs.

▪ Where required, we involved our specialists to assess the ECL model calculations, evaluating inter-related inputs (including PDs, LGDs and EADs) and assessing the reasonableness of assumptions used in the ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weightages.

▪ We assessed the adequacy of disclosures in the financial statements.

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Independent Auditor's Report

To the Shareholders of Nayifat Finance Company (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

Independent Auditor's Report

To the Shareholders of Nayifat Finance Company (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Nayifat Finance Company ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company

Hani Hamzah A. Bedairi
License No: 460

Riyadh: 27 Sha'ban 1446 H
Corresponding to 26 February 2025

NAYIFAT FINANCE COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	As at 31 December 2024	2023
ASSETS			
Cash and cash equivalents	5	**86,476**	61,295
Other balances with banks	6	**5,933**	3,016
Islamic financing receivables – net	7	**1,865,054**	1,872,511
Equity investment measured at fair value through OCI		**728**	893
Prepayments and other assets	8	**50,563**	77,220
Assets held for sale	9	**17,885**	18,189
Intangible assets	10	**8,324**	11,700
Property and equipment	11	**29,795**	31,748
Total assets		**2,064,758**	2,076,572
LIABILITIES AND EQUITY			
Accruals and other payables	12	**108,350**	43,177
Islamic bank financings and other liabilities	13	**475,899**	624,816
Provision for Zakat	14	**18,490**	18,021
Provision for employees' end of service benefits	15	**14,034**	13,644
Total liabilities		**616,773**	699,658
Share capital	16	**1,200,000**	1,200,000
Statutory reserve	17	**69,645**	69,645
General reserve	18	**21,929**	8,822
Retained earnings		**156,411**	98,447
Total equity		**1,447,985**	1,376,914
Total liabilities and equity		**2,064,758**	2,076,572

The accompanying notes 1 through 31 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of
Board of Directors

NAYIFAT FINANCE COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	**For the year ended 31 December 2024**	2023
Commission income from Islamic financing receivables		**362,559**	395,256
Commission expense on Islamic bank financing	*20*	**(46,240)**	(50,320)
Net Commission income from Islamic financing receivables		**316,319**	344,936
Charge of expected credit loss allowance – net	*7.6*	**(15,567)**	(86,561)
Salaries and other related expenses	*21*	**(91,184)**	(87,047)
General and administrative expenses	*22*	**(53,151)**	(55,278)
Depreciation and amortization	*10 &11*	**(10,352)**	(11,140)
Other income – net		**2,921**	1,704
Net income for the year before Zakat		**148,986**	106,614
Zakat charge for the year	*14*	**(17,750)**	(17,900)
Net income for the year		**131,236**	88,714
Other comprehensive loss			
Items will not to be reclassified to profit or loss in subsequent years:			
Re-measurement loss on employees' end of service benefits	*15.1*	**-**	(500)
Equity investments measured at fair value through OCI		**(165)**	-
Total comprehensive income for the year		**131,071**	88,214
Basic and diluted earnings per share	*23*	**1.09**	0.74

The accompanying notes 1 through 31 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of
Board of Directors

NAYIFAT FINANCE COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	Share capital	Statutory reserve	General Reserve	Retained earnings	Total
Balance as at 31 December 2023		**1,200,000**	**69,645**	**8,822**	**98,447**	**1,376,914**
Total comprehensive income for the year		-	-	-	**131,071**	**131,071**
Transfer to general reserve	*18*	-	-	**13,107**	**(13,107)**	-
Dividend	*19*	-	-	-	**(60,000)**	**(60,000)**
Balance as at 31 December 2024		**1,200,000**	**69,645**	**21,929**	**156,411**	**1,447,985**
Balance as at 1 January 2023		1,000,000	99,945	-	188,755	1,288,700
Total comprehensive income for the year		-	-	-	88,214	88,214
Issue of share bonus	*16*	200,000	(30,300)	-	(169,700)	-
Transfer to general reserve	*18*	-	-	8,822	(8,822)	-
Balance as at 31 December 2023		1,200,000	69,645	8,822	98,447	1,376,914

The accompanying notes 1 through 31 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of
Board of Directors

NAYIFAT FINANCE COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		For the year ended 31 December	
	Notes	**2024**	2023
Cash flows from operating activities			
Net income for the year before Zakat		**148,986**	106,614
Adjustments for			
Depreciation and amortization	*10 &11*	**10,352**	11,140
Gain on disposal of property and equipment		**(2,072)**	
Unwinding SAMA deposits		**-**	396
Provision for employees' end of service benefits	*15.2*	**2,947**	2,914
Impairment charge on assets held for sale	*22*	**304**	264
Charge of expected credit loss allowance – net	*7.6*	**15,567**	86,561
Commission income from Islamic financing receivables		**(362,559)**	(395,256)
Commission expense on lease liabilities	*11.1*	**9**	16
Commission expense on Islamic bank financing	*13.1*	**46,240**	50,320
		(140,226)	(137,031)
Changes in operating assets and liabilities			
Islamic financing receivables – net		**21,172**	(173,924)
Prepayments and other assets		**26,657**	(14,768)
Accruals and other liabilities		**5,173**	(3,867)
Other balances with banks		**(2,917)**	6,936
		(90,141)	(322,653)
Commission income received		**333,277**	358,614
Employees' end of service benefits paid	*15.1*	**(2,557)**	(1,670)
Zakat paid	*14*	**(17,281)**	(25,069)
Commission expense and charges paid	*13.1*	**(46,920)**	(49,124)
Net cash generated / (used in) from operating activities		**176,378**	(39,902)
Cash flows from investing activities			
Acquisition of intangible assets	*10*	**(4,680)**	(582)
Acquisition of property and equipment	*11*	**(885)**	(332)
Proceeds from disposal of property and equipment		**3,000**	-
Net cash used in investing activities		**(2,565)**	(914)
Cash flows from financing activities			
Proceeds from Islamic bank financings	*13.1*	**170,000**	345,000
Repayment of Islamic bank financings	*13.1*	**(318,288)**	(274,843)
Repayment of SAMA deposits		**-**	(12,236)
Payment of lease liabilities	*11.1*	**(344)**	(460)
Net cash (used in) / generated from financing activities		**(148,632)**	57,461
Net change in cash and cash equivalents		**25,181**	16,645
Cash and cash equivalents at the beginning of the year	*5*	**61,295**	44,650
Cash and cash equivalents at the end of the year	*5*	**86,476**	61,295

The accompanying notes 1 through 31 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of
Board of Directors

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

a) Statement of compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the applicable requirements of the Regulations for Companies and the Company's By-laws.

b) Basis of measurement and presentation

These financial statements have been prepared on a going concern basis under the historical cost convention, except as disclosed in the notes to these financial statements.

The statement of financial position is stated broadly in order of liquidity.

c) Going concern

In making the going concern assessment, the Company has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc.

d) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SR), which is the Company's functional currency. Except as otherwise indicated, financial information presented in SR has been rounded off to the nearest thousand.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below.

3.1 Change in accounting policies

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023. Based on the adoption of the new standard and in consideration of current economic environment, the following accounting policies are applicable effective 1 January 2024 replacing, amending, or adding to the corresponding accounting policies set out in 2023 annual audited financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.2 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 financial statements.

Standards, interpretations and amendments	**Description**	**Effective date**
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.	1 January 2024
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.	Subject to endorsement from SOCPA
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.	Subject to endorsement from SOCPA

(All amounts in thousands of Saudi Riyals unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.3 Standards, interpretations, and amendments not yet effective

The International Accounting Standard Board (IASB) has issued the following accounting standards, interpretation and amendments, which become effective from periods starting on or after 1 January 2024. 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 & amendments	**Description**	**Effective date**
Amendment to IAS 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
IFRS 19, Subsidiaries without Public Accountability: 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

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.4 Cash and cash equivalents

Cash and cash equivalents comprise of unrestricted balances held with banks that are used by the Company to meet its short-term commitments. These are carried at amortized cost in the statement of financial position.

