

**AL YUSR LEASING AND FINANCING COMPANY**  
*(A Saudi Closed Joint Stock Company)*

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH  
31, 2022 (UNAUDITED) AND INDEPENDENT  
AUDITOR'S REVIEW REPORT**

**AL YUSR LEASING AND FINANCING COMPANY**  
(A Saudi Closed Joint Stock Company)  
**Condensed Interim Financial Statements (Unaudited)**  
**For the three-month period ended March 31, 2022**

	<b>Page</b>
Independent auditor's review report on the condensed interim financial statements	1
Condensed interim statement of financial position	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of changes in shareholders' equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial statements	6-38



## *Independent auditor's review report on the condensed interim financial statements (Unaudited)*

To the Shareholders of Al Yusr Leasing and Financing Company  
(A Saudi Closed Joint Stock Company)

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Al Yusr Leasing and Financing Company (A Saudi Closed Joint Stock Company) (the "Company") as of March 31, 2022 and the related condensed interim statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and other explanatory notes (the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Emphasis of matter – restatement of comparative figures**

We draw attention to Note 16 to the condensed interim financial statements which sets out the details of the restatement of comparative figures following a re-evaluation of the accounting treatment of certain transactions and balances recorded in the condensed interim financial statements in the prior period. The impact of the misstatements for the three-month period ended March 31, 2021 comparative numbers have been reflected in these condensed interim financial statements.

Our conclusion is not modified in respect of this matter.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### **Other matter**

The condensed interim financial statements of the Company for the period ended March 31, 2021 were reviewed by another firm of auditors whose report, dated April 27, 2021, expressed an unmodified conclusion on those statements.

### **PricewaterhouseCoopers**

Ali H. Al Basri  
License Number 409

June 22, 2022



PricewaterhouseCoopers, License No. 25,  
Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia  
T: +966 (11) 211-0400, F: +966 (11) 211-0401, [www.pwc.com/middle-east](http://www.pwc.com/middle-east)

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at March 31, 2022 Unaudited	As at December 31, 2021 Audited
<b>ASSETS</b>			
Cash and cash equivalents	5	7,544,477	14,846,580
Prepayments, advances, and other receivables		63,552,146	62,807,152
Repossessed assets held for sale		1,887,200	30,098,836
Due from related parties	7	558,637,767	556,138,324
Margin deposits – restricted	6	64,370,979	92,893,882
Investment in Islamic financings, net	8	1,659,220,562	1,710,571,093
Investment in equity instruments carried at fair value through other comprehensive income (“FVOCI”)		892,875	892,875
Intangible assets		8,648,509	9,239,339
Right-of-use assets		24,033,301	25,086,813
Investment properties		8,851,500	8,851,500
Property and equipment		6,332,859	6,996,639
<b>Total assets</b>		<b>2,403,972,175</b>	<b>2,518,423,033</b>
<b>LIABILITIES AND SHAREHOLDERS’ EQUITY</b>			
<b>Liabilities</b>			
Borrowings payable on demand	10	557,889,548	647,903,436
Trade payables		42,121,570	36,421,191
Accruals, provisions, and other liabilities		77,166,898	80,360,368
Due to related parties	7	35,812,516	21,966,162
Zakat payable	9	46,535,297	44,872,051
Lease liabilities		25,794,590	26,101,890
Employees' post-employment benefits		15,585,907	16,489,000
Borrowings	10	791,336,431	838,980,883
<b>Total liabilities</b>		<b>1,592,242,757</b>	<b>1,713,094,981</b>
<b>Shareholders’ equity</b>			
Share capital		500,000,000	500,000,000
Statutory reserve		121,363,922	121,363,922
Retained earnings		187,192,423	180,791,057
End of service benefits reserve		3,173,073	3,173,073
<b>Total shareholders’ equity</b>		<b>811,729,418</b>	<b>805,328,052</b>
<b>Total liabilities and shareholders’ equity</b>		<b>2,403,972,175</b>	<b>2,518,423,033</b>

Eng. Abdulmohsen Abdullatif Alisa  
Chairman

Dr. Mazen Hassounah  
Managing Director

Mr. Ahmed Darwish  
Chief Financial Officer

The accompanying notes from 1 to 16 are an integral part of these condensed interim financial statements.

**AL-YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended March 31,	
		2022	2021 Restated*
<b>Revenue</b>			
Income from investment in Islamic financing, net	11	59,025,908	65,415,505
Other income, net	12	6,189,412	2,657,130
<b>Total revenue</b>		<b>65,215,320</b>	<b>68,072,635</b>
<b>Operating expenses</b>			
Salaries, wages, and other employee related costs		(24,656,166)	(27,753,364)
Depreciation and amortisation		(2,386,864)	(2,364,521)
Other operating expenses	13	(21,943,725)	(26,554,254)
Reversal of impairment on financial assets, net	8.6	12,395,333	19,691,635
<b>Total operating expenses</b>		<b>(36,591,422)</b>	<b>(36,980,504)</b>
<b>Operating profit</b>		<b>28,623,898</b>	<b>31,092,131</b>
Finance costs		(20,559,286)	(20,864,145)
<b>Profit before zakat</b>		<b>8,064,612</b>	<b>10,227,986</b>
Zakat expense	9	(1,663,246)	(1,717,785)
<b>Net profit for the period</b>		<b>6,401,366</b>	<b>8,510,201</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>6,401,366</b>	<b>8,510,201</b>

\*See note 16 for details regarding the restatement as a result of correction of errors.

Eng. Abdulmohsen Abdullatif Alisa  
Chairman

Dr. Mazen Hassounah  
Managing Director

Mr. Ahmed Darwish  
Chief Financial Officer

The accompanying notes from 1 to 16 are an integral part of these condensed interim financial statements.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Share capital	Statutory reserve	Retained earnings	End of service benefits reserve	Total shareholders' equity
<b>Balance as at December 31, 2020 (Audited before restatement)</b>		500,000,000	98,512,706	462,347,806	5,282,378	1,066,142,890
Correction of errors (net of zakat)			<u>15,819,044</u>	<u>(344,926,155)</u>		<u>(329,107,111)</u>
<b>Balance as at January 1, 2021 (Audited and restated)</b>		<u>500,000,000</u>	<u>114,331,750</u>	<u>117,421,651</u>	<u>5,282,378</u>	<u>737,035,779</u>
Total comprehensive income for the period (Unaudited and restated)				<u>8,510,201</u>		<u>8,510,201</u>
<b>Balance as at March 31, 2021 (Unaudited and restated)</b>		<u>500,000,000</u>	<u>114,331,750</u>	<u>125,931,852</u>	<u>5,282,378</u>	<u>745,545,980</u>
<b>Balance as at December 31, 2021 (Audited)</b>		<u>500,000,000</u>	<u>121,363,922</u>	<u>180,791,057</u>	<u>3,173,073</u>	<u>805,328,052</u>
Total comprehensive income for the period				<u>6,401,366</u>		<u>6,401,366</u>
<b>Balance as at March 31, 2022 (Unaudited)</b>		<u>500,000,000</u>	<u>121,363,922</u>	<u>187,192,423</u>	<u>3,173,073</u>	<u>811,729,418</u>

Eng. Abdulmohsen Abdullatif Alisa  
Chairman



Dr. Mazen Hassounah  
Managing Director



Mr. Ahmed Darwish  
Chief Financial Officer

The accompanying notes from 1 to 16 are an integral part of these condensed interim financial statements.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended March 31,	
		2022	2021 Restated*
<b>Cash flows from operating activities</b>			
Profit before zakat		8,064,612	10,227,986
Adjustments to reconcile profit before zakat to net cash flows generated from operating activities:			
Depreciation and amortisation		2,386,864	2,364,521
Reversal of impairment on financial assets, net	8.6	(12,395,333)	(16,245,806)
Finance income against fair value of margin deposits	12	(197,949)	(198,740)
Finance costs		20,559,286	20,864,145
Modification gain on receivable against portfolio sold to the Parent Company	11	(2,499,481)	(4,136,345)
Provision for employees' post-employment benefits		761,903	759,500
Changes in working capital:		16,679,902	13,635,261
<i>Change in operating assets and liabilities</i>			
Prepayments, advances, and other receivables		(744,994)	(8,973,426)
Reposessed assets held for sale		28,211,636	10,449,240
Due from related parties		(2,499,480)	25,863,655
Margin deposit – restricted		28,720,852	32,151,528
Investment in Islamic financing, net		66,245,344	124,519,074
Trade payables		5,700,415	276,735
Accruals, provisions, and other liabilities		(3,193,470)	3,080,228
Due to related parties		13,846,354	(20,052,059)
Employees' post-employment benefits paid		(1,664,995)	(812,632)
<b>Cash generated from operating activities</b>		<b>151,301,564</b>	<b>180,137,604</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(78,742)	(164,847)
Addition to intangible assets		-	(107,306)
<b>Net cash used in investing activities</b>		<b>(78,742)</b>	<b>(272,153)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		114,863,812	151,933,647
Repayment of borrowings		(293,603,938)	(403,809,964)
Repayment of lease liabilities		(307,300)	(296,945)
Finance cost paid		(14,161,042)	(20,864,145)
<b>Net cash used in financing activities</b>		<b>(193,208,468)</b>	<b>(273,037,407)</b>
<b>Net decrease in cash and cash equivalents</b>			
		(41,985,646)	(93,171,956)
Cash and cash equivalents at beginning of the period		(34,704,684)	121,006,026
<b>Cash and cash equivalents at end of the period</b>		<b>(76,690,330)</b>	<b>27,834,070</b>

\*See note 16 for details regarding the restatement as a result of correction of errors.

