American Express Saudi Arabia
(Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

31 DECEMBER 2024

American Express Saudi Arabia
(Saudi Closed Joint Stock Company)

Financial Statements and Independent Auditor's Report
For the Year Ended 31 December 2024

Contents	Pages

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

Headquarters in Riyadh

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of American Express Saudi Arabia

Opinion

We have audited the financial statements of American Express Saudi Arabia ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss, other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

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

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

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

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report

To the Shareholders of American Express Saudi Arabia (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

KPMG Professional Services Company

Saleh Mohammed S Mostafa
License No: 524

Riyadh: 24 February 2025
Corresponding to: 25 Sha'ban 1446

كي بي إم جي للاستشارات المهنية
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
Lic No. 46
C.R. 1010425494
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KPMG
KPMG Professional Services

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	***31 December 2024***	*31 December 2023*
		SR '000	*SR '000*
OPERATING INCOME			
Revenue from merchants			
Merchant transaction fees, net	6	**278,617**	229,852
Revenue from card members			
Foreign exchange income		**117,269**	120,055
Special commission income on Tawarruq		**127,405**	80,298
Card membership fees, net		**73,158**	65,172
Other income, net		**12,532**	12,036
TOTAL OPERATING INCOME		**608,981**	507,413
EXPENSES			
General and administration expenses	7	**(250,027)**	(238,043)
Selling and marketing expenses	8	**(116,597)**	(114,161)
Special commission expense		**(35,474)**	(26,644)
Rebates		**(23,284)**	(18,152)
Impairment of card members' receivable, net of recoveries	10 (a)	**(5,161)**	(8,077)
PROFIT BEFORE ZAKAT AND INCOME TAX		**178,438**	102,336
Zakat	14 (a)	**(18,604)**	(8,850)
Income tax, net of deferred tax	14 (a)	**(9,344)**	(5,329)
NET PROFIT FOR THE YEAR		**150,490**	88,157

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	***31 December 2024***	*31 December 2023*
		SR '000	*SR '000*
NET PROFIT FOR THE YEAR		**150,490**	88,157
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans	19 (c)	**(3,561)**	(3,806)
Total other comprehensive loss		**(3,561)**	(3,806)
TOTAL COMPREHENSIVE INCOME		**146,929**	84,351

STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	***31 December 2024***	*31 December 2023*
		SR '000	*SR '000*
ASSETS			
Cash and cash equivalents	9	**15,781**	45,215
Card members' receivable, net	10	**1,336,921**	1,085,815
Amounts due from a related party	23 (d)	**4**	95
Prepaid expenses and other assets	28	**20,297**	17,350
Deferred card acquisition costs		**7,578**	6,432
Deferred tax asset	14 (c)	**4,948**	4,433
Property and equipment, net	11	**38,638**	47,250
Intangible assets, net	12	**38,005**	31,860
Right of use assets, net	27	**37,242**	42,798
TOTAL ASSETS		**1,499,414**	1,281,248
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Amounts due to a related party	23 (d)	**17,490**	30,971
Accounts payable and accruals	13	**262,440**	227,606
Lease liabilities	27	**37,846**	43,021
Zakat and income tax payable	14 (b)	**19,132**	12,322
Short-term borrowings	15	**429,335**	322,125
Card members' margins	16	**33,764**	33,963
Membership rewards	17	**56,246**	53,909
Deferred card membership fees	18	**32,239**	29,812
Employees' terminal benefits	19 (a)	**59,655**	52,581
TOTAL LIABILITIES		**948,147**	806,310
SHAREHOLDERS' EQUITY			
Share capital	20	**100,000**	100,000
Statutory reserve	21	**40,943**	40,943
Retained earnings		**410,324**	333,995
TOTAL SHAREHOLDERS' EQUITY		**551,267**	474,938
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,499,414**	1,281,248

The accompanying notes 1 to 30 form part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2024

