

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH
31, 2023 (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, 2023

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

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 31 March 2023 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (the "condensed interim financial statements"). The Board of Directors is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, 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.

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.



PricewaterhouseCoopers

Ali H. Al Basri
License Number 409



4 May 2023




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, 2023	As at December 31, 2022
		Unaudited	Audited
ASSETS			
Cash at banks and short-term deposits	5	101,616,875	186,887,752
Prepayments, advances, and other receivables		108,649,516	87,750,385
Repossessed assets held for sale		1,535,000	2,558,650
Margin deposits – restricted	6	15,291,404	15,270,395
Due from related parties	7	506,602,399	516,559,447
Investment in Islamic financings, net	8	1,899,515,780	1,702,552,058
Investment in equity instruments carried at fair value through other comprehensive income (“FVOCI”)		892,875	892,875
Intangible assets		13,293,362	13,932,931
Right-of-use assets		19,664,496	20,533,101
Investment properties		8,550,087	8,550,087
Property and equipment		4,955,612	5,640,804
Total assets		2,680,567,406	2,561,128,485
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Liabilities			
Accounts payable		45,995,379	35,513,814
Accruals, provisions, and other liabilities		78,890,390	49,128,504
Due to related parties	7	620,665	7,931,794
Zakat payable	9	27,886,253	26,957,665
Lease liabilities		19,374,141	22,289,358
Employees' post-employment benefits		12,364,364	12,133,000
Borrowings	10	1,653,227,976	1,568,539,988
Total liabilities		1,838,359,168	1,722,494,123
Shareholders’ equity			
Share capital		500,000,000	500,000,000
Statutory reserve		122,906,896	122,906,896
Retained earnings		213,513,100	209,939,224
End of service benefits reserve		5,788,242	5,788,242
Total shareholders’ equity		842,208,238	838,634,362
Total liabilities and shareholders’ equity		2,680,567,406	2,561,128,485
			
Eng. Abdulmohsen Abdullatif Alisa	Dr. Mazen Hassounah	Mr. Ahmed Darwish	
Chairman	Managing Director	Chief Financial Officer	

The accompanying notes from 1 to 14 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,	
		2023	2022
Revenue			
Income from investment in Islamic financings, net	11	62,600,697	59,025,908
Other income, net	12	8,906,554	6,189,412
Total revenue		71,507,251	65,215,320
Operating expenses			
Salaries, wages, and other employee related costs		(27,316,374)	(24,656,166)
Depreciation and amortization		(2,589,163)	(2,386,864)
Other operating expenses	13	(15,683,568)	(21,943,725)
(Charge for) / reversal of impairment on financial assets, net	8.6	(6,095,021)	12,395,333
Total operating expenses		(51,684,126)	(36,591,422)
Operating profit		19,823,125	28,623,898
Finance costs, net		(15,320,661)	(20,559,286)
Profit before zakat		4,502,464	8,064,612
Zakat expense	9	(928,588)	(1,663,246)
Net profit for the period		3,573,876	6,401,366
Other comprehensive income for the period		-	-
Total comprehensive income for the period		3,573,876	6,401,366

		
Eng. Abdulmohsen Abdullatif Alisa Chairman	Dr. Mazen Hassounah Managing Director	Mr. Ahmed Darwish Chief Financial Officer

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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)

	Share capital	Statutory reserve	Retained earnings	End of service benefits reserve	Total shareholders' equity
Balance as at January 1, 2022 (Audited)	500,000,000	121,363,922	180,791,057	3,173,073	805,328,052
Total comprehensive income for the period	-	-	6,401,366	-	6,401,366
Balance as at March 31, 2022 (Unaudited)	500,000,000	121,363,922	187,192,423	3,173,073	811,729,418
Balance as at January 1, 2023 (Audited)	500,000,000	122,906,896	209,939,224	5,788,242	838,634,362
Total comprehensive income for the period	-	-	3,573,876	-	3,573,876
Balance as at March 31, 2023 (Unaudited)	500,000,000	122,906,896	213,513,100	5,788,242	842,208,238