The accompanying notes from 1 to 16 are an integral part of these condensed interim financial statements.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**1 Legal status and operations**

Al-Yusr Leasing and Financing Company (the “Company”) is a Saudi Closed Joint Stock Company registered in Riyadh in the Kingdom of Saudi Arabia under commercial registration (“CR”) number. 1010192058 issued on 20 Shawal 1424H corresponding to 14 December 2003G.

The main activities of the Company are to engage in Islamic finance lease, financing of small and medium-sized enterprises, financing of productive assets and consumer finance under the Saudi Central Bank (“SAMA”) license No. (10/AO/201403) issued on 27 Rabi' al-Thani 1435H corresponding to 28 February 2014G.

The Company’s Head Office is located at the following address;

Al-Yusr Leasing and Financing Company  
Salah Uddin Ayubi Street, Al Malaz  
P.O. Box 25773  
Riyadh 11476  
Kingdom of Saudi Arabia

These condensed interim financial statements were authorized for issue by the Company’s Board of Directors on June 22, 2022.

The Company has the following active branches and the results thereof are included in these condensed interim financial statements:

Branch name	CR. No.	Date of issuance or cancellation of CR	Status of Branch as at,	
			March 31, 2022	December 31, 2021
Riyadh-Damman Road	1010404025	9 Rabi’ al-Thani 1435H	Active	Active
Riyadh-Exit 5	1010404022	9 Rabi’ al-Thani 1435H	Active	Active
Riyadh-Exit 10	1010404068	9 Rabi’ al-Thani 1435H	Active	Active
Hafr Al Baten	2511020230	12 Thul-Qi’dah 1434H	Active	Active
Hail	3350037814	25 Safar 1434H	Active	Active
Sekaka	3400017706	13 Rabi’ al-Thani 1435H	Active	Active
Tabouk	3550033063	5 Rabi’ al-Thani 1435H	Active	Active
Dammam	2050098038	11 Rabi’ al-Thani 1435H	Active	Active
Al Ihsaa	2252034974	12 Jumada al-Ula 1428H	Active	Active
Jeddah – Rowdah	4030170831	22 Jumada al-Akhirah 1428H	Active	Active
Makkah	4031060371	01 Thul-Qi’dah 1431H	Active	Active
Madinah Monawarah-Aziziah	4650055494	02 Jumada al-Ula 1433H	Active	Active
Khamis Mshait	5855044025	24 Jumada al-Akhirah 1433H	Active	Active
Jazan	5900027559	17 Rabi’ al-Thani 1435H	Active	Active
Riyadh	1010442499	14 Jumada al-Ula 1437H	Active	Active
Madinah	1131051618	13 Rabi’ al-Thani 1435H	Active	Active

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**2 Basis of preparation**

**2.1 Statement of compliance**

These condensed interim financial statements of the Company as at and for the three-month period ended March 31, 2022 have been prepared in accordance with International Accounting Standard "Interim Financial Reporting" ("IAS-34") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IAS-34 as endorsed in KSA").

The condensed interim statement of financial position is stated in order of liquidity.

These condensed interim financial statements do not include all the notes, information and disclosures of the type normally required and included in the annual audited financial statements. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual audited financial statements for the year ended December 31, 2021 and any public announcements made by the Company during the interim reporting period.

The condensed interim financial statements have been reviewed, not audited.

**2.2 Basis of measurement**

These condensed interim financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities, investment properties and investment in equity instruments carried at fair value through other comprehensive income – measured at fair value or revalued amount
- Assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- End of service benefits - measured using projected unit credit method under IAS-19.

**2.3 Functional and presentation currency**

These condensed interim financial statements are presented in Saudi Riyals ("SR") which is the Company's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

**2.4 Going concern**

Due to restatements of prior year figures as mentioned in note 16 to these condensed interim financial statements, the Company has breached minimum net worth covenants with certain banks against financial facilities as at March 31, 2022 and as at December 31, 2021, as mentioned in note 10.4. This led to the reclassification of the non-current portion of these borrowings as well as other borrowings (due to cross default clauses) totaling SR 558 million at March 31, 2022 (December 31, 2021: SR 648 million) from non-current liabilities to borrowings on demand as per the requirements of IAS 1 Presentation of Financial Statements. The management of the Company is currently re-negotiating the covenants with some of the banks which is still in progress.

The management is of the view that in line with the continuous improvements in the financial results of the Company during the period ended March 31, 2022, it would be able to continue to improve the cash flows and financial performance of the Company, as it has signed new facility agreement and it has shown strong collection and recoveries from its existing portfolio. In addition, the Company is in an advanced discussion with a financial institution to obtain additional medium-term funding.

Based on the above analysis, the Company's management is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the condensed interim financial statements continue to be prepared on a going concern basis.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**3 Consistent application of accounting policies**

The accounting policies and methods used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended December 31, 2021 and corresponding interim reporting period except for the new accounting policies introduced as adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after January 1, 2022. The management has assessed that the below amendments have no significant impact on the Company's condensed interim financial statements.

**New standards, interpretations and amendments adopted by the Company**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

<b>Title</b>	<b>Key requirements</b>	<b>Effective date *</b>
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3.	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 01, 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020	The following improvements were finalised in May 2020: <ul style="list-style-type: none"> <li>• IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.</li> <li>• IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.</li> <li>• IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.</li> <li>• IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.</li> </ul>	January 01, 2022

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**3 Consistent application of accounting policies** *(continued)*

**New standards, interpretations and amendments adopted by the Company** *(continued)*

These amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

*\* Applicable to reporting periods commencing on or after the given date.*

**IBOR Transition (Interest Rate Benchmark Reforms):**

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") is engaged in a two-phase process of amending its guidance to assist in a smoother transition away from IBOR.

Phase (1) - The first phase of amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures focused on hedge accounting issues. The final amendments, issued in September 2019, amended specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by IBOR reform. The amendments are effective from January 1, 2020 and are mandatory for all hedge relationships directly affected by IBOR reform.

Phase (2) - The second phase relates to the replacement of benchmark rates with alternative risk-free rates. Currently, there is uncertainty as to the timing and the methods of transition for phase 2. As a result of these uncertainties, IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR.

The LIBOR administrator, Intercontinental Exchange (ICE) Benchmark Administration, is consulting on ceasing publication of all sterling LIBOR settings at the end of 2021, leaving just one year for firms to remove their remaining reliance on these benchmarks.

On 5 March 2021, the Financial Conduct Authority (FCA), the UK regulator, announced that all LIBOR settings for all currencies will either cease or no longer be representative immediately after the following dates:

- December 31, 2021, for Sterling, Euro, Swiss Franc and Japanese Yen LIBOR settings in all tenors, and US Dollar LIBOR 1-week and 2-month settings; and
- June 30, 2023, for US Dollar Overnight, 1-month, 3-month, 6-month and 12-month settings.

The Company does not carry any financial instruments using IBORs as a reference rates and do not expect any impact on the Company's condensed interim financial statements from the IBOR reforms.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**3 Consistent application of accounting policies (continued)**

**New standards, interpretations and amendments issued but not yet effective**

The following standards and interpretations had been issued but were not mandatory for annual reporting periods commencing on or after 1 January 2022.

