

**SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)**

**Interim condensed financial statements
For the period ended 30 September 2024
together with the
Report on review of interim condensed financial statements**

SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
For the period ended 30 September 2024

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**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE INTERIM CONDENSED
FINANCIAL STATEMENTS TO THE SHAREHOLDER OF SAUDI FRANSI FOR FINANCE
LEASING COMPANY
(A SOLE SHAREHOLDER CLOSED JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Fransi for Finance Leasing Company (“the Company”) as at 30 September 2024, and the related interim condensed statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed 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 interim condensed 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 statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

for Ernst & Young Professional Services



Saud A. Altamimi
Certified Public Accountant
License No. (650)



Riyadh: 24 Rabi Al-Thani 1446H
27 October 2024

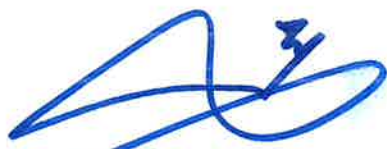
SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

(SR '000)

	<u>Notes</u>	30 September 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents		53,850	38,018
Net investment in finance leases	5	4,128,167	3,922,906
Personal financing - net	6	646,185	231,856
Positive fair value of derivatives	9	11,946	28,606
Prepayments		115,371	105,764
Other assets	7	173,643	160,886
Investment at fair value through other comprehensive income (FVOCI)	8	893	893
Intangible assets		2,786	4,253
Property, equipment and right of use assets		2,548	3,522
Total assets		5,135,389	4,496,704
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Accounts payable	12	386,294	580,397
Advance from customers		94,662	68,091
Due to a related party	10.b	4,109	1,074
Negative fair value of derivatives	9	14,460	2,326
Provision, accrued expenses and other liabilities	13	38,679	33,609
Provision for zakat	14	6,244	5,893
Long-term tawarruq financing	11	3,316,840	2,757,102
Employees' end of service benefits (EOSB)		14,020	12,393
Total liabilities		3,875,308	3,460,885
Shareholder's equity			
Share capital	17	750,000	500,000
Statutory reserve		55,448	55,448
Other reserves		(3,209)	25,586
Retained earnings		457,842	454,785
Total shareholder's equity		1,260,081	1,035,819
Total liabilities and shareholder's equity		5,135,389	4,496,704



Mohammed Al Shaeikh
Chairman



Haitham Aljarbooa
Chief Executive Officer



Ahamed T. Rasheed
Acting Chief Finance Officer

Internal Use

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months and nine months period ended 30 September 2024

(SR '000)

	Notes	For the three-month period ended		For the nine-month period ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
Lease finance income		76,993	47,400	203,401	139,094
Fees income	15	14,118	15,500	33,801	43,114
Fees expenses	15	(10,504)	(11,904)	(27,306)	(31,354)
Fees income, net		3,614	3,596	6,495	11,760
Total operating income		80,607	50,996	209,896	150,854
Salaries and employee related expenses		(20,511)	(14,931)	(60,334)	(40,548)
Depreciation		(344)	(360)	(1,024)	(843)
Amortization		(496)	(259)	(1,467)	(522)
General and administration expenses		(9,932)	(9,753)	(27,395)	(22,027)
Financial charges		(38,117)	(25,455)	(107,800)	(84,660)
Charge for expected credit losses, net	5.1	(14,470)	(7,890)	(29,011)	(8,959)
Total operating expenses		(83,870)	(58,648)	(227,031)	(157,559)
Net operating loss		(3,263)	(7,652)	(17,135)	(6,705)
Gain on disposal of net investment in finance leases		-	-	15,093	21,519
Reversal of provision for financial guarantee on lease receivables sold		-	-	-	15,768
(Charge) / reversal for expected credit loss allowance on other financial assets		903	-	(3,218)	(8,194)
Other income		2,798	1,996	8,668	8,083
Net income for the period before zakat		438	(5,656)	3,408	30,471
Zakat	14	(45)	586	(351)	(3,139)
Net income for the period		393	(5,070)	3,057	27,332