Eng. Abdulmohsen Abdullatif Alisa
Chairman



Dr. Mazen Hassounah
Managing Director



Mr. Ahmed Darwish
Chief Financial Officer

The accompanying notes from 1 to 14 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,	
		2023	2022
Cash flows from operating activities			
Profit before zakat		4,502,464	8,064,612
Adjustments to reconcile profit before zakat to net cash flows generated from operating activities:			
Depreciation and amortisation		2,589,163	2,386,864
Charge for / (reversal of) impairment on financial assets, net	8.6	24,019,578	(12,395,333)
Finance income against fair value of margin deposits	12	(21,009)	(197,949)
Finance income on due from related parties	12	(3,694,768)	-
Finance costs, net		15,320,661	20,559,286
Modification gain on receivable against portfolio sold to the Parent Company	11	-	(2,499,481)
Provision for employees' post-employment benefits		605,750	761,903
Changes in working capital:		43,321,839	16,679,902
<i>Change in operating assets and liabilities</i>			
Prepayments, advances, and other receivables		(20,899,131)	(744,994)
Repossessed assets held for sale		1,023,650	28,211,636
Due from related parties		13,651,816	(2,499,480)
Margin deposit – restricted		-	28,720,852
Investment in Islamic financings, net		(220,983,300)	66,245,344
Accounts payable		10,481,565	5,700,415
Accruals, provisions, and other liabilities		29,761,886	(3,193,470)
Due to related parties		(7,311,129)	13,846,354
Cash (used in) / generated from operating activities before employees' post-employment benefits paid		(150,952,804)	152,966,559
Employees' post-employment benefits paid		(374,387)	(1,664,995)
Cash (used in) / generated from operating activities		(151,327,191)	151,301,564
Cash flows from investing activities			
Purchase of property and equipment		(83,169)	(78,742)
Addition to intangible assets		(312,628)	-
Net cash used in investing activities		(395,797)	(78,742)
Cash flows from financing activities			
Proceeds from borrowings		236,200,000	114,863,812
Repayment of borrowings		(145,278,811)	(293,603,938)
Repayment of lease liabilities		(2,915,217)	(307,300)
Finance cost paid		(25,236,116)	(14,161,042)
Net cash generated from / (used in) financing activities		62,769,856	(193,208,468)
Net decrease in cash and cash equivalents		(88,953,132)	(41,985,646)
Cash and cash equivalents at beginning of the period		176,937,976	(34,704,684)
Cash and cash equivalents at end of the period	5	87,984,844	(76,690,330)

The accompanying notes from 1 to 14 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, 2023
(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 May 3, 2023.

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	Status of branch as at	
			March 31, 2023	December 31, 2022
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
Madinah	1131051618	13 Rabi’ al-Thani 1435H	Active	Active

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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, 2023 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, 2022 and any public announcements made by the Company during the interim reporting period.

The results of operations for the interim period reported are not necessarily indicative of results expected for the year ending December 31, 2023.

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:

- Investment properties and investment in equity instruments carried at fair value through other comprehensive income – measured at fair value
- 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 Riyal ("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

Based on its analysis, the Company's management is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management of Company is not aware of any material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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, 2022 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, 2023. The management has assessed that the below amendments have no significant impact on the Company's condensed interim financial statements.

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3 Consistent application of accounting policies (continued)

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 2023:

Standard, interpretation or amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 1, 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 1, 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after January 1, 2023.

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 2023.

Standard, interpretation or amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing changes to this amendment.</p>	Deferred until accounting periods starting not earlier than January 1, 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

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3 Consistent application of accounting policies *(continued)*

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

Standard, interpretation or amendments	Description	Effective date
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	January 1, 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	January 1, 2024

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 does not foresee any significant changes in its accounting policies or significant retrospective adjustments as a result of adopting these amendments or new standards.

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, 2022.

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5 Cash at banks and short-term deposits

	As at March 31, 2023	As at December 31, 2022
	Unaudited	Audited
Cash at banks	101,616,875	88,387,752
Short term deposits	-	98,500,000
	101,616,875	186,887,752

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

During the year ended December 31, 2022, the Company placed a short-term deposit of SR 98.5 million with National Bank of Kuwait having profit rate of 4.5% per annum with 7 days maturity which was matured subsequent to the year end.