<b>Title</b>	<b>Key requirements</b>	<b>Effective date *</b>
IFRS 17 Insurance Contracts	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> <li>• discounted probability-weighted cash flows</li> <li>• an explicit risk adjustment, and</li> <li>• a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul> <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p> <p>Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.</p>	January 1, 2023 (deferred from January 1, 2021) *

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**3 Consistent application of accounting policies** *(continued)*

**New standards, interpretations and amendments issued but not yet effective** *(continued)*

<b>Title</b>	<b>Key requirements</b>	<b>Effective date *</b>
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. ** Since issuing these amendments, the IASB issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.	January 1, 2023 (deferred from January 1, 2021) *
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**3 Consistent application of accounting policies** *(continued)*

**New standards, interpretations and amendments issued but not yet effective** *(continued)*

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	<p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> <li>• right-of-use assets and lease liabilities, and</li> <li>• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.</li> </ul> <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.</p>	January 1, 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 2	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.</p> <p>*** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	n/a *

\* Applicable to reporting periods commencing on or after the given date.

These amended standards became applicable from the reporting periods commencing on or after the January 01, 2023. The Company's management has not opted for earlier adoption of any of the above-mentioned standards, interpretations and amendments issued but not yet effective. Based on the management's best estimates and judgement, the Company did not foresee any significant changes in its accounting policies or significant retrospective adjustments as a result of adopting these amendments or new standards.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**4 Critical accounting judgments, estimates and assumptions**

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates. 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. The interim results may not represent a fully accurate indication of the annual results of operations. In preparing these condensed interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the statutory financial statements as at and for the year ended December 31, 2021.

However, management has proactively assessed the potential impact of the coronavirus (COVID-19) pandemic for any further regulatory and government restrictions which could impact the Company's business or that could cause negative impact on its financial performance. Management has concluded that the critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances and there are no changes to the significant judgements and estimates disclosed in the financial statements for the year ended December 31, 2021. The only significant area where management has assessed the significant impact of changes in the estimates, assumptions or exercised judgement is provision for financial assets.

**5 Cash and cash equivalents**

*Cash and cash equivalents - For the purpose of condensed interim statement of financial position:*

	<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>
	<b>Unaudited</b>	<b>Audited</b>
Cash at banks	<b>7,544,477</b>	14,846,580

The Company does not earn profits on current accounts with banks in accordance with Sharia rules and principles.

*Cash and cash equivalents - For the purpose of condensed interim statement of cash flows:*

	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Cash at banks	<b>7,544,477</b>	56,733,951
Less: bank overdrafts (note 10)	<b>(84,234,807)</b>	(28,899,881)
	<b>(76,690,330)</b>	27,834,070

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**6 Margin deposits – restricted**

	Notes	As at March 31, 2022	As at December 31, 2021
		Unaudited	Audited
Margin deposits with banks	6.1	<b>66,254,523</b>	94,975,375
Less: Effect of discounting	6.2	<b>(1,883,544)</b>	(2,081,493)
		<b>64,370,979</b>	92,893,882

6.1 This amount represents the margin deposits placed by the Company according to certain securitization and agency agreements entered into with banks as borrowings amounting SR 56,320,331 as at March 31, 2022 (2021: SR 84,843,234). These margin deposits also include cash margin amounted to SR 8,050,648 as at March 31, 2022 (2021: SR 8,050,648) with a bank against a letter of guarantee provided to Zakat, Tax and Customs Authority against a disputed VAT assessment related to prior periods.

6.2 The movement in the effect of discounting in respect of present value margin deposits is as follow:

	As at March 31, 2022	As at December 31, 2021
Opening balance	<b>2,081,493</b>	2,876,453
Income during the year (note 12)	<b>(197,949)</b>	(794,960)
	<b>1,883,544</b>	2,081,493

**AL-YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**7 Related parties balances and transactions**

**7.1 Related party balances**

In the ordinary course of the Company's activities, the Company enters into business transactions with related parties. The following balances are outstanding as at the respective periods ended March 31, 2022 and December 31, 2021 in relation to transactions with related parties:

		As at March 31, 2022	As at December 31, 2021
Nature of relationship		Unaudited	Audited
<b>7.1.1 Due from related parties</b>			
- Abdullatif Alissa Group Holding Company	Parent Company	<b>456,122,321</b>	453,619,998
- Abdullatif Alissa Automotive Company	Affiliate	<b>99,671,727</b>	99,671,727
- Best Trading Company	Affiliate	<b>629,747</b>	629,747
- National Automotive Trading Company	Affiliate	<b>264,651</b>	264,651
- Alissa Universal Motor Company	Affiliate	<b>181,198</b>	181,198
- General Automotive Company (GACO)	Affiliate	<b>1,768,123</b>	1,771,003
		<b>558,637,767</b>	556,138,324
<b>7.1.2 Due to related parties</b>			
- Abdullatif Alissa Group Holding Company	Parent Company	<b>35,491,851</b>	21,645,497
- Aqar and Memar Real Estate Company	Affiliate	<b>320,665</b>	320,665
		<b>35,812,516</b>	21,966,162
<b>7.1.3 Key management personnel (KMP)**</b>			
<i>(No. of KMP during the three-month period ended March 31, 2022: 12 December 31, 2021: 12)</i>			
Prepayments and other receivables	Advance to key management personnel	<b>55,000</b>	142,777
Accruals, provisions, and other liabilities	Accrued Directors' meeting attendance fee	<b>503,315</b>	1,107,641

**AL-YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**7 Related parties' balances and transactions** (continued)

**7.2 Related party transactions made during the period**

Name of related party	Nature of relationship	Nature of transaction	For the three-month period ended March 31,	
			2022	2021
Abdullatif Alissa Group Holding Company	Parent Company	Collections against the portfolio sold to the Parent Company	<b>11,344,031</b>	9,947,941
General Automotive Company	Affiliate	Payments received from the affiliate	<b>817,342</b>	-
		Sales of repossessed vehicles assets through the affiliate	<b>(814,462)</b>	-
Key management personnel*	-	Directors' meeting attendance fee	<b>548,317</b>	<b>11,423</b>

\* Key management personnel of the Company include all members of the board of directors, managing director and senior management. Short-term employee benefits of the Company's key management personnel include salaries, allowances, cash and non-cash benefits, bonuses, and contributions to General Organization for Social Insurance.

**AL-YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Investment in Islamic financings, net**

	<b>Note</b>	<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>
		<b>Unaudited</b>	<b>Audited</b>
Gross investment in Islamic financings		<b>2,521,778,104</b>	2,579,930,537
Unearned Islamic financing income		<b>(405,088,556)</b>	(404,971,974)
Unearned origination fee		<b>(2,566,326)</b>	(3,580,821)
	<b>8.1</b>	<b>2,114,123,222</b>	2,171,377,742
Less: Provision for ECL allowance		<b>(454,902,660)</b>	(460,806,649)
		<b>1,659,220,562</b>	1,710,571,093

**8.1 Product-wise classification of investment in Islamic financing**

	<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Financial asset carried at amortised cost</b>		
Murabaha	<b>667,603,814</b>	692,671,497
Tawarruq	<b>641,748,709</b>	576,190,308
Ijara	<b>804,770,699</b>	902,515,937
	<b>2,114,123,222</b>	2,171,377,742

**AL-YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Investment in Islamic financings, net** (continued)

**8.2 Details of net investment in Islamic financings:**

	Murabaha		Tawarruq		Ijara		Total	
	As at March 31, 2022	As at December 31, 2021	As at March 31, 2022	As at December 31, 2021	As at March 31, 2022	As at December 31, 2021	As at March 31, 2022	As at December 31, 2021
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
Gross investment in Islamic financing	732,920,531	779,284,007	893,140,672	791,235,895	895,716,901	1,009,410,635	2,521,778,104	2,579,930,537
Unearned Islamic financing income	(64,157,285)	(84,969,342)	(251,391,963)	(215,045,587)	(89,539,308)	(104,957,045)	(405,088,556)	(404,971,974)
	<b>668,763,246</b>	694,314,665	<b>641,748,709</b>	576,190,308	<b>806,177,593</b>	904,453,590	<b>2,116,689,548</b>	2,174,958,563
Unearned origination fees	(1,159,432)	(1,643,168)	-	-	(1,406,894)	(1,937,653)	(2,566,326)	(3,580,821)
Total	<b>667,603,814</b>	692,671,497	<b>641,748,709</b>	576,190,308	<b>804,770,699</b>	902,515,937	<b>2,114,123,222</b>	2,171,377,742
Provision for ECL							(454,902,660)	(460,806,649)
<b>Net investment in Islamic financing</b>							<b>1,659,220,562</b>	1,710,571,093
Current portion							943,198,924	1,002,870,067
Non-current portion							716,021,638	707,701,026
							<b>1,659,220,562</b>	1,710,571,093

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Investment in Islamic financings, net** (continued)