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SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2024

(SR '000)

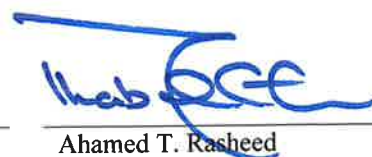
	For the three-month period ended		For the nine-month period ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Net income for the period	393	(5,070)	3,057	27,332
Other comprehensive income for the period				
<i>Items that will be reclassified to statement of profit or loss in subsequent periods:</i>				
Cash flow hedges – net changes in fair value	(36,129)	10,482	(28,795)	13,224
Total comprehensive (loss) / income for the period	(35,736)	5,412	(25,738)	40,556



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SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(UNAUDITED)


For the period ended 30 September 2024
(SR '000)

For the period ended 30 September 2024	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
Balance as at 1 January 2024	500,000	55,448	25,586	454,785	1,035,819
Increase in paid up capital	250,000	-	-	-	250,000
Net income for the period	-	-	-	3,057	3,057
Other comprehensive income	-	-	(28,795)	-	(28,795)
Total comprehensive income	-	-	(28,795)	3,057	(25,738)
Balance as at 30 September 2024	750,000	55,448	(3,209)	457,842	1,260,081

For the period ended 30 September 2023	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
Balance as at 1 January 2023	500,000	53,710	43,770	439,142	1,036,622
Net income for the period	-	-	-	27,332	27,332
Other comprehensive income	-	-	13,224	-	13,224
Total comprehensive income	-	-	13,224	27,332	40,556
Balance as at 30 September 2023	500,000	53,710	56,994	466,474	1,077,178



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SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 September 2024

(SR '000)


	Nine-months period ended	
<i>Notes</i>	30 September 2024	30 September 2023
Cash flows from operating activities		
Net income for the period before zakat	3,408	30,471
<i>Adjustments to reconcile net income to net cash generated / (used in) operating activities:</i>		
Depreciation	1,024	843
Amortization	1,467	522
Charge for expected credit losses, net	29,011	8,959
Gain on disposal of net investment in finance leases	(15,093)	(21,519)
Reversal/(Charge) of provision for financial guarantee on lease receivables	3,218	(15,768)
Charge for expected credit loss allowance on other financial assets	-	8,194
Provision for employees' EOSB	2,334	1,805
Financing charges	107,800	84,660
	<u>133,169</u>	<u>98,167</u>
Net change in operating assets		
Net investment in finance leases	(1,765,945)	(623,918)
Personal financing	(450,476)	(161,205)
Prepayments	(9,607)	(20,421)
Other assets	(12,757)	2,292
Continuing involvement asset	-	38,274
	<u>(2,238,785)</u>	<u>(764,978)</u>
Net change in operating liabilities		
Accounts payable	(82,944)	322,951
Due to a related party	3,035	3,480
Advance from customers	26,571	(13,846)
Accrued expenses and other liabilities	1,853	(5,074)
Continuing involvement liability	-	(17,306)
	<u>(51,485)</u>	<u>290,205</u>
Employees EOSB paid	(707)	(1,105)
Net cash used in operating activities	<u>(2,157,808)</u>	<u>(377,711)</u>
Cash flows from investing activities		
Purchase of intangible assets	-	(4,000)
Purchase of property and equipment	(50)	(118)
Proceeds from the sale of property, equipment and right of use assets	-	-
Net cash used in investing activities	<u>(50)</u>	<u>(4,118)</u>
Cash flows from financing activities		
Draw down of long-term tawarruq financing	2,279,125	-
Payments of long-term tawarruq financing	(1,717,875)	(711,258)
Financial charges paid	(109,312)	(75,753)
Issuance of share capital	250,000	-
SAMA deposit paid	-	(222)
Proceeds from sale of net investment in finance lease	1,471,752	758,926
Net cash generated from financing activities	<u>2,173,690</u>	<u>(28,307)</u>
Net change in cash and cash equivalents	15,832	(410,136)
Cash and cash equivalents at the beginning of the period	38,018	477,570
Cash and cash equivalents at the end of the period	<u>53,850</u>	<u>67,434</u>
Supplemental Non-cash transactions:		
Cash flow hedge – net change in fair value	(28,795)	13,224