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

	As at March 31, 2023	As at March 31, 2022
	Unaudited	Unaudited
Cash at banks	101,616,875	7,544,477
Less: bank overdrafts (note 10)	(13,632,031)	(84,234,807)
	87,984,844	(76,690,330)

6 Margin deposits – restricted

	Notes	As at March 31, 2023	As at December 31, 2022
		Unaudited	Audited
Margin deposits with banks	6.1	15,322,282	15,322,282
Less: Effect of discounting	6.2	(30,878)	(51,887)
		15,291,404	15,270,395

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 amounted to SR 7.2 million as at March 31, 2023 (2022: SR 7.2 million). These margin deposits also include cash margin amounted to SR 8 million as at March 31, 2023 (2022: SR 8 million) 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, 2023	As at December 31, 2022
	Unaudited	Audited
Opening balance	51,887	2,081,493
Income during the period / year (note 12)	(21,009)	(2,029,606)
	30,878	51,887

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7 Related parties' balances and transactions

Related parties represent associated companies, major shareholders, directors, key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

7.1 Related parties 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, 2023 and December 31, 2022 in relation to transactions with related parties:

	Nature of relationship	As at March 31,	As at December 31,
		2023	2022
		Unaudited	Audited
7.1.1 Due from related parties			
- Abdullatif Alissa Group Holding Company	Parent Company	412,867,418	423,341,228
- Best Trading Company	Affiliate	629,747	629,747
- National Automotive Trading Company	Affiliate	264,651	264,651
- Alissa Universal Motor Company	Affiliate	91,348,051	90,831,289
- General Automotive Company (GACO)	Affiliate	1,492,532	1,492,532
		506,602,399	516,559,447
7.1.2 Due to related parties			
- Abdullatif Alissa Group Holding Company	Parent Company	-	7,311,129
- Aqar and Memar Real Estate Company	Affiliate	620,665	620,665
		620,665	7,931,794
7.1.3 Key management personnel (KMP)*			
<i>(No. of KMP during the three-month period ended March 31, 2023: 14 December 31, 2022: 14)</i>			
Accruals, provisions, and other liabilities	Accrued Directors' meeting attendance fee	421,000	439,856

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

7.2 Related parties' transactions made during the period

Name of related party	Nature of relationship	Nature of transaction	For the three-month period ended March 31,	
			2023	2022
			Unaudited	Unaudited
Abdullatif Alissa Group Holding Company	Parent Company	Collections against the portfolio sold to the Parent Company	16,138,841	11,344,031
		Finance income earned	2,341,228	-
		IT cost allocation	1,350,000	-
		Others	836,778	-
Alissa Universal Motor Company	Affiliate	Finance income earned	516,762	-
	General Automotive Company	Affiliate	Payments received from the affiliate	-
			Sales of repossessed vehicles assets through the affiliate	-
Key management personnel*	-	Directors' meeting attendance fee	511,000	548,317
		Salaries and other benefits	2,452,837	2,281,256

* 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.

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8 Investment in Islamic financings, net

	Note	As at March 31, 2023	As at December 31, 2022
		Unaudited	Audited
Gross investment in Islamic financings		2,762,179,851	2,449,124,038
Unearned Islamic financing income		(559,981,559)	(456,169,017)
	8.1	2,202,198,292	1,992,955,021
Less: Provision for ECL allowance		(302,682,512)	(290,402,963)
		1,899,515,780	1,702,552,058

8.1 Portfolio provision analysis for investment in Islamic financings:

March 31, 2023 – Unaudited	Investment in Islamic financings	Provision for impairment	Expected loss rates
Not yet due	976,614,213	23,732,749	2%
1-90 days	621,989,283	63,378,310	10%
91-180 days	23,363,688	15,440,791	66%
181-365 days	44,756,429	23,407,755	52%
Above 365 days	535,474,679	176,722,907	33%
	2,202,198,292	302,682,512	14%

December 31, 2022 – Audited	Investment in Islamic financings	Provision for impairment	Expected loss rates
Not yet due	736,581,166	14,465,271	2%
1-90 days	636,517,402	58,128,958	9%
91-180 days	31,544,691	10,156,053	32%
181-365 days	42,011,943	18,314,311	44%
Above 365 days	546,299,819	189,338,370	35%
	1,992,955,021	290,402,963	15%

8.2 Stage wise breakup of investment in Islamic financing receivables is as follows:

	As at March 31, 2023	As at December 31, 2022
	Unaudited	Audited
Performing (stage 1)	1,457,486,024	1,236,572,355
Under-performing (stage 2)	143,421,101	138,829,843
Non-Performing (stage 3)	601,291,167	617,552,823
	2,202,198,292	1,992,955,021

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8 Investment in Islamic financings, net (continued)