**8.3 Portfolio provision analysis for gross investment in Islamic financing:**

<b>March 31, 2022 – Unaudited</b>	<b>Gross investment in Islamic financing</b>	<b>Provision for impairment</b>	<b>Expected loss rates</b>
Not yet due	899,799,596	23,794,418	3%
1-90 days	750,404,427	70,605,542	9%
91-180 days	37,739,208	11,720,235	31%
181-365 days	115,508,362	60,894,235	53%
Above 365 days	718,326,511	287,888,230	40%
	<b>2,521,778,104</b>	<b>454,902,660</b>	<b>18%</b>

  

<b>December 31, 2021 – Audited</b>	<b>Gross investment in Islamic financing</b>	<b>Provision for impairment</b>	<b>Expected loss rates</b>
Not yet due	1,030,278,275	29,409,078	3%
1-90 days	663,479,815	105,896,100	16%
91-180 days	50,237,470	13,331,053	27%
181-365 days	96,655,529	39,054,231	40%
Above 365 days	739,279,448	273,116,187	37%
	<b>2,579,930,537</b>	<b>460,806,649</b>	<b>18%</b>

**8.4 Stage wise analysis of Islamic financing receivables for each product is as follows:**

**8.4.1 Murabaha:**

<b>March 31, 2022 - Unaudited</b>	<b>Performing (Stage 1)</b>	<b>Under-performing (Stage 2)</b>	<b>Non-performing (Stage 3)</b>	<b>Total</b>
Investment in Islamic financing receivables	134,625,188	103,263,943	429,714,683	667,603,814
Less: Provision for ECL allowance	18,325,987	28,532,286	189,348,583	236,206,856
Investment in Islamic financing receivables, net	<b>116,299,201</b>	<b>74,731,657</b>	<b>240,366,100</b>	<b>431,396,958</b>

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Investment in Islamic financings, net** (continued)

**8.4 Stage wise analysis of Islamic financing receivables for each product is as follows:**  
(continued)

**8.4.1 Murabaha** (continued)

<b>December 31, 2021 – Audited</b>	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
Investment in Islamic financing receivables	122,520,727	154,941,348	415,209,422	692,671,497
Less: Provision for ECL allowance	22,674,845	67,675,099	151,962,032	242,311,976
Investment in Islamic financing receivables, net	99,845,882	87,266,249	263,247,390	450,359,521

**8.4.2 Tawarruq:**

<b>March 31, 2022 – Unaudited</b>	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
Investment in Islamic financing receivables	550,507,396	60,775,894	30,465,419	641,748,709
Less: Provision for ECL allowance	15,287,741	17,082,218	13,696,772	46,066,731
Investment in Islamic financing receivables, net	535,219,655	43,693,676	16,768,647	595,681,978

<b>December 31, 2021 – Audited</b>	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
Investment in Islamic financing receivables	514,625,697	33,709,488	27,855,123	576,190,308
Less: Provision for ECL allowance	16,842,058	12,254,232	11,160,662	40,256,952
Investment in Islamic financing receivables, net	497,783,639	21,455,256	16,694,460	535,933,356

**8.4.3 Ijara finance lease:**

<b>March 31, 2022 – Unaudited</b>	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
Investment in Islamic financing receivables	352,099,336	77,409,523	375,261,840	804,770,699
Less: Provision for ECL allowance	8,289,675	6,882,051	157,457,347	172,629,074
Investment in Islamic financing receivables, net	343,809,661	70,527,471	217,804,493	632,141,626

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Investment in Islamic financings, net** (continued)

**8.4 Stage wise analysis of Islamic financing receivables for each product is as follows** (continued):

**8.4.3 Ijara finance lease** (continued):

<b>December 31, 2021 – Audited</b>	<b>Performing (Stage 1)</b>	<b>Under-performing (Stage 2)</b>	<b>Non-performing (Stage 3)</b>	<b>Total</b>
Investment in Islamic financing receivables	422,934,329	80,981,488	398,600,120	902,515,937
Less: Provision for ECL allowance	8,871,067	6,987,877	162,378,777	178,237,721
Investment in Islamic financing receivables	414,063,262	73,993,611	236,221,343	724,278,216

**8.5 The movement in allowance for ECL for Islamic financing receivables is as follows:**

	<b>Performing (Stage 1)</b>	<b>Under-performing (Stage 2)</b>	<b>Non-performing (Stage 3)</b>	<b>Total</b>
As at January 1, 2022	47,728,499	86,592,920	326,485,231	460,806,649
Transfer from performing	(8,939,425)	8,399,042	540,383	-
Transfer from under-performing	13,873,326	(47,536,177)	33,662,851	-
Transfer from non-performing	6,024,027	3,040,029	(9,064,056)	-
Financial assets - settled	(1,148,455)	(2,385,910)	(13,581,849)	(17,116,214)
Financial assets originated	5,566,231	2,856,536	6,043	8,428,810
Changes in PDs/LGDs/EADs	(21,860,272)	1,205,831	22,189,281	1,534,840
ECL overlays	-	-	503,061	503,061
ECL on income	-	-	745,514	745,514
	(6,484,568)	(34,420,649)	35,001,228	(5,903,989)
As at March 31, 2022 - Unaudited	41,243,931	52,172,271	361,486,459	454,902,660

	<b>Performing (Stage 1)</b>	<b>Under-performing (Stage 2)</b>	<b>Non-performing (Stage 3)</b>	<b>Total</b>
As at January 1, 2021	69,171,028	51,983,010	434,504,826	555,658,864
Transfer from performing	(7,277,592)	5,019,180	2,258,412	-
Transfer from under-performing	14,454,001	(19,291,243)	4,837,242	-
Transfer from non-performing	20,775,417	16,416,427	(37,191,844)	-
Financial assets - settled	(2,190,440)	(1,467,126)	(99,275,312)	(135,850,968)
Financial assets originated	26,889,052	49,839,996	7,499,413	84,228,461
Changes in PDs/LGDs/EADs	(54,378,967)	(2,703,234)	(4,472,021)	(61,554,222)
ECL Overlays (Note 9.7.2)	-	-	11,931,011	11,931,011
ECL on income	-	-	6,393,503	6,393,503
	(21,442,529)	34,609,910	(108,019,595)	(94,852,215)
As at December 31, 2021 - Audited	47,728,499	86,592,920	326,485,231	460,806,649

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Investment in Islamic financings, net** (continued)

**8.6 Reversal of ECL allowance on financial assets during the period, net**

		<b>For the three- month period ended March 31, 2022</b>	<b>For the three- month period ended March 31, 2021 (Restated*)</b>
	<b>Note</b>		
Reversal of ECL allowance - investment in Islamic financing	8.6.1	<b>7,916,749</b>	16,245,806
Recoveries after write-off	8.6.2	<b>4,478,584</b>	3,445,829
Net reversal		<b>12,395,333</b>	19,691,635

\*The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

8.6.1 This included provision on remaining exposure over and above the expected recovery through disposal of repossessed cars.

8.6.2 This includes recoveries from written-off balances in the previous years. The effect of 'recoveries after write-off', on calculating the LGD and consequently on the loss factor, has been considered consistently in the expected credit loss model.

**8.7 Assignment of Islamic financing receivables**

The Company assigned Islamic financing receivables amounting to SR 1,266 million as of March 31, 2022 (December 31, 2021: SR 1,863 million) to local commercial banks for obtaining Islamic bank financing. These Islamic financing receivables have not been derecognised from the statement of financial position as the Company retains substantially all the risks and rewards, primarily credit risk. The Company is liable to the repayments of its assigned receivables to local commercial banks in case of customers' default. The amount received on assignment of Islamic financing receivables has been recognised as Islamic bank financing in the statement of financial position.

Pursuant to the terms of the transfer agreement, the Company is not allowed to repledge those receivables, and the financial institution has recourse only to the receivables in the event the Company defaults its obligation. The carrying value of these receivables and its liabilities ("the related liabilities") approximate their fair value.

**8.8 Reconciliation of gross receivables:**

The movement in gross receivables for Islamic financing receivables is as follows:

	<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>
	<b>Unaudited</b>	<b>Audited</b>
Gross carrying amount as at beginning of the period	<b>2,579,930,537</b>	3,004,647,540
Financial assets originated during the year (all stage 1)	<b>183,240,457</b>	754,728,460
Financial assets collections (significantly pertaining to stage 1 customers)	<b>(241,392,890)</b>	(1,179,445,463)
Gross carrying amount as at end of the period	<b>2,521,778,104</b>	2,579,930,537

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Investment in Islamic financings, net** (continued)

**8.9 Changes in assumptions including 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. The Company has used GDP and Crude Oil growth rates as key macroeconomic factors giving a weight of 42% to GDP growth rate and 58% to Crude Oil growth rate factors. The macroeconomic factors have been updated based on the latest available information (as issued by IMF Oct'21 forecasts), where the average GDP and Crude Oil growth rates for the next three years are expected to be 0.86% and -0.87% respectively). The Company has incorporated the forecasts from IMF which are representatives of the current and projected macro-economic outlook.