3.5 Islamic financing receivables (IFR)

The Company initially recognizes IFRs when, and only when, the entity becomes party to the contractual provisions of the instrument. IFRs are measured initially at fair value including directly attributable transaction costs which is generally the transaction price and subsequently at their amortized cost. IFRs are offered under the following Shariah compliant mode:

Tawarruq
It is a contract whereby the Company sells a commodity (Deferred Sale of Commodity “Tawarruq”) to its customer on a deferred payment basis. The customer sells the same commodity to a third party at market price to obtain cash

3.6 Assets held for sale

The Company, in the ordinary course of business, acquires certain real estate assets against settlement of financing due from customers. Such real estate assets are considered as assets held for sale and are initially recognized at carrying amount of financing due from customers. No depreciation is charged on such assets. Rental income on assets held for sale is recognised in the statement of comprehensive income.

Subsequent to initial recognition, these are re-measured at the lower of net realizable value of due financing and the fair value of the related properties, less any costs to sell (if material) and any subsequent write down to fair value, less costs to sell, are charged to the statement of comprehensive income. Any subsequent revaluation gains in the fair value less costs to sell of these assets to the extent this does not exceed the cumulative write down is recognised in the statement of comprehensive income. Gains or losses on disposal are recognised in the statement of comprehensive income.

3.7 Intangible assets

Recognition and measurement
Intangible assets acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditures on intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the statement of comprehensive income as it is incurred.

Amortization
Intangible assets are amortized on a straight-line basis in the statement of comprehensive income over their estimated useful lives which ranges from three to seven years, from the date on which it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if considered appropriate.

3.8 Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognized within other income in statement of comprehensive income.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.8 Property and equipment (continued)

Subsequent costs
Subsequent expenditure is capitalized only if it is probable that the future economic benefits of the expenditures will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation
Depreciation is calculated to write off the cost of the items of property and equipment less their estimated residual values using the straight-line method over their useful lives and is generally recognized in the statement of comprehensive income. Land is not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Leasehold land is not depreciated.

The estimated useful lives of property and equipment for the current and comparative years are as follows:

Building and freehold improvements	3 to 10 years
Leasehold improvements	5 years or period of lease whichever is lesser
Furniture and office equipment	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if considered appropriate.

3.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

3.10 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any indication exists, or when periodic impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining an asset’s fair value less costs to sell, an appropriate valuation model is used. These model calculations are corroborated by valuation multiples, or other available fair value indicators.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent of the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset or the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income in the statement of comprehensive income.

3.11 End of service benefits

Employee termination benefits are payable as a lump sum to all employees, under the terms and conditions of Saudi labor laws applicable on the Company, on termination of their employment contracts. End of service payments are based on employees’ final salaries and allowances and their cumulative years of service, as stated in the laws of the Kingdom of Saudi Arabia.

The calculation of the obligation is performed using the projected unit credit method to make a reliable estimate of the ultimate cost to the Company of the benefit payable to employees.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.12 Revenue / expenses recognition

Special commission income is recognized to the extent that it is probable that economic benefits will flow to the Company, and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Special commission income and commission expense are recognized in the statement of comprehensive income using the effective commission rate method. The 'effective commission rate' is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective commission rate for financial instruments other than purchase or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but excluding expected credit losses. For purchase or originated credit-impaired financial assets, a credit adjusted effective commission rate is calculated using estimated future cash flows including expected credit loss ("ECL") allowance.

The calculation of the effective commission rate includes transaction costs and fees that are an integral part of the effective commission rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Measurement of amortized cost and special commission income

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective commission rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any ECL allowance.

The effective commission rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. In calculating special commission income and commission expense, the effective commission rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective commission rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market commission rates.

For financial assets that have become credit-impaired subsequent to initial recognition, commission income is calculated by applying the credit-adjusted effective commission rate to the amortized cost of the financial asset. The calculation of commission income does not revert to a gross basis, even if the credit risk of the asset improves.

Fee income and expenses

Fee income and expense that are integral to the effective commission rate on a financial asset or financial liability are included in the effective commission rate.

Other fee income / expense is generally recognized as the related services are performed / received.

3.13 Financial assets and financial liabilities

a) Recognition and initial measurement

The Company initially recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial assets and financial liabilities (continued)

b) Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

Financial assets at FVOCI

Financing instruments
A financing instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:
- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

Equity investments
On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual commission revenue, maintaining a particular commission rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets, or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and the expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company’s stated objective for managing the financial assets is achieved and how cash flows are realized.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial assets and financial liabilities (continued)

b) Classification of financial assets (continued)

Business model assessment (continued)

The business model assessment is also based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets in the future.

Financial assets that are held for trading and for which performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held to both collect contractual cash flows and to sell the financial assets.

The Company's IFR portfolio comprises of financing to customers that are held for collecting contractual cash flows.

Assessments whether contractual cash flows are solely payments of principal and commission ('SPPC')

For the purposes of this assessment, "principal" is the fair value of the financial asset on initial recognition. "Commission" is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with a commission margin.

In assessing whether the contractual cash flows are solely payments of principal and commission, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:
• Contingent events that would change the amount and timing of cash flows;
• Leverage features;
• Prepayment and extension terms;
• Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
• Features that modify consideration of the time value of money - e.g. periodical reset of commission rates.

Equity instruments have contractual cash flows that do not meet the SPPC criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected.

The Company's IFR portfolio comprises financing to customers under Tawarruq in compliance with Shariah rules and cash flows comprise of commission income at a fixed rate determined at disbursement and principal re-payments and accordingly the contractual cash flows meet the SPPC criteria.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

c) Classification of financial liabilities

The Company classifies its financial liabilities at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective commission rate.

All Islamic bank financing and other financial liabilities are initially recognized at fair value less transaction costs. Subsequently, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial assets and financial liabilities (continued)

d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of:
(i) the consideration received (including any new asset obtained less any new liability assumed); and
(ii) any cumulative gain or loss that had been recognized in OCI
is recognized in the statement of comprehensive income.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated at FVOCI is not recognized in the statement of comprehensive income on derecognition of such securities. Cumulative gains and losses recognized in OCI in respect of such equity investment securities are transferred to retained earnings on disposal. Any commission in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability.

e) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

f) Modification of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the contractual cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of comprehensive income. If such a modification is carried out because of financial difficulties of the customer, then the gain or loss is presented together with impairment losses. In other cases, it is presented as commission income.

g) Modification of financial liabilities

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of comprehensive income.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective commission rate and the resulting gain or loss is recognised in the statement of comprehensive income.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial assets and financial liabilities (continued)

h) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and the Company intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

i) Impairment

The Company recognizes ECL allowance on IFRs. The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured equal to a 12-month ECL:

• Financing investment securities that are determined to have low credit risk at the reporting date; and
• Other financial assets on which credit risk has not increased significantly since their initial recognition.

12-month ECL is the portion of lifetime ECL that results from default events on a financial asset that are possible within the 12 months after the reporting date. Financial assets, for which 12-month ECL is recognised, are referred to as ‘Stage 1’ financial instruments. Financial assets allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL is the ECL that results from all possible default events over the expected life of the financial asset or the maximum contractual period of exposure. Financial assets for which lifetime ECL is recognised but that are not credit-impaired are referred to as ‘Stage 2’ financial assets. Financial assets allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial assets for which the lifetime ECL is recognised and that are credit-impaired are referred to as ‘Stage 3’ financial assets.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. ECL is measured as follows:
• *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
• *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows.

The key inputs into the measurement of ECL are the term structure of the following variables:
• Probability of Default (“PD”),
• Loss Given Default (“LGD”), and
• Exposure at Default (“EAD”).

To evaluate a range of possible outcomes, the Company formulates various scenarios. For each scenario, the Company derives an ECL and applies a probability weighted approach to determine the impairment allowance in accordance with the applicable accounting standards requirements.