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Internal Use

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SAUDI FRANSI FOR FINANCE LEASING COMPANY (A Sole Shareholder Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 September 2024
(SR '000)

1 CORPORATE INFORMATION

Saudi Fransi for Finance Leasing (“the Company”) is a Closed Joint Stock Company (“CJSC”) established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No. 1010320273 dated 24 Dhul Hijjah 1432H (corresponding to 21 November 2011).

As per the Saudi Central Bank (“SAMA”) directive, the Company obtained a license no. 201511/ 38/أش to practice finance activities.

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

Saudi Fransi for Finance Leasing Company
Prince Abdulaziz Ibn Musaid Ibn Jalawi Road
P.O. Box 56006,
Riyadh 11554
Kingdom of Saudi Arabia

The objective of the Company is to provide lease financing for assets and personal financing.

2 BASIS OF PREPARATION

a) *Statement of compliance*

The interim condensed financial statements of the Company as at and for the period ended 30 September 2024 have been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”) and in compliance with the provisions of the regulations for companies in the Kingdom of Saudi Arabia and by-laws of the company.

b) *Basis of measurement*

These interim condensed financial statements have been prepared on a going concern basis under the historical cost convention except for commission rate swaps and investment at fair value through other comprehensive income – equity instrument, which are measured at fair value. Further, employees’ EOSB are measured at present value of future obligations using the Projected Unit Credit Method.

The Company does not present current and non-current assets and liabilities separately in the interim condensed statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

c) *Functional and presentation currency*

Items included in these interim condensed financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim condensed financial statements are presented in Saudi Arabian Riyals (“SAR”) which is the Company’s functional and presentation currency. All financial information presented has been rounded-off to thousand unless otherwise stated.

SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 30 September 2024

(SR '000)

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have a material impact on the interim condensed financial statements of the Company.

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

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2024. The management has assessed that the amendments have no significant impact on the Company's interim condensed financial statements.

Standard, interpretation, 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 01, 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 01, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	January 01, 2024

(ii) New standards or amendments issued but are not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments and revisions which are effective from periods on or after January 1, 2025. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 01, 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

4 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the audited financial statements for the year ended 31 December 2023.

SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 30 September 2024

(SR '000)

5 NET INVESTMENT IN FINANCE LEASES

30 September 2024 (Unaudited)				
	Note	Not later than one year	Later than one year and less than five years	Total
Lease contract receivables		1,349,321	3,794,904	5,144,225
Unearned lease income		<u>(256,981)</u>	<u>(716,563)</u>	<u>(973,544)</u>
		1,092,340	3,078,341	4,170,681
Allowance for expected credit losses	5.1.1			<u>(42,514)</u>
Net investment in finance leases				<u>4,128,167</u>

These leased assets carry profit rates ranging from 3% to 9.99% per annum (31 December 2023: 3% to 9.99%) and lease rentals are determined on the basis of implicit rate of profit based on the cash flows of the lease. The Company holds the title of the leased assets as a collateral against the finance leases.