Further, the Company has also considered different scenarios with the different weightage for macroeconomic scenarios as adopted by SAMA for IFRS9 ECL computation, where scenario weightages of 40% to Baseline scenario, 30% to upturn scenario, and 30% to downturn scenario were considered

Sensitivity analysis:

The increase or decrease of 10% change in macroeconomic factors will result in SR 6 million decrease or SR 17.6 million increase in the ECL provision.

The increase or decrease of 10% change in loss rates (PDs and LGDs) assuming macroeconomic factors remain the same will result in SR 40.03 million increase or SR 39.02 million decrease in the ECL provision.

**8.10 Collateral**

The Company, in the ordinary course of its business, holds collateral in respect of the Islamic financing (being the title of assets leased out) to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults. As at March 31, 2022, the Company held vehicles as collateral amounting to SR 756 million (December 31, 2021: SR 754 million).

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**9 Zakat payable**

Zakat is calculated at 2.5% on the higher of approximate zakat base or adjusted net income. Zakat is calculated based on the financial statements of the Company.

**9.1 Component of zakat base**

The components of the zakat base of the Company under zakat regulations are as follows:

	<b>For the three- month period ended March 31, 2022</b>	<b>For the three- month period ended March 31, 2021 (Restated*)</b>
<b><i>Additions- balance at beginning of the period:</i></b>		
Share capital	<b>500,000,000</b>	500,000,000
Equity and its equivalent and internal fund sources	<b>373,850,624</b>	302,647,188
Long-term loans and its equivalent	<b>278,138,819</b>	158,173,205
<b>Sources of funds</b>	<b>1,151,989,443</b>	960,820,393
<b><i>Deductions- balances at the end of the period:</i></b>		
Property and equipment	<b>5,742,030</b>	5,537,108
Intangible assets	<b>9,239,338</b>	1,883,486
Investment properties	<b>8,851,500</b>	8,219,250
Right-of-use assets	<b>24,033,301</b>	8,648,023
Long-term assets and its equivalent	<b>1,205,239,039</b>	1,362,172,197
Non-Zakatable assets	<b>1,253,105,208</b>	1,386,460,064
Total assets	<b>2,403,972,175</b>	2,707,101,598
Zakatable assets ("Total assets" less "Non-Zakatable assets")	<b>1,150,866,967</b>	1,320,641,534
Zakat base (Sources of funds * Zakatable assets / Total assets)	<b>551,498,312</b>	468,729,847
Zakat due at 2.58% "Provision for zakat during the year"	<b>1,663,246</b>	1,717,785

In accordance with zakat regulations applicable to zakat years starting from January 1, 2019, zakat base, excluding the adjusted net income element, is subject to zakat at 2.5% adjusted by ratio of Gregorian to Hijri year number of days (e.g., 2.5% \* 365/354). Zakat is calculated at 2.5% on the adjusted net income element.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**9 Zakat payable (continued)**

**9.2 Adjusted net income**

	For the three- month period ended March 31, 2022	For the three- month period ended March 31, 2021 (Restated*)
Income before zakat and income tax	8,064,612	10,227,986
<i>Adjustments:</i>		
Provisions during the year	(1,663,246)	(1,717,785)
Adjusted net income for the year	<b>6,401,366</b>	8,510,201

\* The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

**9.3 The movement in the zakat provision for the year is as follows:**

	As at March 31, 2022	As at December 31, 2021
	Unaudited	Audited
Balance at the beginning of the year	44,872,051	37,682,556
Charge for the year	1,663,246	25,811,393
(Reversal)/ additional charge for prior years	-	(9,441,195)
Provision for zakat during the year	1,663,246	16,370,198
Payment during the year	-	(9,180,703)
Balance at the end of the year	46,535,297	44,872,051
Less: non-current portion	6,650,344	6,650,344
Current portion	<b>39,884,953</b>	38,221,707

**9.4 Status of zakat assessments**

The Zakat, Tax and Customs Authority ("ZATCA") has finalised the assessments for the years till 2013, and there are no outstanding zakat dues. In 2018, the Company received zakat assessments from ZATCA for the years 2014 to 2017, claiming zakat differences totaling Saudi Riyals 170.45 million as compared to zakat paid for those years.

The Company objected to those assessments and filed an appeal letter in due time. Early 2019, the Company has entered into a settlement agreement with ZATCA whereby ZATCA has reduced the assessed zakat liability for 2013 till 2017 (as mentioned above) to SR 41,564,652. This amount, as per settlement agreement, is agreed to be paid in installments with 1st installment, being 20% of the above agreed amount due within 5 days of the settlement agreement while rest of the amount is payable in 5 equals annually installments falling due from December 1, 2019 till December 1, 2023. Till the period ended March 31, 2022, the Company has made total agreed payments of SR 28,263,964 (2021: SR 28,263,964) against the above mentioned liability.

The Company has filed the Zakat return with ZATCA for the years till 2020. On June 14, 2021, the Company has filed its return for the year ended December 31, 2020 and obtained a certificate from the ZATCA valid until Ramadan 29, 1443H corresponding to April 30, 2022.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**10 Borrowings**

		<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>
		<b>Unaudited</b>	<b>Audited</b>
Bank borrowings		1,262,360,021	1,439,122,024
Bank overdrafts		84,234,807	49,551,266
Accrued finance costs		6,398,242	2,909,786
Present value gain on profit free borrowings		(3,767,091)	(4,698,757)
		<b>1,349,225,979</b>	<b>1,486,884,319</b>
Borrowings payable on demand	10.4	<b>557,889,548</b>	<b>647,903,436</b>
<i>Borrowings:</i>			
Current portion		537,971,579	539,136,030
Non-current portion		253,364,852	299,844,853
Total borrowings		<b>791,336,431</b>	<b>838,980,883</b>

The Company has long-term financing facilities with banks to finance current and long-term funding needs, primarily to finance Islamic finance receivables, amounting to SR 3,615 million as of March 31, 2022 (December 31, 2021: SR 3,615 million) of which SR 1,349 million was utilised as of March 31, 2022 (December 31, 2021: SR 1,487 million). These financing facilities, the majority of these financing facilities are repayable over a period of three to four years in monthly, quarterly or six-monthly installments. The Company is required to maintain margin deposits (as disclosed in note 6). The cash cannot be withdrawn or used by the Company for liquidity purposes whilst the borrowing is still outstanding.

**10.2.1 SAMA programs and initiatives launched**

In response to COVID-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”). Under the program, the Company was required to defer repayments for a total of 24.5 months on lending and leasing facilities to eligible MSMEs. The initial deferment was announced for six months (March 2020 to September 2020) and subsequently extended several times for each quarter till March 2022.

The payment reliefs were considered as short-term liquidity support to address the borrower’s potential cash flow issues. The Company effected the payment reliefs for deferral by extending the tenure of the finance facilities with no additional costs to the customers. The accounting impact of changes in terms of the leasing facilities has been assessed and were as per the requirements of IFRS 9 as modification in terms of arrangement.

During December 2021, SAMA announced an extension of deferral program for an additional three-months for qualifying MSMEs that are still affected by the COVID-19 precautionary measures for the period from January 1, 2022 to March 31, 2022. The implementation of new deferral is in the process and the modification impact is expected to be immaterial to these financial statements.

The Company has received in total SR 130 million as profit-free deposit in various tranches with varying maturities from SAMA for the deferral program from March 2020 to March 2022. Based on the communication with SAMA, the management had determined that the deposits are primarily for the compensation of modification loss incurred on the deferral of payments. The benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with accounting requirements for government grant. This resulted in recognition of grant income amounting to SR 8.6 million for the whole deferment program from March 2020 to March 2022, based on certain judgements exercised by the management in the recognition and measurement of this grant income. During the three-month period ended March 31, 2022, SR 1.2 million (March 31, 2021: SR 1.5 million) has been charged to the profit or loss as finance costs related to profit-free deposit from SAMA.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**10 Borrowings (continued)**

**10.2.2 SDB Loan**

In order to provide the necessary support to the Micro Small and Medium Enterprises ("MSME") by SDB and Monsha'at, the Company has received profit free loans from SDB amounting to SR 500 million during 2018 and SR 500 million during 2019 which qualify as government grants. These profit free loans will be settled over 36 monthly installments starting from March 2019 and August 2019 over a period of three years, respectively.