The above parameters are generally derived from internally developed statistical models and historical data which are adjusted for forward looking information.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial assets and financial liabilities (continued)

i) Impairment (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial asset should be derecognized and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective commission rate of the existing financial asset.

Credit-impaired Islamic financing receivables

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired (Stage 3 financial assets). A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a receivable by the Company on terms that the Company would not consider otherwise; or
- it becomes probable that the customer will enter bankruptcy or other financial reorganization.

A contract that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of default. In addition, a receivable that is overdue for 90 days or more is considered credit-impaired (in default).

Presentation of allowance for ECL in the statement of financial position

Allowance for ECL of financial assets measured at amortised cost are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

Write-off

The Company writes off financing receivables (either partially or in full) when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as real estate properties, Kafalah guarantees and personal guarantees.

Collateral, unless repossessed, is not recorded on the Company’s statement of financial position. However, the fair value of the real estate collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis.

Non-financial collateral, such as real estate, is valued by third party valuers appointed by the Company.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14 Right of use assets / Lease liabilities

On initial recognition, at inception of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Right of use assets

The Company applies a cost model, and measures right of use (RoU) asset at cost less accumulated depreciation and accumulated impairment losses, if any which is adjusted for any re-measurement of the lease liability and lease modifications.

The RoU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of RoU assets are determined on the same basis as those of property and equipment.

Lease liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the commission rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental financing rate. Generally, the Company uses its incremental financing rate as the discount rate. After the commencement date, the Company measures the lease liability by:

1. Increasing the carrying amount to reflect commission on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortised cost using the effective commission rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the RoU asset or is recorded in statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.15 Zakat

The Company is subject to Zakat in compliance with Zakat regulations and its By-laws and related rules issued by the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of comprehensive income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods. Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

(i) ECL allowance on Islamic financing receivables (note 3.13 (i), note 7 and note 27)

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of loss allowances.

The Company's ECL allowance calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that involve considerable judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PD, LGD and EAD; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

(ii) Present value of employees' end of service benefits (note 3.11 and note 15)

(iii) Classification and fair value of assets held for sale (note 3.6 and note 9)

5. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
Cash at bank – note 5.1	**86,476**	61,295

5.1 This represents current accounts maintained with local banks.

6. OHER BALACES WITH BANKS

	As at 31 December	
	2024	2023
Margin deposits (restricted) – note 6.1	**5,933**	3,016

6.1 This represents 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.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

7. ISLAMIC FINANCING RECEIVABLES – NET

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

7.1 The breakup of Islamic financing receivables is as follows:

31 December 2024

	Personal	**SME**	**Islamic credit cards**	**Total**
Performing	**1,252,450**	**305,710**	**24,408**	**1,582,568**
Non-performing	**288,763**	**125,957**	**2,818**	**417,538**
Gross receivables	**1,541,213**	**431,667**	**27,226**	**2,000,106**
ECL allowance	**(116,637)**	**(15,823)**	**(2,592)**	**(135,052)**
Net receivables	**1,424,576**	**415,844**	**24,634**	**1,865,054**

31 December 2023

	Personal	SME	Islamic credit cards	Total
Performing	1,238,146	366,044	28,402	1,632,592
Non-performing	262,452	92,749	7,000	362,201
Gross receivables	1,500,598	458,793	35,402	1,994,793
ECL allowance	(113,941)	(5,908)	(2,433)	(122,282)
Net receivables	1,386,657	452,885	32,969	1,872,511

7.2 Reconciliation of gross to net Islamic financing receivables

31 December 2024

	Personal	**SME**	**Islamic credit cards**	**Total**
Gross receivables	**2,202,927**	**541,065**	**27,226**	**2,771,218**
Unearned commission income	**(661,714)**	**(109,398)**	**-**	**(771,112)**
	1,541,213	**431,667**	**27,226**	**2,000,106**
ECL allowance	**(116,637)**	**(15,823)**	**(2,592)**	**(135,052)**
Net receivables	**1,424,576**	**415,844**	**24,634**	**1,865,054**

31 December 2023

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

(All amounts in thousands of Saudi Riyals unless otherwise stated)

7. ISLAMIC FINANCING RECEIVABLES – NET (continued)

7.3 Stage-wise analysis of Islamic financing receivables

31 December 2024

	Personal	**SME**	**Islamic credit cards**	**Total**
Stage 1	**1,015,710**	**146,302**	**22,030**	**1,184,042**
Stage 2	**236,740**	**159,408**	**2,378**	**398,526**
Stage 3	**288,763**	**125,957**	**2,818**	**417,538**
	1,541,213	**431,667**	**27,226**	**2,000,106**
ECL allowance	**(116,637)**	**(15,823)**	**(2,592)**	**(135,052)**
Net receivables	**1,424,576**	**415,844**	**24,634**	**1,865,054**

31 December 2023

	Personal	SME	Islamic credit cards	Total
Stage 1	984,399	332,299	25,664	1,342,362
Stage 2	253,747	33,745	2,738	290,230
Stage 3	262,452	92,749	7,000	362,201
	1,500,598	458,793	35,402	1,994,793
ECL allowance	(113,941)	(5,908)	(2,433)	(122,282)
Net receivables	1,386,657	452,885	32,969	1,872,511

As at 31 December 2024, the Company has classified certain contracts amounting to SR 63.92 million (31 December 2023: SR 15.50 million) as Stage 3 as they are currently undergoing a curing period following their prior classification.

Although these contracts remain classified as Stage 3, they are currently within the curing period as per the Company’s internal credit risk management policies and regulatory guidelines. During this period, the contracts are monitored to ensure sustained performance before they can be reclassified to a lower-risk stage. This classification does not necessarily indicate a permanent credit impairment but reflects the structured curing process required before transitioning to a lower-risk category.

Certain comparative numbers have been re-arranged to conform to better presentation.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

7. ISLAMIC FINANCING RECEIVABLES – NET (continued)

7.4 Reconciliation of gross Islamic financing receivables

Movement in gross Islamic financing receivables is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balances as at 1 January 2024	**1,342,362**	**290,230**	**362,201**	**1,994,793**
Transfer from Stage 1	**(374,389)**	**257,340**	**117,049**	**-**
Transfer from Stage 2	**57,370**	**(137,565)**	**80,195**	**-**
Transfer from Stage 3	**3,347**	**1,690**	**(5,037)**	**-**
Net other movements*	**155,352**	**(13,169)**	**(83,943)**	**58,240**
	(158,320)	**108,296**	**108,264**	**58,240**
Written off during the year	**-**	**-**	**(52,927)**	**(52,927)**
Balances as at 31 December 2024	**1,184,042**	**398,526**	**417,538**	**2,000,106**

	Stage 1	Stage 2	Stage 3	Total
Balances as at 1 January 2023	1,331,152	194,472	286,524	1,812,148
Transfer from Stage 1	(322,030)	189,498	132,532	-
Transfer from Stage 2	35,417	(103,772)	68,355	-
Transfer from Stage 3	17,590	2,721	(20,311)	-
Net other movements*	280,233	7,311	(38,705)	248,839
	11,210	95,758	141,871	248,839
Written off during the year	-	-	(66,194)	(66,194)
Balances as at 31 December 2023	1,342,362	290,230	362,201	1,994,793

*net other movements include financing originated, financing repaid and other measurements.