31 December 2024	***Share capital***	***Statutory reserve***	***Retained earnings***	***Total***
	SR '000	***SR '000***	***SR '000***	***SR '000***
Balance at 1 January 2024	100,000	40,943	333,995	474,938
Net profit for the year	-	-	150,490	150,490
Other comprehensive loss ((note 19 (c))	-	-	(3,561)	(3,561)
Total comprehensive income	-	-	146,929	146,929
Dividend (note 22)	-	-	(70,600)	(70,600)
Balance at 31 December 2024 (note 20)	**100,000**	**40,943**	**410,324**	**551,267**

31 December 2023	*Share capital*	*Statutory reserve*	*Retained earnings*	*Total*
	SR '000	*SR '000*	*SR '000*	*SR '000*
Balance at 1 January 2023	100,000	40,943	249,644	390,587
Net profit for the year	-	-	88,157	88,157
Other comprehensive loss ((note 19 (c))	-	-	(3,806)	(3,806)
Total comprehensive income	-	-	84,351	84,351
Balance at 31 December 2023 (note 20)	100,000	40,943	333,995	474,938

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	31 December 2024 SR '000	31 December 2023 SR '000
OPERATING ACTIVITIES			
Profit before zakat and income tax		**178,438**	102,336
Adjustments for:			
Depreciation on property and equipment	11	**14,061**	13,032
Amortisation of intangible assets	12	**10,029**	9,973
Depreciation on right of use assets	27	**7,983**	7,980
Unwinding of special commission interest of lease liabilities	27	**630**	679
Impairment of card members' receivables	10 (a)	**16,335**	20,219
Provision for card membership fees	10 (b)	**5,611**	4,936
Provision for employees' terminal benefits	19 (b)	**6,938**	6,255
Gain on sale of property and equipment		**(116)**	(66)
Loss on sale of intangibles		**-**	707
Operating cash flows before working capital changes		**239,909**	166,051
Changes in operating assets and liabilities:			
Card members' receivables		**(273,052)**	(209,251)
Prepaid expenses and other assets		**(2,947)**	400
Deferred card acquisition costs		**(1,146)**	(1,576)
Accounts payable and accruals		**34,834**	47,109
Due to related parties, net		**(13,390)**	15,051
Card members' margins		**(199)**	(2,745)
Membership rewards		**2,337**	12,083
Deferred card membership fees		**2,427**	2,437
Net cash (used in) from operations		**(11,227)**	29,559
Zakat and income tax paid	14 (b)	**(21,653)**	(12,806)
Employees' terminal benefits paid	19 (c)	**(3,425)**	(2,915)
Net cash (used in) from operating activities		**(36,305)**	13,838
INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		**116**	116
Purchase of property and equipment	11	**(5,449)**	(8,366)
Purchase of intangible assets	12	**(16,174)**	(11,725)
Net cash used in investing activities		**(21,507)**	(19,975)
FINANCING ACTIVITIES			
Proceeds from short term borrowing facilities		**5,980,591**	4,021,440
Repayment of short term borrowing facilities		**(5,873,381)**	(4,041,315)
Dividend settled	22	**(70,600)**	-
Settlement of lease liabilities	27	**(8,232)**	(8,182)
Net cash from (used in) financing activities		**28,378**	(28,057)
DECREASE IN CASH AND CASH EQUIVALENTS		**(29,434)**	(34,194)
Cash and cash equivalents at beginning of the year		**45,215**	79,409
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	**15,781**	45,215

Supplemental non-cash information

Right of use assets	27	**2,427**	1,181
Lease liabilities	27	**2,427**	1,181

The accompanying notes 1 to 30 form part of these financial statements

1 ACTIVITIES

American Express Saudi Arabia (the "Company" or "AESA") is a Saudi Arabian Closed Joint Stock Company incorporated in the Kingdom of Saudi Arabia ("KSA"). The Company operates under commercial registration No. 1010183222 issued in Riyadh on 27 Shawwal 1423H (corresponding to 31 December 2002); and reissued on 28 Muhurram 1437H (corresponding to 10 November 2015), Service License No. 110/1 dated 13 Muhurram 1423H (corresponding to 12 April 2002) issued by the Saudi Arabian General Investment Authority ("SAGIA") now known as Ministry of Investment and License No. 40/ASH/201512 dated 28 Safar 1437H (corresponding to 10 December 2015) issued by the Saudi Central Bank ("SAMA"). The registered head office of the Company is P. O. Box 6624, Riyadh 11452, Kingdom of Saudi Arabia. The Company has the following branches:

Branch Commercial Registration Number	*Date of registration*	*Location*
2051041721	2 Safar 1431H	Khobar
4030189461	11 Jumada Awal 1430H	Jeddah
JLT-69544	23 December 2013	Dubai, United Arab Emirates

The Company is licensed by American Express Travel Related Services ("AETRS") to operate card and merchant establishment business in KSA. The Company is owned equally by The Saudi Investment Bank ('SAIB') and AMEX (Middle East) B.S.C. (C) (referred to as shareholders).

2 BASIS OF PREPARATION

The accompanying financial statements of the Company as at and for the year ended 31 December 2024 have been prepared in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") as endorsed in KSA ("IFRS"), other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and with the provisions of the Regulations for Companies in KSA and the By-laws of the Company.

These financial statements have been presented in Saudi Riyals, as it is the functional currency of the Company and are rounded off to the nearest thousand. Assets and liabilities in the statement of financial position are presented in the order of liquidity.

3 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Membership rewards

The Company estimates ultimate redemption rates ("URR") and weighted average cost ("WAC") to accrue for costs in respect of outstanding membership rewards ("MR") at the reporting date. These are adjusted periodically to reflect the actual redemptions experienced till the reporting date.

Impairment of card members' receivables

The measurement of impairment losses under IFRS 9 - Financial Instruments in respect of card members' receivables requires management to exercise judgement including the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's Expected Credit Loss ("ECL") calculations are outputs of models with underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include assignment of Probability of Defaults ("PDs"), criteria for assessing significant increase in credit risk, segmentation of receivables if any, development of ECL models, including the various formulas and inputs, determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, Exposures at Default ("EAD") and Loss Given Default ("LGD"), selection of forward-looking macroeconomic scenarios and their probability weightages, to derive the economic inputs into the ECL models.

3 SIGNIFICANT ACCOUNTING ESTIMATES *(continued)*

Useful lives of property and equipment and intangible assets

The Company's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortization, respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the residual value and useful lives annually and future depreciation and amortisation charge are adjusted where management believes the useful lives differ from previous estimates.

Determining the lease term of contracts with renewal and termination options – Company as a lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, 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, these financial statements continue to be prepared on a going concern basis.

Taxes

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4 MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2023, unless otherwise stated. The following is a summary of the material accounting policies followed by the Company:

Accounting convention
These financial statements are prepared under the historical cost convention unless otherwise stated.

Card members' receivable
Card members' receivables are originated by the Company and are initially measured at fair value – which is the cash consideration to originate the receivable including transaction costs. Following initial recognition, the receivables are stated at amortised cost.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Card member margins
Card member margins represent amounts received from card members. The Company is entitled to set-off card member margins against amounts due from card members, but does not intend to do so unless in the event of default.

Provision for card membership fees
Provision for card membership fees represents the Company's best estimate of future card member cancellations and non-renewals. This reserve is established due to the Company's longstanding policy to refund the entire annual membership fee if card members cancel their relationship with the Company within a specified period on a case by case basis. These reserves are recognised in earnings ratably over the contractual life of the arrangement. The provision provides for both renewal cancellations as well as new card member cancellations. The provision is based on historical membership fee reversals arising due to card member cancellations and considers the number of months a full refund is available to card members.

Dividends
Final dividends are recognized as a liability at the time of their approval by the shareholders' General Assembly. Interim dividends are recorded as and when approved by the Board of Directors.

Loans and borrowings
Special commission expense bearing loans and borrowings are measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Capital work in progress (Capwip) is not depreciated. The cost less estimated residual value of other property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditures for repair and maintenance are charged to the statement of profit or loss. Betterments that increase the value or materially extend the life of the related assets are capitalised.

4 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases

- *Right of use assets*

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

- *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable if any, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

The Company presents right of use assets that do not meet the definition of investment property and corresponding liabilities in separate line items captioned *'Right of use assets'* and *'Lease liabilities'* respectively, in the statement of financial position.