**10.3 Working capital financing**

The Company has obtained bank financial facilities from Islamic banks for the purpose of financing working capital needs. These bank facilities bear finance costs at market prevailing rates up to 6% (2021: 6%) per annum.

**10.4 Breach of covenants**

The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. The Company breached the covenants during the current period with three banks (Dec 31, 2021: three banks) which led to the reclassification of the non-current portion of the loan from non-current liabilities to payable on demand. The details of the borrowings with these banks are as follow:

<b>Banks</b>	<b>As at March 31,</b>	<b>As at December 31,</b>
	<b>2022</b>	<b>2021</b>
	<b>Unaudited</b>	<b>Audited</b>
Gulf International Bank	947,720	5,874,215
National Bank of Kuwait	180,729,167	89,062,500
Saudi Kuwaiti Finance House	115,500,000	253,650,000
	<b>297,176,887</b>	<b>348,586,715</b>

Borrowings payable on demand also include an amount of SR 260.7 million as of March 31, 2022 (December 31, 2021: SR 299.3 million) relating to three bank borrowings with cross default clauses.

**10.5** These facilities are collateralized against the guarantees of Abdullatif Alissa Group Holding Company.

**11 Income from investment in Islamic financing, net**

	<b>For the three-month period ended March 31, 2022</b>	<b>For the three-month period ended March 31, 2021 (Restated*)</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Income from Murabaha	13,744,564	12,235,659
Income from Ijara	18,080,980	34,346,989
Income from Tawarruq	24,700,883	14,696,512
Modification gain on receivable against portfolio sold to the Parent Company	2,499,481	4,136,345
	<b>59,025,908</b>	<b>65,415,505</b>

\*The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**12 Other income, net**

	<b>For the three-month period ended March 31, 2022</b>	<b>For the three-month period ended March 31, 2021 (Restated*)</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Reversal of legal provision and charges, net	<b>2,838,403</b>	-
Commission on transfer of vehicles ownership	<b>801,500</b>	1,372,005
Income from margin deposits	<b>197,949</b>	198,740
Administration fee on additional services to customers, net	<b>95,992</b>	46,077
Others **	<b>2,255,568</b>	1,040,308
	<b>6,189,412</b>	2,657,130

\* The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

\*\* Others includes miscellaneous fee income such as vehicles valuation fees and ownership transfer fees.

**13 Other operating expenses**

	<b>For the three-month period ended March 31, 2022</b>	<b>For the three-month period ended March 31, 2021 (Restated*)</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Insurance cost	<b>10,997,460</b>	15,364,542
Additional insurance and other costs, net of collections	<b>1,070,137</b>	1,586,169
Repair and maintenance	<b>1,319,343</b>	1,455,346
Legal, professional and consultancy fees	<b>1,997,730</b>	2,097,735
Telephone and postage	<b>1,488,128</b>	729,500
Professional expenses	<b>596,765</b>	531,664
Collection service expenses	<b>52,701</b>	171,964
Outsourcing - security & others	<b>529,084</b>	1,211,477
IT Cost Allocation	-	1,886,854
Rent expense	<b>716,254</b>	386,680
Advertising expenses	<b>223,750</b>	70,987
Stationery and printing	<b>187,205</b>	127,360
Other operating expenses**	<b>2,765,168</b>	933,976
	<b>21,943,725</b>	26,554,254

\* The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

\*\* Other operating expenses include towing charges to tow the repossessed vehicles, donation, entertainment expenses and other miscellaneous expenses.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**14 Contingency and commitments**

**Contingency**

The Company has certain legal cases pending in courts against it. However, based on management's best estimate the recorded provision of SR 5.5 million as at March 31, 2022 (December 31, 2021: SR 7.58 million) is sufficient to cover any future liabilities that might result for the legal cases.

The Company has cash margin amounted to SR 8.05 million as at March 31, 2022 (December 31, 2021: SR 8.05 million) with a bank against a letter of guarantee provided to Zakat, Tax and Customs Authority against a disputed VAT assessment related to prior years.

**Capital commitments**

There are no significant capital commitments at the condensed interim statement of financial position date.

**15 Impact of COVID-19 on expected credit losses ("ECL") and Saudi Central Bank (SAMA) programs**

**15.1 Impact of COVID-19**

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are beginning to experience "fourth wave" and its different variants of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns, and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the effective measures taken by the Government.

The Company's business operations have shown improvement in disbursements in the current period. On the other hand, the collection recovery percentages of the Company have achieved the same levels as it was the case pre-COVID-19. This is mainly due to the reason that majority of the retail customer base is Government employees. From a liquidity perspective, owing to regular collections, the Company has sufficient liquidity available and therefore the Company is not significantly exposed to liquidity risk. Based on these factors, the Company's management believes that the COVID-19 pandemic has had its impact on the profitability of the Company, only due to ECL and reduced disbursements, however, this is expected to be temporary. Therefore, if the COVID-19 pandemic situation arises with lockdown restrictions being re-imposed, this may impact the profitability of the Company in view of the reduction in loan bookings compared to the previous period and may also have an impact on the collections from higher buckets dues. The Company's management continues to monitor the situation closely and will modify its strategy based on the prevalent situation as may be required. The prevailing economic conditions do require the Company to continue to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These primarily involves adjusting macroeconomic factors used by the Company in the estimation of ECL and haircut percentages applied to facilities with real estate as collateral as at March 31, 2022. The Company will continue to reassess as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

The Company continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, and it is confident that the business model of the Company has steered clear of the difficulties and has proven its strength. On a continued basis, the management is closely monitoring its exposures at a granular level and will adjust its policy to reflect any change in the conditions.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**15 Impact of COVID-19 on expected credit losses (“ECL”) and Saudi Central bank (SAMA) programs (continued)**

**15.2 Saudi Central Bank (SAMA) programs and initiatives launched**

Private Sector Financing Support Program (“PSFSP”)

In response to COVID-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”) as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H.

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

<b>Support Programs</b>	<b>Type</b>	<b>Instalment deferred / Tenor extended (SR million)</b>	<b>Cost of deferral / extension (SR million)</b>
April 2020 – September 2020	Instalments deferred	43,042,190	20,363,439
October 2020 – December 2020	Instalments deferred	21,065,631	9,168,712
January 2021 – March 2021	Instalments deferred	16,865,930	7,763,781
April 2021 – June 2021	Tenor extension	18,506,083	8,039,961
July 2021 – September 2021	Tenor extension	16,304,045	7,348,182
October 2021 – December 2021	Tenor extension	18,574,691	6,766,065
January 2022 – March 2022	Tenor extension	14,183,865	3,868,954

The accounting impact of the above changes in terms of the credit facilities were assessed and treated as per the requirements of IFRS 9 as modification in terms of arrangement.

The Company continues to believe that in the absence of other factors, participation in the deferment program on its own, is not considered a significant increase in credit risk for assessment of impairment of financial assets on its portfolio. As disclosed in note 10, in order to compensate the related cost that the Company is expected to incur under the SAMA program, the Company received profit free deposits from SAMA.

**15.3 Monsha’at – Indirect Lending Initiative (which in substance is part of the SAMA program and initiatives launched)**

In line with Government’s initiatives to support MSMEs during the pandemic, Monsha’at also announced a 12-month moratorium of loan instalments due from MSMEs with no extensions. The Company has affected the payment reliefs by extending the tenure of the finance facilities from March 2020 for a period of one year, with no additional costs to the customers. The accounting impact of changes in terms of the finance lease and Murabaha contracts has been assessed and treated as per the requirements of IFRS 9 as modification in terms of arrangement.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior period adjustments and comparative information**

Management has re-evaluated the accounting treatment of certain transactions and balances recorded in the condensed interim financial statements in the prior years to determine if such transactions and balances have been accounted for appropriately under International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia. Where necessary, adjustments were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" as endorsed in the Kingdom of Saudi Arabia.

As a result, management restated the comparatives to correct the errors detailed below in the condensed interim financial statements for the three-month period ended March 31, 2022 as prior year restatements.

***A) Derecognition of Net Investment in Islamic Financing***

In prior years the Company entered into factoring arrangements with certain financial institutions in respect of its finance lease receivable. The Company accounted for the factoring arrangements as a sale of receivables without recourse and as such derecognised the finance lease receivables.