7.5 Movement in ECL allowance of Islamic financing receivables

	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2024	**12,141**	**24,674**	**85,467**	**122,282**
Transfer from Stage 1	**(12,802)**	**5,811**	**6,991**	**-**
Transfer from Stage 2	**4,294**	**(12,892)**	**8,598**	**-**
Transfer from Stage 3	**716**	**544**	**(1,260)**	**-**
Financial assets settled	**(2,860)**	**(5,662)**	**(17,375)**	**(25,897)**
New financial assets originated	**25,141**	**-**	**-**	**25,141**
Net re-measurement of loss allowance	**(17,219)**	**2,556**	**81,116**	**66,453**
	(2,730)	**(9,643)**	**78,070**	**65,697**
Written off during the year	**-**	**-**	**(52,927)**	**(52,927)**
ECL allowance as at 31 December 2024	**9,411**	**15,031**	**110,610**	**135,052**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	10,845	15,009	37,787	63,641
Transfer from Stage 1	(22,341)	8,891	13,450	-
Transfer from Stage 2	2,901	(8,055)	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	(6,184)	11,486	105,420	110,722
	1,296	9,665	113,874	124,835
Written off during the year			(66,194)	(66,194)
ECL allowance as at 31 December 2023	12,141	24,674	85,467	122,282

(All amounts in thousands of Saudi Riyals unless otherwise stated)

7. ISLAMIC FINANCING RECEIVABLES – NET (continued)

7.6 Charge of expected credit loss allowance – net

	As at 31 December	
	2024	2023
Provision for expected credit loss allowance – net of reversal	**(65,697)**	(124,835)
Recoveries against receivables previously written off	**50,130**	38,274
Charge of expected credit loss allowance – net	**(15,567)**	(86,561)

7.7 Collaterals

The Company in the ordinary course of financing activities holds collateral as security to mitigate credit risk in the Islamic finance financing receivables. This collateral mostly includes real estate properties, Kafalah guarantees and personal guarantees. The real estate properties are held against SME Islamic financing receivables and are managed against relevant exposures subject to annual revaluation as per the Company's policy. The collateral held as security is needed to the extent that such collateral mitigates credit risk. As of 31 December 2024, the fair value of collateral held against those Islamic financing amount to SR 1,065 million (2023: SR 1,443 million).

The carrying amount of credit-impaired personal Islamic financing receivables and Islamic credit cards are fully collateralised by personal guarantees. The amounts of collateral held as security for credit-impaired SME Islamic financing receivables, categorized by the collateral value-to-receivables ratio as of 31 December, are as follows:

	2024	2023
51-70%	**12,635**	-
More than 70%	**113,322**	92,749
Total	**125,957**	92,749

7.8 Assignment of Islamic financing receivables

The Company assigned Islamic financing receivables amounting to SR 0.60 billion (31 December 2023: SR 0.79 billion) to local commercial banks for obtaining Islamic bank financing. The carrying amount of associated Islamic bank financing amounts to SR 0.48 billion (31 December 2023: SR 0.62 billion).

These Islamic financing receivables have not been derecognized from the 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 statement of financial position.

Pursuant to the terms of the transfer agreement, the Company is not allowed to re-pledge those receivables and the financial institution lenders have recourse only to the receivables in the event the Company defaults its obligation.

7.9 Amounts written off still subject to legal enforcement activity

As at 31 December 2024, Islamic financing receivables written off still subject to legal enforcement activity is SR 190 million (31 December 2023: SR 169 million).

8. PREPAYMENTS AND OTHER ASSETS

	As at 31 December	
	2024	2023
Advance for commodity Tawarruq transactions	**36,425**	36,435
Advances and prepayments	**9,668**	15,039
Other receivables – note 8.1	**4,470**	25,746
	50,563	77,220

8.1 As at 31 December 2023, other receivables included SR 20 million receivable from the court against the settlement of an SME customer that was received by the Company during the year.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

9 ASSETS HELD FOR SALE

	As at 31 December	
	2024	2023
Repossessed assets – real estate properties	**17,885**	18,189

These represent 7 properties (31 December 2023: 7 properties) in the Kingdom of Saudi Arabia which were repossessed by the Company against settlement of Islamic finance receivables. The Board of Directors during the meeting dated 6 march 2024 has directed and approved the sale of properties through best possible means and recommended to utilize the services of real estate marketing.

The fair value of these properties was determined by independent valuer which is accredited by the Saudi Authority for Accredited Valuers (TAQEEM). The valuer has assumed that the surrounding sales and offers prices to rely upon to determine the market value. The valuation of these properties is assessed on market value using the comparable approach. The cumulative fair value (level 3 hierarchy) of these properties on 31 December 2024 is SR 39.6 million (31 December 2023: SR 29.4 million). Management is continuously monitoring the progress of the sale of properties at best price.

The carrying amount of assets held for sale is analyzed as follows:

	As at 31 December	
	2024	2023
Carrying amount at classification as held for sale	**20,669**	20,669
Cumulative impairment loss	**(2,784)**	(2,480)
Carrying value of assets held for sale	**17,885**	18,189

10 INTANGIBLE ASSETS

Intangible assets include the Company's core and other office related softwares.

	2024	2023
Cost:		
As at 1 January	**42,751**	42,169
Additions during the year	**4,680**	582
As at 31 December	**47,431**	42,751
Accumulated amortization:		
As at 1 January	**(31,051)**	(23,543)
Charge for the year	**(8,056)**	(7,508)
As at 31 December	**(39,107)**	(31,051)
Net book value as at 31 December	**8,324**	11,700

(All amounts in thousands of Saudi Riyals unless otherwise stated)

11 PROPERTY AND EQUIPMENT

2024	**Freehold land**	**Building and freehold improvements** ***(* Note 11.1)***	**Leasehold improvements**	**Furniture and office equipment**	**Total**
Cost					
As at 1 January	**27,963**	**7,140**	**10,881**	**20,678**	**66,662**
Additions during the year	**-**	**386**	**-**	**885**	**1,271**
Disposal during the year	**(928)**	**-**	**-**	**-**	**(928)**
As at 31 December	**27,035**	**7,526**	**10,881**	**21,563**	**67,005**
Accumulated depreciation					
As at 1 January	**-**	**6,594**	**9,580**	**18,740**	**34,914**
Charge for the year	**-**	**514**	**551**	**1,231**	**2,296**
As at 31 December	**-**	**7,108**	**10,131**	**19,971**	**37,210**
Net book value as at 31 December	**27,035**	**418**	**750**	**1,592**	**29,795**

2023	Freehold land	Building and freehold improvements *(* Note 11.1)*	Leasehold improvements	Furniture and office equipment	Total
Cost					
As at 1 January	27,963	7,140	10,881	20,346	66,330
Additions during the year	-	-	-	332	332
As at 31 December	27,963	7,140	10,881	20,678	66,662
Accumulated depreciation					
As at 1 January	-	5,955	8,876	16,451	31,282
Charge for the year	-	639	704	2,289	3,632
As at 31 December	-	6,594	9,580	18,740	34,914
Net book value as at 31 December	27,963	546	1,301	1,938	31,748

11.1 This includes the carrying amount of right-of-use assets i.e., certain branch premises on lease. The movement in right-of-use assets and corresponding lease liabilities for the years ended 31 December is as follows:

	Notes	**2024**	2023
Right of use assets			
As at 1 January		**313**	748
Addition		**386**	-
Depreciation charge for the year		**(393)**	(435)
As at 31 December		**306**	313
Lease liabilities			
As at 1 January		**144**	588
Addition		**386**	-
Commission expense		**9**	16
Payments made during the year		**(344)**	(460)
As at 31 December	*13*	**195**	144

11.2 The statement of comprehensive income includes the following amounts related to leases:

	Notes	**For the year ended 31 December** **2024**	2023
Depreciation charge on right of use assets	*11.1*	**393**	435
Rent expense on short-term leases	*22*	**6,910**	6,194
Commission expense for leases	*11.1*	**9**	16

(All amounts in thousands of Saudi Riyals unless otherwise stated)

12 ACCRUALS AND OTHER PAYABLES

	Note	As at 31 December	
		2024	2023
Accrued expenses		**19,302**	10,608
Accrued employees' costs		**10,898**	6,825
Board remuneration payable		**2,057**	1,880
Payable to suppliers		**3,843**	10,793
Others	*12.1*	**72,250**	13,071
		108,350	43,177

12.1 This includes dividend declared of SR 60 million (2023: Nil). Please refer note 19.

13 ISLAMIC BANK FINANCING AND OTHER LIABILITIES

		As at 31 December	
	Notes	**2024**	2023
Islamic bank financing	*13.1*	**475,704**	624,672
Lease liabilities	*11.1*	**195**	144
		475,899	624,816

13.1 The break-up of Islamic bank financing is as follows:

	As at 31 December	
	2024	2023
Due within 12 months	**204,166**	242,839
Due after 12 months	**271,538**	381,833
	475,704	624,672

The Company has long-term Islamic financing limits amounting to SR 1.88 billion (31 December 2023: SR 2.01 billion) with local banks to finance current and long-term funding needs of which SR 0.48 billion was utilized as of 31 December 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 SAIBOR along with margin of 1.20% to 1.75%.