- *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of property and equipment that are considered of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Zakat, income tax and deferred tax

Zakat
The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of profit or loss.

4 MATERIAL ACCOUNTING POLICIES *(continued)*

Zakat, income tax and deferred tax (continued)

Income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions considered in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made. The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted for the changes in deferred tax assets and liabilities attributable to the temporary differences and to the unused tax losses, if any.

Deferred tax
Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in the statement of changes in shareholders' equity. In this case, the tax is also recognised.

Employees' terminal benefits
The Company operates a defined benefit plan for employees in accordance with Saudi Arabian Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding adjustment to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to comprehensive income in subsequent periods.

Past service cost are recognised in the statement of profit or loss at the earlier of:

- The date of the plan amendment or curtailment, and
- The date the Company recognises related restructuring costs

Net special commission income is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation in the statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements (under general and administrative expenses)
- Net special commission expense or income (under borrowing facility cost and charges).

4 MATERIAL ACCOUNTING POLICIES ***(continued)***

Financial instruments (IFRS 9)

Classification of financial assets
On initial recognition, a financial asset is classified as measured at amortized cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVTPL). Financial assets held by the Company, classified under 'Amortised Cost' are card members' receivable, cash equivalents and amounts due from a related party. There are no other financial assets held by the Company as at the reporting date or at the date of the comparable period.

Financial asset held at amortised cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') (the Company charges a service and administrative fee based on contractual terms); on the principal amount outstanding.

Business model assessment
The Company carries out an assessment of the objective of a business model in which financial asset is held at a portfolio level as this best reflects the way the business is managed and information is provided to management. The information considered includes:
a) the policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual fee revenue or realizing cash flows through the sale of the assets, if any;
b) how the performance of the portfolio is evaluated and reported to the Company's management;
c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

SPPI Test
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Fixed fee' is deemed consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the financial instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Impairment of financial assets
The Company recognizes provision allowances for Expected Credit Losses ('ECL') on card members' receivables, cash equivalents and amounts due from related parties, if any.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments (IFRS 9) (continued)

Derecognition of financial assets (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Stage classification
The primary step in measuring ECL is performing an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument and categorizing into following three stages in accordance with IFRS 9:

Stage 1 – Performing assets:
Financial assets that have not significantly deteriorated in credit quality since origination and which fall in delinquency bucket 0 or 1 are classified as Stage 1 - performing assets. The impairment allowance is recorded based on 12 months ECL.

Stage 2 – Underperforming assets:
Financial assets that have significantly deteriorated in credit quality since origination and which fall in delinquency bucket 2 or 3 would be classified as Stage 2 – underperforming assets. This credit quality assessment is made by considering a number of qualitative and quantitative factors. The impairment allowance is recorded based on lifetime ECL.

Stage 3 – Impaired assets:
For financial assets that are impaired and which fall in delinquency bucket 4, 5 or 6; impairment allowance is recorded based on lifetime ECL.

ECL computation
The key inputs into the measurement of ECL are the following variables:

- Probability of default (PD) – which is an estimate of the likelihood of default over a given time horizon;
- Loss given default (LGD) – which is an estimate of the loss amount arising in the case where a default occurs at a given time and
- Exposure at default (EAD) – which is an estimate of the exposure amount at a future default date.

The above parameters are derived from internally developed estimation techniques, other historical data and are adjusted for forward looking information.

The Company's product offering includes a variety of corporate and retail credit cards facilities, in which the Company has the right to cancel and/or reduce the facilities with immediate effect. The Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Company's expectations of the customer behaviour, its likelihood of default and the Company's future risk mitigation procedures, which include reducing or cancelling the card limits.

4 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Forward looking information
ECL Computation also considers three macro-economic scenarios (base case, upward trend and downward trend). Based on consideration of a variety of actual external and economic forecast information published by governmental bodies, monetary authorities and supranational organisations such as the International Monetary Fund, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (upward trend and downward trend). The Company then uses these forecasts to adjust its estimates of PDs. The Company relies on the following economic variables as inputs to formulate forward looking scenarios:
(a) Gross Domestic Product (GDP)
(b) Oil Price Change
(c) Bank Credit to Private Sector (Loans, Advances & Overdrafts Private Sector)
(d) Inflation
(e) Saudi Interbank Offered Rate (SAIBOR)

Predicted relationships between these key economic indicators and default rates on various portfolios of financial assets have been developed based on analysis of historical data.