During the year ended December 31, 2021, management reassessed the accounting of the factoring arrangements considering the contractual terms as set out below, obtained a legal opinion with respect to the arrangement and judged that the arrangement is not a sale/assignment of the finance lease receivables and the contractual right to the cash flows from the finance lease receivables has not expired.

In terms of the contractual terms, management noted the following:

- It was determined that the arrangements are considered passthrough arrangements and not a transfer of cash flow.
- The Company has a contractual obligation to pay the amount due as per the collection schedule agreed with the financial institutions irrespective of whether those amounts are collected from the assigned finance lease receivables.
- It was noted in the contractual terms that if the customer terminates the contract or defaults or repossesses the leased asset - the Company is required to pay the amount which the customer would have been required to pay in absence of the termination of the contract/default.
- Furthermore, in the event a customer prepays any amount which is subject to the sold receivables the Company is obligated to pay the amount which the customer would have been required to pay had the customer not prepaid the amount before the due date, the Company is exposed to prepayment risks.
- In one of the contracts, the Company has a repurchase option which is exercisable 6 months from the date of the service agreement.
- It was noted that in other contracts, the Company is required to maintain a cash reserve account with the financial institution to meet any shortfalls on payments not made by the customers.

Management considered the derecognition requirements in IFRS 9 - Financial Instruments ("IFRS 9") as endorsed in the Kingdom of Saudi Arabia by the Saudi Organisation for Chartered and Professional Accountants ('SOCPA') and judged that the arrangement does not meet the 'pass-through arrangement'. The Company is required to pay the amount due as per the collection schedule agreed with the financial institutions irrespective of whether those amounts are collected from the customers which would result in no derecognition. Further, the entity has retained substantially all the risks and rewards with respect to the finance lease receivables. As such, the Company should not have derecognised the finance lease receivables in the financial statements. The prior year comparatives have been adjusted to reinstate their finance lease receivables, reverse the related gain and recognising the financing from the financial institutions and ensure the finance lease receivables are accounted for appropriately in IFRS 9 as endorsed in the Kingdom of Saudi Arabia.

This resulted in a decrease in income from Islamic financing by SR 6.5 million and increase in finance cost by SAR 3.2 million for March 31, 2021.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior year adjustments and comparative information (continued)**

***B) Modification gains/(losses) from restructuring certain investment in Islamic financing***

In prior years, management restructured/modified a number of Islamic financing agreements with its customers by extending the repayment terms of the receivables and considering such modifications as extinguishments. Management reassessed the modifications and judged the extension of repayment terms does not result in the derecognition of the receivables in accordance with the requirement of IFRS 9. The prior period condensed interim financial statements did not reflect the modification of the terms of the Islamic financing agreement by recalculating the revised gross carrying amount of the restructured receivables and consequently no modification loss was recognised in the condensed interim income statement consistent with the requirements of IFRS 9.

Management reassessed the above treatment and consequently restated the comparative figures to recognise the gain on modification of Islamic financing agreements appropriately under IFRS 9 as endorsed in the Kingdom of Saudi Arabia. This resulted in an increase in finance income of SR 4.1 million for the quarter ended March 31, 2021 (The modification loss of SAR 45.97 million was reflected in retained earnings on January 1, 2020).

***C) Repossessed vehicles classified as assets held for sale***

The Company repossesses vehicles from defaulting customers as part of its debt recovery strategy. The Company has a legal right to resale the assets to settle the amount defaulted by the Customer. In prior years, the Company took possession of certain vehicles from defaulting customers in settlement of overdue balances, however the Company did not account for those vehicles in the condensed interim financial statements.

Management has reassessed the accounting treatment and concluded that these repossessed vehicles meet the criteria to be recognised as assets by the Company. Furthermore, management determined the assets would meet the requirements as assets held for sale. As a result, management has restated the comparative figures by initially recognizing the repossessed vehicles at fair value, against a reduction in the corresponding receivables by the same amount, and subsequently treated such assets as held for sale.

As a result of the above restatement an additional ECL allowance on investment in Islamic financing of SR 0.17 million for the period ended March 31, 2021 was recognised.

***D) Income recognition - incorrect interest recognition***

In prior years, management applied the effective profit rate method in the calculation of the amortized cost of the investment in Islamic financing and in the allocation and recognition of income, however the income was not allocated and recognised correctly during the relevant financial reporting period. The amortized cost and allocation/recognition of income was based on the amortisation schedule agreed with customers which in most cases does not coincide with the financial reporting period.

Management has reassessed the accounting treatment related to the income recognition and restated the comparative figures to reflect the impact of incorrect interest recognition end of each reporting period which resulted in an increase in income from investments in Islamic financing for three-month period ended March 31, 2021 by SR 8.6 million.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior year adjustments and comparative information (continued)**

***E) Income recognition - incorrect interest recognition***

In prior years, management erroneously recognized income from credit impaired facilities based on gross carry amount of the investment in Islamic financings. As per the requirements of IFRS 9, income from credit impaired facilities should be recognized on a net basis. As such, interest is calculated based on the amortized cost of the investment in Islamic financings (i.e. gross carrying amount less impairment). The interest recognised net of impairment should be recognised on this basis starting the next reporting period they became credit impaired.

Management has reassessed the accounting treatment related to the income suspension and restated the comparative figures to reflect the impact of income suspension which resulted in decrease in income from investment in Islamic financing for the period ended March 31, 2021 by SAR 2.6 million and increase in ECL allowance by the same amount while reversal of ECL by an amount of SAR 1 million due to full recovery of income in suspension of prior periods.

***F) Other income/ (other operating expenses)***

Prior years' other income included certain amounts charged back to customers in relation to leased vehicles insurance cost, fines and other legal costs paid by the Company during the lease period on behalf of those customers. These amounts should be offset against their related expenses (within other operating expenses) as they represent reimbursement of expenses incurred on leased vehicles on behalf of customers. As a result, management has netted off other income amounting to SAR 6.8 million against other operating expenses for the period ended March 31, 2021.

***G) SAMA Private Sector Financing Program ("PSFSP")***

In March 2020, SAMA launched the Private Sector Financing Program ("PSFSP") to provide the necessary support to the Micro Small and Medium Enterprises ("MSME" or "the deferred payment program"). The deferred payment program initiative was for a period of six months during the COVID19 pandemic from the date of launching the PSFSP with a further extension until 31 March 2022 based on certain eligibility criteria. In order to compensate for the related cost that the Company is expected to incur under the SAMA deferred payment program, the Company received profit free deposits from SAMA.

Financing entities accounted for the respective modification of the receivables as a result of the deferred payment program in the income statement as an expense and the related benefit from the profit free deposit was accounted for as a government grant.

Management did not account for the modification losses resulting from SAMA deferment program and profit free deposits as government grant as per the requirements of IFRS 9 as endorsed in the Kingdom of Saudi Arabia and IAS 20 - Accounting for Government Grants and disclosure of Government Assistance as endorsed in the Kingdom of Saudi Arabia.

Management reassessed the above treatment and consequently restated the comparative figures. During the quarter ended March 31, 2021, the Company recognised the modification loss of SR 671 thousands from the deferred payment program.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior year adjustments and comparative information** *(continued)*

***H) Monsha'at - Indirect Lending Initiative***

In March 2020, Small and Medium Enterprises General Authority ("Monsha'at") also launched a deferred payment program to support the Micro Small and Medium Enterprises ("MSME") financed through Saudi Social Development Bank (SDB) loans for a period of twelve months during the COVID19 pandemic with no extension.

Management did not account for the modification losses resulting from the SDB deferment program as per the requirements of IFRS 9 as endorsed in the Kingdom of Saudi Arabia.

Management reassessed the above treatment and consequently restated the comparative figures. During the quarter ended March 31, 2021, the Company recognised the modification loss of SR 831 thousands from the deferred payment program.

***I) Finance cost***

During the quarter ended March 31, 2021, as a result of arithmetical error management accounted for additional accruals against finance cost related to borrowing arrangements. Furthermore, management erroneously accounted for a cash release from margin deposits as finance cost instead of a release of cash which results in increase in cash at banks.

As a result, management restated the comparative figures which resulted in a decrease in finance costs as of March 31, 2021 by SR 4.9 million.

***J) Expected Credit Losses***

As part of the assessment of the accounting for the investments in Islamic financing and because of the various errors noted, management reassessed whether the calculation for expected credit losses under IFRS 9 as endorsed in the Kingdom of Saudi Arabia, was appropriate. Management involved experts in determining the appropriate expected credit losses.

As a result of the exercise, it was determined that the condensed interim financial statements as at March 31, 2021 and for the period then ended needed to be restated to correct the expected credit losses. This resulted in a reduction in expected credit loss provision on financial assets by SR 3.5 million.