As at 31 December 2024, the balance of Islamic bank financing includes accrued commission expense of SR 2.71 million (31 December 2023: SR 3.82 million).

Under the terms of the financing arrangement, the Company adhered to financial covenants. The Company is required to maintain margin deposits (as disclosed in note 6). These 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.

The movement in Islamic bank financing for the years ended 31 December is as follows:

	2024	2023
Balance as at 1 January	**624,672**	553,319
Bank commission expense	**46,240**	50,320
Bank commission payment	**(46,920)**	(49,124)
Proceeds from further financing during the year	**170,000**	345,000
Repayments made during the year	**(318,288)**	(274,843)
Balance as at 31 December	**475,704**	624,672

(All amounts in thousands of Saudi Riyals unless otherwise stated)

14 PROVISION FOR ZAKAT

14.1 Movement in provision for Zakat for the years ended 31 December is as follows:

	2024	2023
Balance as at 1 January	**18,021**	19,830
Charge for the year	**17,750**	17,900
Payments made during the year	**(17,281)**	(19,709)
Balance as at 31 December	**18,490**	18,021

14.2 Status of Zakat assessments

a) The final assessment and settlement for the Zakat liability for the years up to 2013 was received in 2019 and settled subsequently.

During 2018, the Company agreed to a Zakat settlement for the years 2014 to 2017, with an agreement that the Company will withdraw all of the previous appeals which were filed with the competent authority. This was settled completely in 2023 with the final payment of SR 5.36 million in 2023.

All due Zakat returns up till year-end 2023 have been duly filed. There have been no assessment orders received for years from 2019 to 2020.

During the year, the assessment for 2021 and 2022 was finalized with no further Zakat liability.

b) The Zakat return for the year 2024 will be filed in due course.

15 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The Company operates an End of Service Benefits Plan ("EOSB") for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

15.1 The amounts recognized in the statement of financial position and movement in the provision for employees' end of service benefits during the years ended 31 December based on present value are as follows**:**

	2024	2023
Provision for employees' end of service benefits as at 1 January	**13,644**	11,900
Current service costs	**2,346**	2,396
Commission expense	**601**	518
Actuarial loss	**-**	500
Benefits paid	**(2,557)**	(1,670)
Provision for employees' end of service benefits as at 31 December	**14,034**	13,644

15.2 Charge for the year recognized in the statement of comprehensive income is as follows**:**

	For the year ended 31 December	
	2024	2023
Current service costs	**2,346**	2,396
Commission expense	**601**	518
	2,947	2,914

(All amounts in thousands of Saudi Riyals unless otherwise stated)

15. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

15.3 Principal actuarial assumptions in respect of the provision for employees' end of service benefits:

	As at 31 December	
	2024	2023
Discount rate (per annum)	**5.15%**	5.10%
Salary escalation rate (per annum)	**4.00%**	4.00%
Normal retirement age	**65M-60FM**	60M-55FM

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

15.4 Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the provision for employees' end of service benefits valuation as at 31 December 2024 and 2023 to the discount rate, salary escalation rate, mortality rate and withdrawal rate.

2024	**Impact on provision for employees' end of service benefits – increase / (decrease)**		
Base scenario	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**1%**	**(12,746)**	**14,391**
Salary escalation rate	**1%**	**14,392**	**(12,731)**
Mortality rate	**20%**	**(13,522)**	**13,523**
Withdrawal rate	**20%**	**(13,183)**	**13,877**

2023	Impact on provision for employees' end of service benefits – increase / (decrease)		
Base scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(12,359)	14,012
Salary escalation rate	1%	14,013	(12,344)
Mortality rate	20%	(13,139)	13,140
Withdrawal rate	20%	(12,717)	13,588

The above sensitivity analysis is based on a change in one assumption keeping all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the provision for employees' end of service benefits as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

16. SHARE CAPITAL

As at 31 December 2023 and 2024, the authorized, issued and fully paid-up share capital of the Company was SR 1,200 million divided into 120 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 divided into 120 million shares through transfer of SR 169.70 million and SR 30.30 million from retained earnings and statutory reserve respectively.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

17. STATUTORY RESERVE

In compliance with the Regulations for Companies in Saudi Arabia, the Company was required to set aside a statutory reserve, after absorption of accumulated losses, if any, by the appropriation of at least 10% of the annual net income until such reserve equals 30% of the Company's share capital. This reserve was not available for distribution. The revised regulation of Company law has removed Statutory Reserve requirement, however, it is at the discretion (as an option) of the Company through its By-laws to set aside reserve for specific purpose. Accordingly, the Company has updated its By-laws during the prior year.

18. GENERAL RESERVE

In compliance with the revised By-laws of the Company, a general reserve of 10% of the net income shall be set aside, while the use and allocation of that reserve shall be determined by the Ordinary General Assembly upon the proposal of the Board of Directors. During the year, the Company has transferred SR 13.11 million (2023: SR 8.82 million) to the General reserve.

19. DIVIDEND

The Board of Directors in their meeting held on 18 December 2024, declared dividend of SR 0.50 per share (2023: Nil). Subsequent to year-end, the dividend has been paid on 13 January 2025 based on the shareholders' record as of 31 December 2024 eligible for dividend.

20. COMMISSION EXPENSE

	For the year ended 31 December	
	2024	2023
Commission expense on Islamic bank financing	**41,002**	45,691
Bank charges	**5,238**	4,629
	46,240	50,320

21. SALARIES AND EMPLOYEES RELATED EXPENSES

	For the year ended 31 December	
	2024	2023
Salaries and related costs	**49,363**	48,334
Other employee related costs	**32,324**	29,789
Bonus	**2,286**	1,236
Directors and Board Committees' attendance fees	**7,211**	7,688
	91,184	87,047

22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2024	2023
Legal and professional charges	**7,846**	7,040
Insurance	**6,593**	7,618
IT support charges	**10,886**	15,682
Marketing and advertisements	**1,441**	1,252
Utilities, telephone and communication	**6,318**	5,229
Repairs, maintenance and office supplies	**5,130**	5,700
Rentals relating to short-term leases	**6,910**	6,194
Auditors' remuneration – *note 22.1*	**1,075**	980
Impairment charge on assets held for sale	**304**	264
Others	**6,648**	5,319
	53,151	55,278

22. GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED)

22.1 Auditor's remuneration

	For the year ended 31 December	
	2024	2023
Fee for:		
Statutory audit	**705**	625
Interim reviews	**195**	220
Other services	**175**	135
	1,075	980

23. EARNINGS PER SHARE

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

	As at 31 December	
	2024	2023
Net income for the year	**131,071**	88,214
Weighted average number of shares for basic and diluted EPS (in thousands)	**120,000**	120,000
Basic and diluted earnings per share (in SR)	**1.09**	0.74

24. RELATED PARTY TRANSACTIONS AND BALANCES

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

24.1 Related party transactions during the year were as follows**:**

Related party	**Nature of transactions**	**For the year ended 31 December**	
		2024	2023
Key management personnel (KMPs) – note 24.1.1	Compensation for the year (short-term)	**10,965**	10,227
Directors and Board committees' members	Remuneration of directors and Board committee's members	**7,211**	7,688
AlBayouk Chartered Accountants Office (24.1.2)	Zakat / VAT consultancy fees	**300**	313
Yaqeen Capital (note 24.1.3)	Commodities / securities dealings account	**400**	1,000
	Commodities Waqala transaction	**410**	79
	Rental charge	**-**	2,279
(Number of KMPs: 15 (2023: 14)	Employees' end of service benefits entitlement (post-employment benefit)	**577**	571