Card members' receivable are written off when management deems amounts to be uncollectible, which is generally determined by the number of days past due and is no later than 180 days. Recoveries are recognised on a cash basis.

Foreign currencies
The financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency. Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of profit or loss.

Revenue recognition
The Company is in the business of issuing credit and charge cards and acquiring merchant establishment business in the Kingdom of Saudi Arabia. Revenue is measured based on consideration specified in a contract with a customer (referred to also as a card member) and excludes amounts collected on behalf of third parties.

Rendering of services
The Company's contracts with card members include numerous performance obligations that are satisfied over a period of time and with merchants at a point in time.

(i) Variable consideration
Card members when dealing with Company approved merchants have a right of return. Further, certain merchants are also provided with volume rebates on exceeding certain quantitative thresholds.

Under IFRS 15, rights of return and volume rebates give rise to a variable consideration.

- *Rights of return*
  The Company uses the expected value method to estimate the goods that will be returned (and its fee that may be refunded). The Company applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. Revenue does not include estimated amount of merchant transaction fees that is liable to be refunded on account of return of goods or service by the cardholder and is shown as 'refund liability', when materially significant.

- *Volume rebates to merchants*
  The Company estimates volume rebates to merchants which it will settle, by applying the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. The Company recognises contract liabilities for expected future rebates. Revenue does not include the rebates that are estimated by the Company.

4 MATERIAL ACCOUNTING POLICIES ***(continued)***

Revenue recognition *(continued)*

(ii) Acquisition of new contracts and costs to fulfill contracts
The Company incurs discrete departmental costs to secure new card members. Incremental costs to acquire new card members (acquisition of contracts) and issuance costs including cost of plastic (costs to fulfill contracts) are deferred (reported in assets under *deferred card acquisition costs*) and amortised over the expected life of the cards.

(iii) Membership rewards loyalty programme (MRLP)
Membership rewards result in an obligation on the Company to incur costs immediately. The Company recognises a provision towards MR liability based on the best estimate of the cost to fulfil the obligation and are reported as separate costs. The Company's MRLP allows cardmembers to earn points that can be redeemed for a broad range of travel rewards, retail merchandise and gifts. The Company estimates the fair value of points 'awarded and deferred' by applying a marked up average cost per point on statistically derived expected redemptions. MRLP under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The cumulative liability for unredeemed points is adjusted over time based on actual experience and current trends with respect to redemption.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following specific recognition criteria must also be met before revenue is recognised.

Merchant transaction fees
Merchant transaction fees is the revenue earned by the Company which arises as a result of usage of the American Express cards issued by the Company as well as by issuers outside the Kingdom of Saudi Arabia (swipe of the cards at merchant’s establishments approved by the Company). Merchant transaction fees is recognised upon capture of record of charges submitted by service / merchant establishments to the Company.

Foreign exchange income
Foreign exchange income represents income earned on foreign exchange rate differences upon converting cardmember expenditures in a currency other than the billing currency.

Card fees
Annual card fees billed to card members on admission to membership and on each anniversary of their admission are deferred, along with the fee reversal provision, and taken to the statement of profit or loss over the period that the fees entitle the card members to use their cards.

Tawarruq fees
Tawarruq is an arrangement whereby the Company settles outstanding receivables from its card holders through a series of commodity trade transactions. The Company purchases commodities and sells these commodities to card holders at a marked up price or profit on deferred payment basis. The card holders, through an appointed Tawarruq agent sell their owned commodities to a third party brokerage on spot payment basis, using the proceeds to pay back outstanding balance owed to the Company.

The selling price offered to the card holder by the Company comprises the original cost of commodities which equates the statement balance of the card holder plus an agreed profit margin for the Company. The difference between the gross amounts due from card holders under the Tawarruq sale contract, and the original price at which the Company purchased the commodities being traded is recorded as earned Tawarruq profit payable by card holders before the next cycle date.