8.3 The movement in Investment in Islamic financing receivables is as follows:

	Performing (Stage 1)	Under- performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2023	1,236,572,355	138,829,843	617,552,823	1,992,955,021
Transfers from performing	(80,388,615)	79,000,920	1,387,695	-
Transfers from under- performing	48,357,891	(67,964,710)	19,606,819	-
Transfer from non-performing	6,853,924	3,458,402	(10,312,326)	-
Financial assets settled	(77,192,768)	(17,516,491)	(12,653,416)	(107,362,675)
Financial assets originated	399,968,831	14,327,377	66,724	414,362,932
Changes in PDs/LGDs/EADs	(76,685,594)	(6,714,240)	(960,228)	(84,360,062)
Financial assets - written off	-	-	(13,396,924)	(13,396,924)
As at March 31, 2023 – Unaudited	1,457,486,024	143,421,101	601,291,167	2,202,198,292
	Performing (Stage 1)	Under- performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2022	1,060,080,754	269,632,324	841,664,664	2,171,377,742
Transfers from performing	(103,988,113)	72,549,201	31,438,912	-
Transfers from under- performing	59,091,660	(88,406,466)	29,314,806	-
Transfer from non-performing	22,799,042	7,612,335	(30,411,377)	-
Financial assets settled	(319,754,893)	(140,487,614)	(62,072,454)	(522,314,961)
Financial assets originated	688,574,837	47,840,078	15,511,653	751,926,568
Changes in PDs/LGDs/EADs	(170,230,932)	(29,910,015)	(5,145,219)	(205,286,166)
Financial assets - written off	-	-	(202,748,162)	(202,748,162)
As at December 31, 2022 – Audited	1,236,572,355	138,829,843	617,552,823	1,992,955,021

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8 Investment in Islamic financings, net (continued)

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

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
As at January 1, 2023	39,358,598	32,517,680	218,526,685	290,402,963
Transfer from performing	(4,594,514)	4,528,258	66,256	-
Transfer from under-performing	10,607,622	(16,565,201)	5,957,579	-
Transfer from non-performing	2,620,599	1,093,198	(3,713,797)	-
Financial assets - settled	(1,842,771)	(5,525,368)	(10,823,312)	(18,191,451)
Financial assets originated	9,000,404	4,160,533	61,280	13,222,217
Changes in PDs/LGDs/EADs	(4,289,849)	15,323,919	(1,964,040)	9,070,030
ECL overlays	-	-	6,521,856	6,521,856
ECL on income	-	-	1,656,897	1,656,897
As at March 31, 2023 - Unaudited	50,860,089	35,533,019	216,289,404	302,682,512

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
As at January 1, 2022	47,728,499	86,592,920	326,485,230	460,806,649
Transfer from performing	(5,058,007)	2,512,236	2,545,771	-
Transfer from under-performing	7,653,998	(11,884,875)	4,230,877	-
Transfer from non-performing	4,920,318	1,322,641	(6,242,959)	-
Financial assets - settled	(20,436,001)	(66,015,781)	(15,824,401)	(102,276,183)
Financial assets written off	-	-	(202,748,162)	(202,748,162)
Financial assets originated	18,355,948	14,043,496	13,510,628	45,910,072
Changes in PDs/LGDs/EADs	(13,806,157)	5,947,043	52,681,047	44,821,933
ECL Overlays	-	-	50,074,681	50,074,681
ECL on income	-	-	(6,186,027)	(6,186,027)
As at December 31, 2022 - Audited	39,358,598	32,517,680	218,526,685	290,402,963

8.5 Write-off

The Company writes off financial asset when it has no reasonable expectations of recovering such financial asset in its entirety or a portion thereof. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

During the period, the Board of Directors has approved the write off investment in Islamic financings amounting to SR 13.4 million (March 31, 2022: Nil).

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

8.6 (Charge for) / reversal of ECL allowance on financial assets during the period, net

	For the three-month period ended March 31, 2023	For the three-month period ended March 31, 2022
	Unaudited	Unaudited
(Charge for) / reversal of ECL allowance - investment in Islamic financings	(24,019,578)	7,916,749
Recoveries from written-off customers	17,924,557	4,478,584
Net (charge) / reversal	(6,095,021)	12,395,333

8.7 Assignment of Islamic financing receivables

The Company assigned Islamic financing receivables amounting to SR 1,505 million as of March 31, 2023 (December 31, 2022: SR 1,529 million) to local commercial banks for obtaining Islamic bank financing. These Islamic financing receivables have not been derecognized 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 recognized as Islamic bank financing in the statement of financial position.

Pursuant to the terms of the transfer agreement, the Company is not allowed to 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 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'22 forecasts), where the average GDP and Crude Oil growth rates for the next three years are expected to be 0.78% and -2.07% 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 11.18 million decrease (March 31, 2022: SR 6 million) or SR 24.90 million (March 31, 2022: SR 17.6 million) increase in the ECL provision respectively.