31 December 2023 (Audited)				
	Note	Not later than one year	Later than one year and less than five years	Total
Lease contract receivables		1,408,893	3,473,595	4,882,488
Unearned finance income		<u>(264,461)</u>	<u>(636,281)</u>	<u>(900,742)</u>
Net receivable from finance lease		1,144,432	2,837,314	3,981,746
Allowance for expected credit losses	5.1.1			<u>(58,840)</u>
Net investment in finance leases				<u>3,922,906</u>

5.1 Allowance for expected credit losses, net

	For the period ended 30 September 2024 (Unaudited)	For the period ended 30 September 2023 (Unaudited)
Reversal/(charge) for the period for Investment in finance lease	7,135	(6,524)
Charge for the period for Investment in Personal Financing	<u>(36,146)</u>	<u>(2,435)</u>
	<u>(29,011)</u>	<u>(8,959)</u>

5.1.1 The movement in the allowance for expected credit losses is as follows:

	For the period ended 30 September 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Opening Balance	58,840	63,028
(Reversal)/charge opening balance (5.1)	(7,135)	7,897
Write off for the period	<u>(9,191)</u>	<u>(12,085)</u>
Closing Balance	<u>42,514</u>	<u>58,840</u>

SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 30 September 2024

(SR '000)

5 NET INVESTMENT IN FINANCE LEASES (continued)

During the period the Company sold finance lease receivables amounting to SR 1,833 million (December 31, 2023: SR 1,327 million) including principal value of SR 1,429 million (December 31, 2023: SR 1,046 million) to a local commercial bank "Banque Saudi Fransi" or "BSF", Parent for SR 1,583 million (December 31, 2023: SR 1,178 million) in pursuant to a portfolio sale agreement with BSF, where the Company retained maximum 0.5% of the risk of transferred portfolio. As per the assessment performed by the management significant risk and rewards related to the sold finance lease receivables have been transferred to BSF and these finance lease receivables have been derecognised from the statement of financial position. Gain on disposal of finance lease receivable amounting to SAR 15.09 million (September 30, 2023: Gain of SR 21.51 million) is included in interim condensed statement of profit or loss. The amount received of SAR 1,472 million (December 31, 2023: SR 1,095 million) on assignment of finance lease receivables has been recognised as sale proceeds in the interim condensed statement of financial position.

Pursuant to the terms of the transfer agreement, the Company is not allowed to repledge those receivable, and the financial institution has recourse only to the receivables in the event the Company defaults its obligation.

6 PERSONAL FINANCING - NET

		30 September 2024 (Unaudited)		
		Not later than one year	Later than one year and less than five years	Total
	Note			
Contract receivables		274,855	599,385	874,240
Unearned income		<u>(57,703)</u>	<u>(125,835)</u>	<u>(183,538)</u>
		217,152	473,550	690,702
Provision for expected credit losses	6.1			<u>(44,517)</u>
Personal financing				<u><u>646,185</u></u>
		31 December 2023 (Audited)		
		Not later than one year	Later than one year and less than five years	Total
	Note			
Contract receivables		78,314	238,540	316,854
Unearned income		<u>(18,939)</u>	<u>(57,688)</u>	<u>(76,627)</u>
		59,375	180,852	240,227
Provision for expected credit losses	6.1			<u>(8,371)</u>
Personal financing				<u><u>231,856</u></u>

6.1 The movement in the allowance for expected credit losses is as follows:

	For the period ended 30 September 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Opening Balance as at 1 January	8,371	15
Provision charge for the period / year (5.1)	<u>36,146</u>	<u>8,356</u>
Closing Balance as at period / year end	<u><u>44,517</u></u>	<u><u>8,371</u></u>

SAUDI FRANSI FOR FINANCE LEASING COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 30 September 2024

(SR '000)

7 OTHER ASSETS

		30 September 2024 (Unaudited)	31 December 2023 (Audited)
	Note		
VAT receivable, net		122,350	81,876
Other receivables	7.1	36,327	30,904
Dealers receivable		6,751	15,743
Insurance receivable		7,121	31,045
Assets held for sale		1,094	1,318
		<u>173,643</u>	<u>160,886</u>

7.1 This mainly pertaining to insurance receivables amounting to SR 9 million (31 December 2023: SR 10.6 million), receivable against interest rate swap amounting to SAR 6.3 million (31 December 2023: 8.3 million) and receivable from customer against fee receivables from customer care services amounting to SAR 5.8 million (31 December 2023: 4.9 million) net of expected credit loss amounting to SAR 0.9 million (31 December 2023: SAR 1.1 million).