Expenses
Selling and distribution expenses are those that specifically relate to marketing department. All other expenses are allocated on a consistent basis to sales and marketing and general and administration expenses in accordance with allocation factors determined as appropriate by the Company.

5. SIGNIFICANT STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NEW STANDARDS

Significant standards issued but not yet effective

The standards applied in these financial statements are those in issue as at the reporting date and are effective for annual periods beginning on or after 1 January 2024.

Following new standards and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

- Amendment to IAS 21 – Lack of exchangeability
- Sale and contribution of Assets between the investors and its associates or Joint ventures
- IFRS 18 – Presentation and disclosure in the financial statements
- Amendment to IFRS 9 – Financial Instruments
- Amendment to IFRS 7 – Financial Instruments : Disclosures

The Company has not early adopted any standards, interpretations or amendments before their effective date. The Company is currently evaluating the impact of adoption of these standards on its financial statements.

New standards, interpretations and amendments adopted by the Company

Following standard, interpretation or amendments are effective from the current period and are adopted by the Company. However, these did not have any significant impact on the financial statements of the period.

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements
- Amendment to IAS 1 – Non-current liabilities with covenants

6 MERCHANT TRANSACTION FEES, NET

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Transaction fees on 'out of Kingdom' spend (note 23 (a))	**201,994**	158,665
Transaction fees on 'in Kingdom' spend	**97,199**	86,184
Airline transaction fees (note 23 (a))	**4,096**	3,901
	303,289	248,750
Foreign card member transaction fees settled (note 23 (a))	**(24,672)**	(18,898)
	278,617	229,852

7 GENERAL AND ADMINISTRATION EXPENSES

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Employee related expenses	**119,165**	121,044
Data processing expenses	**42,224**	38,597
Contractual services	**17,231**	11,836
Depreciation on property and equipment (note 11)	**14,061**	13,032
Amortisation of intangible assets (note 12)	**10,029**	9,973
Depreciation on right of use assets (note 27)	**7,983**	7,980
Professional charges	**7,157**	6,801
Telecommunication expenses	**6,510**	7,071
Utilities and premises related expenses	**4,917**	3,464
Others	**20,750**	18,245
	250,027	238,043

8 SELLING AND MARKETING EXPENSES

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Membership rewards (note 17)	**34,081**	38,291
Marketing and promotion expenses	**32,024**	32,544
Employee related expenses	**16,908**	17,174
Co-branded rewards	**17,543**	15,878
Contractual services	**8,797**	6,043
Card member benefits	**5,463**	2,679
Utilities and premises related expenses	**1,004**	708
Telecommunication expenses	**777**	844
	116,597	114,161

9 CASH AND CASH EQUIVALENTS

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Bank balances	**15,740**	45,172
Cash in hand	**41**	43
	15,781	45,215

All bank balances (current accounts) are assessed to have low credit risk as they are held with reputable and high credit rated domestic banking institutions and there has been no history of default with any of these financial institutions. Accordingly, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

10 CARD MEMBERS' RECEIVABLE, NET

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Card members' receivable	**1,353,084**	1,098,955
Less: Impairment in card members' receivable (see note (a) below)	**(15,811)**	(12,862)
Less: Provision for card membership fees (see note (b) below)	**(352)**	(278)
	1,336,921	1,085,815

AESA's card products are Shariah approved. Accordingly, card members' receivable are unconventional in nature.

The ageing of card members' receivables is as follows:

			Past due but not impaired			
	Total	*Neither past due nor impaired*	*1 - 30 days*	*31 - 60 days*	*61 - 90 days*	*Past due and impaired*
	SR' 000	*SR' 000*	*SR' 000*	*SR' 000*	*SR' 000*	*SR' 000*
31 December 2024	**1,353,084**	**1,263,448**	**64,505**	**13,080**	**5,042**	**7,009**
31 December 2023	1,098,955	1,043,805	36,087	8,836	6,602	3,625

a) Movement in impairment of card members' receivables is as follows:

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
At beginning of the year	**12,862**	9,199
Charge for the year	**16,335**	20,219
Write off / settlements during the year	**(13,386)**	(16,556)
At end of the year	**15,811**	12,862