The increase or decrease of 10% change in loss rates (PDs and LGDs) assuming macroeconomic factors remain the same will result in SR 31.77 million (March 31, 2022: SR 40.03 million) increase or SR 30.46 million (March 31, 2022: SR 39.02 million) decrease in the ECL provision respectively.

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9 Zakat payable

	As at March 31, 2023	As at December 31, 2022
	Unaudited	Audited
Balance at the beginning of the period / year	26,957,665	44,872,051
Provision for zakat during the period / year	928,588	4,009,059
Payment during the period / year	-	(21,923,445)
Balance at the end of the period / year	27,886,253	26,957,665
Less: non-current portion	-	6,650,344
Current portion	27,886,253	20,307,321

9.1 Status of zakat assessments

The Zakat, Tax and Customs Authority (“ZATCA”) has finalized 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 until 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 until December 1, 2023.

Until the period ended March 31, 2023, the Company has made total agreed payments of SR 34.95 million (December 31, 2022: SR34.95 million) against the above-mentioned liability.

The Company has filed the Zakat return with ZATCA for the year ended December 31, 2022 on April 26, 2023.

10 Borrowings

	As at March 31, 2023	As at December 31, 2022
	Unaudited	Audited
Bank borrowings	1,646,000,477	1,555,079,288
Bank overdrafts	13,632,031	9,949,776
Accrued finance costs	13,479,192	13,050,593
Present value gain on profit free borrowings	(19,883,724)	(9,539,669)
	1,653,227,976	1,568,539,988
<i>Borrowings:</i>		
Current portion	616,543,154	587,156,115
Non-current portion	1,036,684,822	981,383,873
Total borrowings	1,653,227,976	1,568,539,988

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 2,848 million as of March 31, 2023 (December 31, 2022: SR 2,460 million) of which SR 1,673 million was utilized as of March 31, 2023 (December 31, 2022: SR 1,578 million). The majority of these financing facilities are repayable over a period of three to five 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.

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10 Borrowings *(continued)*

10.1 Breach of covenants

The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. The Company breached the net worth covenant during the current period and prior year with one bank (2021: one bank) for which a waiver was obtained prior to the year end.

10.2 Profit free deposit from SAMA

In order to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”) by SAMA, the Company has received profit free loan from SAMA amounting to SR 102 million during the period which qualify as government grants. This profit free loan will be settled over 30 monthly installments starting from August 21, 2023.

11 Income from investment in Islamic financings, net

	For the three-month period ended March 31, 2023	For the three-month period ended March 31, 2022
	Unaudited	Unaudited
Income from Murabaha	3,587,767	13,744,564
Income from Ijara	8,995,241	18,080,980
Income from Tawarruq	50,017,689	24,700,883
Modification gain on receivable against portfolio sold to the Parent Company	-	2,499,481
	62,600,697	59,025,908

12 Other income, net

	For the three-month period ended March 31, 2023	For the three-month period ended March 31, 2022
	Unaudited	Unaudited
Recovery of legal expenses and charges, net	2,410,015	2,838,403
Commission on transfer of vehicles ownership	308,547	801,500
Income from margin deposits	21,009	197,949
Administration fee on additional services to customers, net	280,618	95,992
Finance income on due from related parties	3,694,768	-
Others *	2,191,597	2,255,568
	8,906,554	6,189,412

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

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13 Other operating expenses

	For the three- month period ended March 31, 2023	For the three- month period ended March 31, 2022
	Unaudited	Unaudited
Insurance cost	3,030,915	12,067,597
Repair and maintenance	1,584,855	1,319,343
Legal, professional and consultancy fees	1,896,781	1,997,730
Telephone and postage	2,183,752	1,488,128
Professional expenses	2,249,901	649,466
Outsourcing - security & others	574,198	529,084
IT cost allocation	1,350,000	-
Rent expense	415,014	716,254
Advertising expenses	873,752	223,750
Stationery and printing	38,478	187,205
Other operating expenses*	1,485,922	2,765,168
	15,683,568	21,943,725

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

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 2.3 million as at March 31, 2023 (December 31, 2022: SR 3 million) is sufficient to cover any future liabilities that might result for the legal cases.

The Company has cash margin amounted to SR 8 million as at March 31, 2023 (December 31, 2022: SR 8 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 (note 6).

Capital commitments

The Company has capital commitments of SR 1.6 million at the condensed interim statement of financial position date.