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

24.1.2 AlBayouk Chartered Accountants Office is under the ownership of a member of Board of Directors.

24.1.3 Yaqeen Capital is under the common control of the major shareholder, Falcom Holding Company, which is the ultimate controlling party. Yaqeen Capital acts as the agent of the Company for facilitating Tawarruq financing in relation to buying and selling of commodities. The Company has paid an advance to Yaqeen Capital for these transactions and the balance is receivable on demand.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

		As at 31 December	
		2024	2023
Related party	**Nature of outstanding balance**	**Amount receivable / (payable)**	
Yaqeen Capital (note 24.1.3)	Advance for commodity Tawarruq transactions – held on behalf of the Company	**36,425**	36,435
Directors and Board Committees members	Board remuneration payable	**(2,057)**	(1,880)
Key management personnel (note 24.1.1)	EOSB payable	**(3,036)**	(2,276)
Falcom Holding Company	Dividend payable	**28,803**	-
Board of Directors	Dividend payable	**37**	-

25. CONTINGENCIES AND COMMITMENTS

Contingencies
The Company has certain legal cases pending in courts against it. However, based on management's best estimate no significant contingencies exist as at 31 December 2024 (31 December 2023: nil).

Capital commitments
There are no significant capital commitments as at 31 December 2024 (31 December 2023: nil).

Short-term lease commitments
Commitments for short-term leases as at 31 December 2024 amounted to SR 3.26 million (31 December 2023: SR 3.27 million). The Company's short-term leases commitments relate to branch premises.

Credit cards and SME related commitments
Credit related commitments comprise irrevocable commitments to extend credit. Undrawn credit cards limit as at 31 December 2024 amounted to SR 9.78 million (31 December 2023: SR 5.91 million). SME related commitments as at 31 December 2024 amounted to SR 0.60 million (31 December 2023: SR 0.30 million). ECL held against undrawn commitment is approximately SR 0.40 million.

26. 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, 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 valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Valuation models

The Company measures fair values 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.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy of financial assets and liabilities

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 of Islamic financing receivables as at 31 December 2024 amounts to SR 1,929 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 to and from Level 2 and 3 during the current and prior year.

27. FINANCIAL RISK MANAGEMENT

The Company's Board of Directors has overall responsibility for the establishment and supervision of the Company's risk management framework. The Board of Directors has established a Risk Management Committee to oversee the development and maintenance of risk management processes, policies, strategies, risk methodologies and reporting them to the Board of Directors. The Risk Management Committee oversees the Company's risks and reports to the Board.

In addition, the Audit Committee of the Company also reviews the internal audit risk assessment, discusses the Company's policy with respect to risk assessment and risk management. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

i) Credit risk

Credit risk is the risk that one of the parties to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk arises principally from Islamic financing receivables.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) Credit risk (continued)

Islamic financing receivables ("IFRs") – also see note 3.13 (i) and note 7

IFRs are exposed to significant credit risk. The Company has established procedures to manage credit exposure including robust process regarding evaluation of credit worthiness which includes obtaining formal credit approvals, assigning risk-based credit limits, and obtaining collateral such as personal guarantees from consumer segment and tangible collateral from most SME & HNWI customers of at least 150% of the financing amount.

The assessment of credit worthiness includes the following key parameters:

- Credit scoring assessment as per the Company policy.
- Repayment capacity by analysing cash flows, bank statements, financial statement, income level and maximum financing burden of the customer.
- Repayment history with other financial institutions sourced from SIMAH.
- Collateral evaluation for secured financing

Majority of the Company's customers are Government sector employees. To manage this concentration risk, customers are requested to provide standing instructions to credit Nayifat account by monthly installments due. In addition, the customers also provide direct debit mandate as a stand-by repayment mode. The Company generally receives repayments through SADAD and bank transfers. The Company has an approved collection policy and procedure manual establishing a collection strategy to follow up with delinquent customers. In order to monitor exposure to credit risk, on a monthly basis, reports are produced by the Management Information System (MIS) department and are reviewed by Board Credit Committee on a quarterly basis. These reports show the collection and delinquency status of the customers.

The Company has strengthened its legal department to be actively involved in the collection process of delinquent customers. The Company regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

The assessment of credit risk of IFRs also requires further estimations of credit risk using ECL which is derived by PD, LGD and EAD.

Generating the term structure of PD

PD for personal financing is calculated using an 'observed default rate' method which is based on the actual default history of the portfolio. To generate the term structure, obligors are classified into performing and non-performing categories over a time period which is based on days past due. An obligor is considered as non-performing (Stage 3) whose last instalment is past due by more than 90 days. The average ratio of the non-performing customers to performing customers for each segment based on income of the obligor provide the observed default rate for that segment. This is then converted to a forward-looking estimate by incorporating probability-weighted current forecasts of selected macroeconomic variables.

For credit cards, due to unavailability of extensive historical data, personal financing loss rates have been used as a proxy value. Similarly, due to unavailability of extensive historical data for SMEs and HNWIs, a proxy PD using industry classification of the customer is derived from latest Moody's publication.

Significant increase in credit risk (SICR)

In determining whether credit risk has increased significantly since initial recognition, the Company assesses past-due information.

Accordingly, based on instalment collection history, the management believes that a significant increase in credit risk arises only when the instalment is past due by more than 30 days. The management engages the recovery team for the purposes of collection of outstanding balance as the receivable is delinquent.

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

Stage 1: When IFRs are first recognized, the Company recognizes an allowance based on 12-month ECLs. Stage 1 IFRs also include facilities where the credit risk has improved, and the IFR has been reclassified from Stage 2.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) *Credit risk* (continued)

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

Stage 3: IFRs considered credit-impaired. The Company records an allowance for the lifetime ECL.

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 allowance. The Company considers a variety of external actual and forecast information and 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 additional economic scenarios and considering the relative probabilities of each outcome. The base case represents the most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has used GDP growth rate and inflation rate as their key macroeconomic factors giving equal weightages to each. These macro-economic factors have been updated based on the latest available information from the IMF.

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

The Company has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

Economic indicators	Weightage	Forecast calendar years used in 2024 ECL model (in percentage)		
		2025	**2026**	**2027**
GDP growth rate	50%	6.0	4.0	3.5
Inflation rate	50%	2	2	2

The table below shows the change in economic indicators to the ECL computed under three different scenarios used by the Company.

Scenarios	Weightage	2024	2023
Base case	**40%**	**134,203**	122,890
Upside	**30%**	**127,891**	114,257
Downside	**30%**	**143,345**	134,830

The average credit losses of IFRs with more than 50,000 customers with shared risk characteristics is a reasonable estimate of the probability weighted amount. Further, the Company has also considered different scenarios with the different weightage and concluded that the current level of provision is sufficient to cover the related credit risk in accordance with the requirements of IFRS 9.

Enhancements to ECL model
During the prior year, the management has enhanced its model and determined the PD using 'Observed Default Rate' ('ODR') method which calculates distinct PDs for each segment by averaging number of defaulted customers at each successive monthly cohort till the reporting date. The default tracking for each monthly cohort is carried out during the next 12 months. These PDs are converted into forward looking PDs by considering probability weighted scenarios of selected MEVs stated above.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) *Credit risk* (continued)

Measurement of ECL
The Company measures an ECL at an account level taking into account the PD, LGD, EAD and discount rate. PD estimates are estimated at a certain date, based on the term structures as stated above. LGD estimates for personal financing portfolio are derived from historical data of subsequent recoveries from defaulted facilities for each segment based on income of the obligors.

Due to lack of data for defaulted accounts and their subsequent recoveries for credit cards and unsecured portion of SME receivables, a proxy LGD rate for unsecured exposures is used. For SME customers, the portion of the IFRs secured against eligible collateral, a floor LG is considered after applying a haircut.