***K) Other presentation errors and reclassification***

Certain financial statement line items and figures have been reclassified for the purpose of better presentation, to correct presentation errors and to be consistent with the financial statements' presentation for the current year. A summary of the changes made as part of restatement adjustments above on the presentation of certain items and figures for three-month period ended March 31, 2021 are as follows:

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior year adjustments and comparative information (continued)**

**K) Other presentation errors and reclassification (continued)**

Reclassification from	Reclassification to	Amount (SR)	Explanation
<b>Statement of profit or loss and other comprehensive income for the period ended March 31, 2021</b>			
Income from Islamic Financing, net	Other operating expenses	19,819,608	Insurance cost was previously netted against Income from Islamic financing instead of other operating expenses because this should not be considered revenue for the entity.
Income rescheduling gain	Other income	309,798	Other expenses were netted from other income in prior years instead of being presented under other expenses
Gain from collection deferment	Income from Islamic financing, net	4,136,345	Income from the Parent receivable was presented as a separate financial statement line item as part of the initial loss from the transaction in 2020. In terms of adjustment of above, the loss of the transaction was accounted for in equity and as such the income should now be presented as part of finance income.
Reversal of provision in respect of present value of margin deposit	Other income	1,617,787	In prior years, the balance was presented as a separate financial statement line item on the face of the income statement. This year it has been reclassified as part of other income as it represents profit income on margin deposits.
Reversal of impairment/(impairment) of margin deposits	Reversal of impairment on financial assets, net	4,717,239	To reclassify the impairment on Margin deposits held by bank as security against factorised receivables to impairment of Islamic Financing
Other operating expenses	Finance costs	800,616	Finance costs were previously presented as part of other operating income rather than part of finance costs. This was amended and prior period restated.
Other income	Income from investment in Islamic financing, net	1,542,620	Transfer of amortised processing fee from other income to income from investment financing, net.
Other income	Other operating expenses	1,586,169	Transfer of debit balance in other income to other operating expense

**Disclosures changes**

On restatement of the comparative figures, certain disclosures were enhanced in respect to the above-mentioned adjustments.

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior year adjustments and comparative information** *(continued)*

The tables below set out the full impact by adjustment on the individual financial line items impacted:

**I. Prior year adjustment to the impacted statement of profit or loss and other comprehensive income for three-month period ended March 31, 2021**

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Prior period ended March 31, 2021 - Restated
<b><u>Income</u></b>													
Income from investment in Islamic Financing, net	36,066,207	(6,592,989)	4,439,099		8,603,737	(2,599,122)						25,498,573	65,415,505
Other Income, net	9,222,639		(309,798)				(6,807,798)				(1,419,047)	1,971,134	2,657,130
<b>Total operation Income</b>	45,288,846	(6,592,989)	4,129,301		8,603,737	(2,599,122)	(6,807,798)				(1,419,047)	27,469,707	68,072,635
<b><u>Operating Expenses</u></b>													
Salaries, wages and other employee related costs	(27,753,364)											-	(27,753,364)
Finance costs	(18,899,210)	(3,285,480)											
Other operating expenses	(12,757,467)						6,808,374	(671,022)	(831,956)	3,624,139		(800,616)	(20,864,145)
Depreciation and amortization	(2,364,521)											(20,605,161)	(26,554,254)
Reversal of impairment on financial assets, net	17,674,368			(166,269)		1,000,746					(3,534,449)	4,717,239	19,691,635
Reversal of impairment/(Impairment) of margin deposits	4,717,239											(4,717,239)	
Gain from collection deferment	4,136,345											(4,136,345)	
Reversal of provision in respect of present value of margin deposit	1,617,787											(1,617,787)	
Income rescheduling gain	309,798											(309,798)	
<b>Total operation Expenses</b>	(33,319,025)	(3,285,480)		(166,269)		1,000,746	6,807,374	(671,022)	(831,956)	3,624,139	(3,534,449)	(27,469,707)	(57,844,649)
<b>Income before zakat</b>	11,969,821	(9,878,469)	4,129,301	(166,269)	8,603,737	(1,598,376)	576	(671,022)	(831,956)	3,624,139	(4,953,496)		10,227,986
Zakat expense	(1,717,785)												(1,717,785)
<b>Net income for the Period</b>	10,252,036	(9,878,469)	4,129,301	(166,269)	8,603,737	(1,598,376)	576	(671,022)	(831,956)	3,624,139	(4,953,496)		8,510,201

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior year adjustments and comparative information (continued)**

**II. Prior year adjustment to the impacted statement of cashflows for three-month period ended March 31, 2021**

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Reclassifications and other movements	For period ended March 31, 2021 - Restated
<b>Cash flows from operating activities</b>													
Income/(loss) for the period before zakat	11,969,821	(9,878,469)	4,129,301	(166,269)	8,603,737	(1,598,376)	576	(671,022)	(831,956)	3,624,139	(4,953,496)	-	10,227,986
Adjustments to reconcile net income/(loss) before zakat to net cash flows provided by operating activities:													
Depreciation of right of use assets	1,500,824												1,500,824
Depreciation of property and equipment	684,034												684,034
Amortization of intangibles	179,663												179,663
Reversal of impairment of Islamic financing, net	(17,674,368)			166,269		(1,000,746)					(1,182,790)	3,445,829	(16,245,806)
Finance income against fair value of margin deposits											(198,740)		(198,740)
Reversal of Impairment on margin deposits	(4,717,239)										4,717,239		-
Reversal of provision in respect of present value of margin deposits	(1,617,787)										1,617,787		-
Finance costs	18,899,210											1,964,935	20,864,145
Modification gain on receivables against portfolio sold to the Parent Company	(4,136,345)												(4,136,345)
Provision for employees' post-employment benefits	759,500												759,500
Changes in working capital	5,847,313	(9,878,469)	4,129,301	-	8,603,737	(2,599,122)	576	(671,022)	(831,956)	3,624,139	-	5,410,764	13,635,261
Change in operating assets and liabilities													
Prepayments, advances, and other receivables	45,929,691	(61,593,703)										6,690,587	(8,973,425)
Repossessed assets held for sale				(502,650)								10,951,890	10,449,240
Due from related parties												25,863,657	25,863,657
Investment in Islamic financing, net	11,736,340	194,147,818	(4,129,301)	502,650	(8,603,737)	2,599,122						(71,733,818)	124,519,074
Margin deposit – restricted	32,151,528												32,151,528

**AL YUSR LEASING AND FINANCING COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Prior year adjustments and comparative information (continued)**

**II. Prior year adjustment to the impacted statement of cashflows for three-month period ended March 31, 2021 (continued)**

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Reclassifications and other movements	For period ended March 31, 2021 – Restated
Trade payables	581,782											(305,047)	276,735
Accruals, provisions, and other liabilities	(18,418,790)	(17,045,268)										38,544,286	3,080,228
Due to a related party	-											(20,052,059)	(20,052,059)
Net servicing liability for securitized receivables	(6,592,988)											6,592,988	-
Employees' post-employment benefits paid	(812,632)												(812,632)
<b>Cash generated from operating activities</b>	<b>70,422,244</b>	<b>105,630,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>576</b>	<b>(671,022)</b>	<b>(831,956)</b>	<b>3,624,139</b>	<b>-</b>	<b>1,963,248</b>	<b>180,137,604</b>
<b>Cash flows from investing activities</b>													
Purchase of property and equipment	(164,847)												(164,847)
Additions of intangible assets	(107,306)												(107,306)
<b>Net cash used in investing activities</b>	<b>(272,153)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(272,153)</b>
<b>Cash flows from financing activities</b>													
Proceeds from borrowings												151,933,647	151,933,647
Repayment of borrowings	(122,155,116)	(105,630,375)						671,022	831,957	(3,624,139)		(173,903,313)	(403,809,964)
Lease liability paid	(296,945)												(296,945)
Finance cost paid	(17,970,697)											(2,893,448)	(20,864,145)
<b>Net cash used in financing activities</b>	<b>(140,422,758)</b>	<b>(105,630,375)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>671,022</b>	<b>831,957</b>	<b>(3,624,139)</b>	<b>-</b>	<b>(24,863,114)</b>	<b>(273,037,407)</b>
Net increase / (decrease) in cash and cash equivalents	(70,272,667)											(22,899,866)	(93,171,956)
Cash and cash equivalents at beginning of the period	105,105,843											15,900,183	121,006,026
<b>Cash and cash equivalents at end of the period</b>	<b>34,833,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,999,683)</b>	<b>27,834,070</b>