8 INVESTMENT AT FVOCI

Pursuant to Article 18/1 of the financial leasing law, Saudi Financial Lease Contract Registry Company (SIJIL) was established on 3/2/1439, corresponding to 23 October 2017, under CR No. 1010612415, and SAMA approval no. 381000124076 dated 23/12/1438, corresponding to 14 September 2017.

This Company has been set up by SAMA as a means to further regulate the market and facilitate transfer of leases between suppliers of finance and counterparties. SIJIL has 700,000 shares of SR 10 each. These 700,000 shares have been divided between finance lease companies registered and operating in Saudi Arabia. The Company purchased 89,285 shares at SR 10 each, amounting to SR 892,850.

As at the date of these financial statements, the carrying value of this investment is not materially different to its fair value.

9 DERIVATIVES

SR in 000'	Positive fair value of derivative	Negative fair value of derivative	Notional amount			
			Within 3 months	3-12 months	1-5 years	Total
30 September 2024	<u>11,946</u>	<u>(14,460)</u>	<u>246,042</u>	<u>522,500</u>	<u>1,835,833</u>	<u>2,604,375</u>
31 December 2023 (Audited)	<u>28,606</u>	<u>(2,326)</u>	<u>176,042</u>	<u>528,125</u>	<u>1,278,333</u>	<u>1,982,500</u>

The Company entered into a commission rate swap with its parent, Banque Saudi Fransi (BSF), the Company is exposed to variability in future commission cash flows on long term borrowings which bear commission at a variable rate. The company uses commission rate swaps as cash flow hedges of these commission rate risks. As at 30 September 2024, there was no ineffective portion between hedge item (borrowing) and the hedge instrument (IRS). The positive fair value of commission rate swaps as on 30 September 2024 is SAR 11.9 million (31 December 2023: SAR 28.60 million) and the negative fair value of commission rate swaps is SAR 14.4 million (31 December 2023: SAR 2.3 million). The fair value of commission rate swaps is calculated using discounted cash flow model using a risk-free discount rate adjusted for appropriate risk margin for counterparty risk including the entity's own credit risk.

SAUDI FRANSI FOR FINANCE LEASING COMPANY
(A Sole Shareholder Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 30 September 2024

(SR '000)

10 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise BSF and its affiliated entities and certain key management personnel. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken in light of applicable rules and regulations. The Company in its ordinary course of business transacts with the following related parties. The terms of those billings and charges are on an agreed basis with these related parties:

<u>Name</u>	<u>Relationship</u>
Banque Saudi Fransi (BSF)	Parent
Sofinco Saudi Fransi (SSF)	Affiliate

In addition to the related party transactions and balances disclosed elsewhere in these interim condensed financial statements, significant transactions and balances arising from transactions with related parties are as follows:

a) Transactions with related parties

<u>Nature of transactions</u>	<u>Related parties</u>	<u>For the nine-months period ended</u>	
		<u>30 September 2024</u>	<u>30 September 2023</u>
Lease rentals collected	SSF	-	44
IT maintenance and network related expenses	BSF	3,247	2,164
Financial charges on long-term loan and bank charges	BSF	107,800	84,660
Draw down of long-term tawarruq financing	BSF	2,279,125	-
Payments of long-term tawarruq financing	BSF	1,717,875	711,259
Financial charges paid	BSF	140,205	87,325
Installments payable sold portfolio - net	BSF	89,955	187,950
Proceeds from disposal of net investment in finance lease	BSF	1,471,752	-

Certain expenses paid by BSF on behalf of the Company were not charged by BSF to the Company; these expenses mainly included electricity expenses.

b) Due to a related party (excluding term loan):

	<u>30 September 2024</u>	<u>31 December 2023</u>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Banque Saudi Fransi	4,109	1,074

c) Other balances with a related party:

<u>Nature of balances</u>	<u>Related party</u>	<u>30 September 2024</u>	<u>31 December 2023</u>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Cash and cash equivalents	Banque Saudi Fransi	53,850	38,018
Long-term loan	Banque Saudi Fransi	3,316,840	2,757,102

d) The Company considers chief executive officer, chief risk officer, chief business development officer, chief sales officer, chief information technology officer, chief governance & legal officer and chief financial officer as key management personnel. The compensation of the key management personnel is listed below:

	<u>For the nine-months period ended</u>	
	<u>30 September 2024</u>	<u>30 September 2023</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries	4,313	1,471
End of service benefits	290	22
	<u>4,603</u>	<u>1,493</u>

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11 LONG TERM LOAN

The Company has a shariah compliant loan facility “Al Tawarruq” with a limit of SAR 4.64 billion from its parent Banque Saudi Fransi (“BSF”).

The outstanding / utilized amounts from the above facility are as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Current portion	791,632	728,769
Non-current portion	<u>2,525,208</u>	<u>2,028,333</u>
	<u>3,316,840</u>	<u>2,757,102</u>

Long-term tawarruq financing carries special commission rate equal to SIBOR plus bank margins payable on quarterly basis. The management have provided BSF with promissory notes against this facility.

12 ACCOUNTS PAYABLE

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Dealer payable	232,366	402,823
Insurance payable	69,862	39,697
Payable sold portfolio	50,623	105,575
Commission payable	13,399	11,599
Third-party insurance collected	9,513	9,107
Government fee payable	2,741	1,478
Customer verification expense payable	5,538	4,682
Others	<u>2,252</u>	<u>5,436</u>
	<u>386,294</u>	<u>580,397</u>

13 PROVISION, ACCRUED EXPENSES AND OTHER LIABILITIES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Payable to service providers	11,017	11,735
Financial guarantee	13,348	10,129
Salaries and employee related expenses	8,118	10,317
Lease liability	804	775
Legal and professional charges	876	561
Others	<u>4,516</u>	<u>92</u>
	<u>38,679</u>	<u>33,609</u>

14 ZAKAT

The movement in the provision for zakat is as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	5,893	11,670
Charge for the period / year:		
Current	351	2,146
Prior years	-	1,285
Charge for the period / year	351	3,431
Payment during the period / year	-	(9,208)
Closing balance	<u>6,244</u>	<u>5,893</u>

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14 Zakat (continued)

Status of assessments

The Company has submitted its zakat returns for the years ended 31 December 2012 to 2023 with the Zakat, Tax and Customs Authority ("ZATCA").

During the period, zakat assessment is made on a consolidated basis and to be paid by BSF on behalf of the Company. The charge for the Company is billed by BSF at the end of the year. No assessments have been raised by ZATCA for the year 2023.

During the period ended 30 September 2024, there has been no significant development in the status of the Company's zakat and income tax assessments for the status disclosed in the annual audited financial statement of the Company for the year ended 31 December 2023 except for the change in status of the assessment for the year 2012, which was concluded during the period and conclusions were in favor of the Company.

15 FEE INCOME AND EXPENSES

	For the three-month period ended (Unaudited)		For the nine-month period ended (Unaudited)	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Fee income				
Insurance income	8,280	6,335	22,880	19,768
Processing fee	1,539	7,898	4,153	17,718
Other operating income	4,299	1,267	6,768	5,628
	14,118	15,500	33,801	43,114
Fee expenses				
Insurance expenses	(4,058)	(3,269)	(11,466)	(11,220)
Commission	(2,603)	(7,342)	(5,634)	(15,787)
Registration fee	(262)	(123)	(446)	(486)
Verification expenses	(3,581)	(1,170)	(9,760)	(3,861)
	(10,504)	(11,904)	(27,306)	(31,354)

16 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets (including lease receivables) and financial liabilities are measured at amortized cost except for derivative financial instruments and investment at fair value through other comprehensive income which are measured at fair value. The carrying amounts of all financial assets and financial liabilities measured at amortized cost approximate their fair values except for net investments in finance leases.