EAD represents the expected exposure in the event of a default. The Company derives EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD for personal financing and SME financing is its gross carrying amount while for credit cards, in addition to its gross carrying amount, a proxy rate for credit conversion factor is used. For discounting the Company has used each contract's effective commission rate.

Sensitivity of ECL allowance:
Changes in macro-economic factors, such that there is 10% increase in GDP with corresponding 10% decrease in inflation rates will result in SR 2.80 million decrease in ECL provision as at 31 December 2024. Likewise, changes in macro-economic factors, such that there is 10% decrease in GDP with corresponding 10% increase in inflation rates will result in SR 1.80 million increase in ECL provision as at 31 December 2024.

The increase or decrease of 10% change in loss rates (PDs and LGDs) assuming macro-economic factor remains the same will result SR 13 million increase or SR 12 million decrease in the ECL provision.

The Company's management believes that adequate provision has been made, where required to address the credit risk. Moreover, the Company in the ordinary course of providing finance receivables obtain additional personal guarantees for security to mitigate credit risk associated with IFR. For additional credit quality disclosure relating to IFR, please refer note 7 to these financial statements. The credit quality of IFRs is further detailed below:

Tawarruq –Personal financing

31 December 2024	**Gross exposure**	**ECL allowance**	**Net exposure**
0 to 30 days	**1,015,710**	**(8,441)**	**1,007,269**
30 to 90 days	**236,740**	**(14,353)**	**222,387**
90 to 180 days	**69,152**	**(23,137)**	**46,015**
180 to 270 days	**33,361**	**(11,162)**	**22,199**
270 to 360 days	**30,130**	**(10,081)**	**20,049**
360 to 450 days	**31,748**	**(10,622)**	**21,126**
450 to 540 days	**30,417**	**(10,177)**	**20,240**
540 to 630 days	**35,559**	**(11,898)**	**23,661**
630 days & above	**58,396**	**(16,766)**	**41,630**
Total	**1,541,213**	**(116,637)**	**1,424,576**

31 December 2023	Gross exposure	ECL allowance	Net exposure
0 to 30 days	984,399	(11,759)	972,640
30 to 90 days	253,747	(24,319)	229,428
90 to 180 days	71,747	(22,875)	48,872
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	33,094	(4,963)	28,131
Total	1,500,598	(113,941)	1,386,657

(All amounts in thousands of Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) Credit risk (continued)

Tawarruq –SME

31 December 2024	**Gross exposure**	**ECL allowance**	**Net exposure**
0 to 30 days	**146,302**	**(689)**	**145,613**
30 to 90 days	**159,408**	**(447)**	**158,961**
90 to 180 days	**26,691**	**(588)**	**26,103**
180 to 270 days	**4,957**	**(441)**	**4,516**
270 to 360 days	**880**	**(59)**	**821**
360 to 450 days	**20,205**	**(1,052)**	**19,153**
450 to 540 days	**-**	**-**	**-**
540 to 630 days	**554**	**(28)**	**526**
630 days & above	**72,670**	**(12,519)**	**60,151**
Total	**431,667**	**(15,823)**	**415,844**

Tawarruq –SME

31 December 2023	Gross exposure	ECL allowance	Net exposure
0 to 30 days	332,299	(158)	332,141
30 to 90 days	33,745	(61)	33,684
90 to 180 days	12,737	(215)	12,522
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	(3,010)	44,072
540 to 630 days	627	(31)	596
630 days & above	15,683	(1,567)	14,116
Total	458,793	(5,908)	452,885

Islamic credit cards

31 December 2024	**Gross exposure**	**ECL allowance**	**Net exposure**
0 to 30 days	**22,030**	**(282)**	**21,748**
30 to 90 days	**2,378**	**(231)**	**2,147**
90 to 180 days	**1,095**	**(803)**	**292**
180 to 270 days	**616**	**(451)**	**165**
270 to 360 days	**1,107**	**(825)**	**282**
Total	**27,226**	**(2,592)**	**24,634**

31 December 2023	Gross exposure	ECL allowance	Net exposure
0 to 30 days	25,664	(224)	25,440
30 to 90 days	2,738	(296)	2,442
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
Total	35,402	(2,433)	32,969

Other financial assets subject to ECL allowance

The Company believes that it has a low credit risk on other financial assets and the loss allowance is not assessed as material for the Company. A significant portion of cash at banks and other balances with banks are held with banks which have been assigned globally understood investment grade rating. Hence, currently the Company is not exposed to any significant credit risk. Other receivables are not significant and not exposed to significant credit risk.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) *Credit risk* (continued)

The below balances with banks are neither past due nor impaired and are classified in stage 1. There were no movements in staging during year. The following table sets out information about the credit quality of balances with banks as of 31 December:

Credit quality	Carrying amount as at 31 December	
	2024	2023
Investment grade (A+)	**4,512**	1,815
Investment grade (A-)	**96,668**	62,002
Non-investment grade (B+)	**141**	494
Total	**101,321**	64,311

ii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining healthy balance of cash and cash equivalents and monitors future cash flows and liquidity on a daily basis. The Company also has revolving credit facilities from commercial banks that it can access to meet future liquidity needs.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Asset Liability Committee (ALCO). A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

a) Analysis of discounted assets and liabilities by expected maturity

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

2024	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and cash equivalents	**86,476**	-	-	-	-	**86,476**
Other balances with banks	**397**	**1,113**	**3,672**	-	**751**	**5,933**
Islamic financing receivables – net						
Personal	**193,840**	**259,573**	**966,584**	**4,579**	-	**1,424,576**
SME	**96,977**	**92,786**	**226,081**	-	-	**415,844**
Islamic credit cards	**24,634**	-	-	-	-	**24,634**
Other assets, net	**45,415**	-	-	-	**61,880**	**107,295**
Total assets	**447,739**	**353,472**	**1,196,337**	**4,579**	**62,631**	**2,064,758**
Liabilities						
Islamic bank financing	**52,854**	**151,312**	**271,538**	-	-	**475,704**
Lease liabilities	-	**195**	-	-	-	**195**
Provision for Zakat	-	**18,490**	-	-	-	**18,490**
Other liabilities, net	**100,061**	**8,289**	**14,034**	-	-	**122,384**
Total liabilities	**151,915**	**178,286**	**285,572**	-	-	**616,773**
Liquidity surplus arising from financial instruments	**294,824**	**175,186**	**910,765**	**4,579**	**62,631**	**1,447,985**

(All amounts in thousands of Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

2023	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and cash equivalents	61,295	-	-	-	-	61,295
Other balances with banks	376	1,009	880	-	751	3,016
Islamic financing receivables – net						-
Personal	165,973	259,715	959,378	1,591	-	1,386,657
SME	109,186	72,737	267,915	3,047	-	452,885
Islamic credit cards	32,969	-	-	-		32,969
Other assets, net	66,443	-	-	-	73,307	139,750
Total assets	436,242	333,461	1,228,173	4,638	74,058	2,076,572
Liabilities						
Islamic bank financing	20,699	222,676	381,297	-	-	624,672
Lease liabilities	-	144	-	-	-	144
Provision for Zakat	-	18,021	-	-	-	18,021
Other liabilities, net	36,813	6,364	13,644	-	-	56,821
Total liabilities	57,512	247,205	394,941	-	-	699,658
Liquidity surplus arising from financial instruments	378,730	86,256	833,232	4,638	74,058	1,376,914

Assets available to meet all of the liabilities include cash, items in the course of collection; and IFRs to customers. In addition, the Company has un-utilized limits from various banks amounting to SR 1.37 billion as at 31 December 2024 (31 December 2023: SR 1.36 billion).

b) Analysis of financial liabilities by remaining undiscounted contractual maturities

The amounts disclosed in the table are the contractual undiscounted cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring financial position liquidity ratios against internal and external regulatory requirements and maintaining financing plans.

31 December 2024	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Financial liabilities - commission bearing				
Islamic bank financing	**61,302**	**166,976**	**288,059**	**516,337**
Lease liabilities	**-**	**195**	**-**	**195**
Commitments (*refer to note 25*)	**13,641**	**-**	**-**	**13,641**
	74,943	**167,171**	**288,059**	**530,173**
Financial liabilities – non-commission bearing				
Accruals and other liabilities	**100,061**	**26,779**	**14,034**	**140,871**

31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Total
Financial liabilities - commission bearing				
Islamic bank financing	74,451	204,701	411,752	690,904
Lease liabilities	-	144	-	144
Commitments (*refer to note 25*)	9,481	-	-	9,481
	83,932	204,845	411,752	700,529
Financial liabilities – non-commission bearing				
Accruals and other liabilities	44,547	24,384	5,911	74,842

(All amounts in thousands of Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities Islamic bank financing	**SAMA deposits**	**Lease liabilities**	**Total**
Changes from financing cash flows				
Balance as at 1 January 2023	553,319	11,840	588	565,747
Proceeds from Islamic bank financing	345,000	-	-	345,000
Repayment of Islamic bank financing	(274,843)	-	-	(274,843)
Repayment from SAMA deposits	-	(11,840)	-	(11,840)
Others				
Commission expense accrual	50,320	-	-	50,320
Commission expense paid	(49,124)	-	-	(49,125)
Net change in lease liabilities	-	-	(444)	(444)
Balance as at 31 December 2023	624,672	-	144	624,816
Changes from financing cash flows				
Proceeds from Islamic bank financing	**170,000**	**-**	**-**	**170,000**
Repayment of Islamic bank financing	**(318,288)**	**-**	**-**	**(318,288)**
Others				
Commission expense accrual	**46,240**			**46,240**
Commission expense paid	**(46,920)**			**(46,920)**
Net change in lease liabilities	**-**	**-**	**51**	**51**
Balance as at 31 December 2024	**475,704**	**-**	**195**	**475,899**

iii. *Market risk*

a) Commission rate risk

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of the financial instruments. The risk arises when there is a mismatch in the assets and liabilities, which are subject to commission rate adjustment within a specified year. The Company's exposure to such risk arises mainly from Islamic bank financing as a significant portion of commission earning financial assets are at fixed rates and are carried in the financial statements at amortized cost.

Islamic bank financing of SR 484.61 million as at 31 December 2024 (2023: SR 624.67 million) is based on floating rates and not subject to commission rate swap and thus, a 100 basis points change in commission rates could have approximately a SR 4.84 million (2023: SR 6.24 million) annual effect on the Company's profitability.

The Company's Risk Management Committee monitors the fluctuations in commission rates on regular basis and take appropriate measures to minimize the commission rate risk by adjusting lending rate for future contracts.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii. Market risk (continued)

b) Commission rate risk (continued)

2024	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non-profit bearing**	**Total**
Assets						
Cash and cash equivalents	**-**	**-**	**-**	**-**	**86,476**	**86,476**
Other balances with banks	**-**	**-**	**-**	**-**	**5,933**	**5,933**
Islamic financing receivables – net	**315,451**	**352,359**	**1,192,665**	**4,579**	**-**	**1,865,054**
Total assets	**315,451**	**352,359**	**1,192,665**	**4,579**	**92,409**	**1,957,463**
Liabilities						
Islamic bank financing	**475,704**	**-**	**-**	**-**	**-**	**475,704**
Lease liabilities	**-**	**-**	**-**	**-**	**195**	**195**
Total liabilities	**475,704**	**-**	**-**	**-**	**195**	**475,899**
Total commission rate sensitivity gap	**(160,253)**	**352,359**	**1,192,665**	**4,579**	**92,214**	**1,481,564**
Cumulative commission rate sensitivity gap	**(160,253)**	**192,106**	**1,384,771**	**1,389,350**	**1,481,564**	

2023	Within 3 months	3-12 months	1-5 years	Over 5 years	Non-profit bearing	Total
Assets						
Cash and cash equivalents	-	-	-	-	61,295	61,295
Other balances with banks	-	-	-	-	3,016	3,016
Islamic financing receivables- net	308,128	332,452	1,227,293	4,638	-	1,872,511
Total assets	308,128	332,452	1,227,293	4,638	64,311	1,936,822
Liabilities						
Islamic bank financing	624,672	-	-	-	-	624,672
Lease liabilities	-	-	-	-	144	144
Total liabilities	624,672	-	-	-	144	624,816
Total commission rate sensitivity gap	(316,544)	332,452	1,227,293	4,638	64,167	1,312,006
Cumulative commission rate sensitivity gap	(316,544)	15,908	1,243,201	1,247,839	1,312,006	

c) Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Company has no exposure to foreign currency risk as it mainly deals in Saudi Arabian Riyals which is also the functional currency of the Company.

d) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to significant price risk as it does not have any material financial instruments whose prices are fluctuated based on internal or external factors as mentioned above.

(All amounts in thousands of Saudi Riyals unless otherwise stated)

28. 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 to assess their performance. Performance of each segment is measured based on the related activities of each segment where the return from respective portfolio is the basis for performance measurement 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 HNWIs.
3) **Islamic credit cards:** These relate to Islamic credit cards provided to retail customers.

The segment wise breakup of assets and liabilities is as follows:

As at 31 December 2024

	Personal	**SME**	**Islamic credit cards**	**Total**
Total assets	**1,424,576**	**415,844**	**24,634**	**1,865,054**
Total liabilities	**396,623**	**114,768**	**14,423**	**525,814**

As at 31 December 2023

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

28.1 Reconciliation of reportable segments' assets and liabilities to statement of financial position as at 31 December:

	2024	2023
Total assets for reportable segments	**1,865,054**	1,872,511
Unallocated other assets	**199,704**	204,061
Total assets as per statement of financial position	**2,064,758**	2,076,572

	2024	2023
Total liabilities for reportable segment	**525,814**	673,523
Unallocated other liabilities	**90,959**	26,135
Total liabilities as per statement of financial position	**616,773**	699,658

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

For the year ended 31 December 2024

	Personal	**SME**	**Islamic credit cards**	**Total**
Commission income	**303,676**	**57,341**	**1,542**	**362,559**
Commission expense	**(35,319)**	**(10,310)**	**(611)**	**(46,240)**
Direct operating expense	**(31,474)**	**(5,155)**	**(2,893)**	**(39,522)**
Impairment charge	**(4,463)**	**(9,915)**	**(1,189)**	**(15,567)**
Unallocated income	**-**	**-**	**-**	**2,921**
Unallocated expenses	**-**	**-**	**-**	**(115,165)**
Net income / (loss) before Zakat	**232,420**	**31,961**	**(3,151)**	**148,986**

(All amounts in thousands of Saudi Riyals unless otherwise stated)

28. OPERATING SEGMENTS (CONTINUED)

For the year ended 31 December 2023

	Personal	SME	Islamic credit cards	Total
Commission income	321,570	60,640	13,046	395,256
Commission expense	(37,264)	(12,170)	(886)	(50,320)
Direct operating expense	(34,074)	(2,730)	(3,050)	(39,854)
Impairment (charge) / reversals	(76,046)	567	(11,082)	(86,561)
Unallocated income	-	-	-	1,704
Unallocated expenses	-	-	-	(113,611)
Net income / (loss) before Zakat	174,186	46,307	(1,972)	106,614

28.2 Reconciliation of reportable segments' income and expenses to statement of comprehensive income for the year ended 31 December:

	2024	2023
Total income for reportable segments	**362,559**	395,256
Unallocated income	**2,921**	1,704
Total income as per statement of comprehensive income	**365,480**	396,960

	2024	2023
Total expenses for reportable segments	**101,329**	176,735
Unallocated expenses	**115,165**	113,611
Total expense as per statement of comprehensive income	**216,494**	290,346

29. CAPITAL MANAGEMENT

The Company's objectives 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 seek 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 up to three times.

	As at 31 December	
	2024	2023
Aggregate financing to equity ratio (Islamic financing receivables divided by total equity)	**1.29 times**	1.36 times

30. SUBSEQUENT EVENTS

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

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved and authorised for issue by the Board of Directors of the Company on 18 February 2025.