The following table shows the carrying amount and fair values of financial assets and financial liabilities where fair value is different from carrying value or where the financial assets and liabilities are recorded at fair value, including their levels in the fair value hierarchy.

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16 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (continued)

30 September 2024 (Unaudited)	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Net investments in finance leases	4,128,167	-	-	4,423,986	4,423,986
Personal financing - net	646,185	-	-	647,092	647,092
Positive fair value of derivative	11,946	-	-	11,946	11,946
Investments at FVOCI	893	-	-	893	893
Financial liabilities:					
Negative fair value of derivative	14,460	-	-	14,460	14,460
Long-term tawarruq financing	3,316,840	-	-	3,316,840	3,316,840

31 December 2023 (Audited)	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Net investment in finance lease	3,981,746	-	-	4,340,066	4,340,066
Personal financing - net	240,227	-	-	243,013	243,013
Investment at FVOCI	893	-	-	893	893
Positive fair value of derivative	28,606	-	-	28,606	28,606
Financial liabilities:					
Negative fair value of derivative	2,326	-	-	2,326	2,326
Long term tawarruq financing	2,757,102	-	-	2,757,102	2,757,102

The fair value of net investment in finance lease is determined using discounted cash flow technique considering the credit adjusted market rates. The rates are determined based on the risk profile of lease receivables and current commission rates.

Fair value of long-term tawarruq financing is not significantly different from the carrying values included in the financial statements since the current market commission rates for similar financial instruments are not significantly different from the contracted rates.

Fair value of financial assets held at fair value through other comprehensive income – equity instruments is not significantly different from the carrying values included in the financial statements.

There had been no inter-level transfers during the period.

17 SHARE CAPITAL

The authorised, issued and paid-up share capital of the Company is SAR 750 million (31 December 2023: SAR 500 million) divided into 75 million (31 December 2023: 50 million) shares of SAR 10 (31 December 2023: SAR 10) each and 100% owned by BSF.

During the period, the Board of Directors recommended in its meeting on 2nd Rabi Awal, 1445H (corresponding to 17th September 2023) to increase the Company's share capital from SAR 500 million to SAR 750 million through the issuance of shares to the existing shareholder. The proposed increase in share capital was approved by the Extraordinary General Assembly ("EGA") in its meeting on 29 Shawwal 1445H (corresponding to 8 May 2024). Consequently, the number of ordinary shares issued to the company increased from 50 million shares to 75 million shares, an increase of 25 million shares during the second quarter of 2024. The Company has completed during the period the relevant regulatory requirements, including the update of the Commercial Registration for the revised capital amount, and the amendment of the Company's by-laws.

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18 GEOGRAPHICAL CONCENTRATION

The Company's operations are restricted to the Kingdom of Saudi Arabia only.

19 COMMITMENTS

The Company has finance lease contracts approved but not utilised, indicative offers issued which are under consideration of the customers as of the reporting date which have the potential to convert into financing amounting to SR 24.9 million (31 December 2023: SR 40.02 million).

As at 30 September 2024, the Company has an outstanding guarantee of SR 30.2 million (31 December 2023: SR 30.2 million) submitted in favour of Abdul Latif Jameel Retail Company Limited against purchases of vehicle for onward leasing to customers.

20 SUBSEQUENT EVENT

There have been no events subsequent to the reporting date that would require adjustment or disclosure to the interim condensed financial statements as at and for the period ended 30 September 2024.

21 COMPARTIVE FIGURES

Some figures within the financial statements have been reclassified to align with the current year's presentation. This reclassification did not affect the income or shareholders' equity previously reported.

22 BOARD OF DIRECTOR' APPROVAL

The financial statements have been approved by the Board of Directors on **22nd October 2024** (corresponding to 19th Rabi II, 1446 AH).