The impairment charge to the statement of profit or loss amounting to SR 5.16 million is net of recoveries during the year of SR 11.18 million (31 December 2023: charge of SR 8.08 million net of recoveries of SR 12.14 million).

b) Movement in card membership fees provision is as follows:

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
At beginning of the year	**278**	404
Charge for the year	**5,611**	4,936
Written off during the year	**(5,537)**	(5,062)
At end of the year	**352**	278

10 CARD MEMBERS' RECEIVABLE, NET ***(continued)***

c) An analysis of change in loss allowance and gross carrying amounts for 31 December 2024 and 2023 are set out below:

31 December 2024	***Impairment loss allowance***				***Gross carrying amount***			
	Stage 1 (Twelve month ECL)	***Stage 2 (Lifetime ECL not credit impaired)***	***Stage 3 (Lifetime ECL credit impaired)***	***Total***	***Stage 1 (Twelve month ECL)***	***Stage 2 (Lifetime ECL not credit impaired)***	***Stage 3 (Lifetime ECL credit impaired)***	***Total***
	SR'000				***SR'000***			
Balance at 1 January 2024	**6,456**	**3,473**	**2,933**	**12,862**	**1,079,892**	**15,438**	**3,625**	**1,098,955**
Transfer to 12-month ECL	2005	(1,520)	(485)	**-**	**8,018**	**(6,834)**	**(1,184)**	**-**
Transfer to lifetime ECL not credit impaired	(66)	223	(157)	-	**(14,623)**	**14,970**	**(347)**	**-**
Transfer to lifetime ECL credit impaired	(49)	(585)	634	**-**	**(7,765)**	**(3,190)**	**10,955**	**-**
Net impairment / newly originated *(note a)*	1,949	2,443	11,943	**16,335**	**292,420**	**(3,227)**	**33,134**	**322,327**
Write offs / settlements *(note a)*	(2,299)	(1,029)	(10,058)	**(13,386)**	**(22,558)**	**(5,867)**	**(39,773)**	**(68,198)**
Balance at 31 December 2024	**7,996**	**3,005**	**4,810**	**15,811**	**1,335,384**	**11,290**	**6,410**	**1,353,084**

31 December 2023	*Stage 1 (Twelve month ECL)*	*Stage 2 (Lifetime ECL not credit impaired)*	*Stage 3 (Lifetime ECL credit impaired)*	*Total*	*Stage 1 (Twelve month ECL)*	*Stage 2 (Lifetime ECL not credit impaired)*	*Stage 3 (Lifetime ECL credit impaired)*	*Total*
	SR'000				*SR'000*			
Balance at 1 January 2023	4,757	2,121	2,321	9,199	885,747	18,920	6,655	911,322
Transfer to 12-month ECL	1,133	(603)	(530)	-	9,007	(6,307)	(2,700)	-
Transfer to lifetime ECL not credit impaired	(68)	199	(131)	-	(10,450)	10,739	(289)	-
Transfer to lifetime ECL credit impaired	(38)	(133)	171	-	(6,637)	(839)	7,476	-
Net impairment / newly originated *(note a)*	2,036	3,075	15,108	20,219	223,216	1,208	20,276	244,700
Write offs / settlements *(note a)*	(1,364)	(1,186)	(14,006)	(16,556)	(20,991)	(8,283)	(27,793)	(57,067)
Balance at 31 December 2023	6,456	3,473	2,933	12,862	1,079,892	15,438	3,625	1,098,955

11 PROPERTY AND EQUIPMENT, NET

The estimated useful lives of assets for calculation of depreciation are as follows:

Building and improvements: 5 to 20 years; Computer equipment: 3 to 5 years; Furniture, fixtures and office equipment: 3 to 5 years; Motor vehicles: 4 years

	Building and improvements	*Computer equipment*	*Furniture, fixtures and office equipment*	*Motor vehicles*	*Capital work-in progress*	***Total 2024***	*Total 2023*
	SR'000	*SR'000*	*SR'000*	*SR'000*	*SR'000*	***SR'000***	*SR'000*
Cost:							
At beginning of the year	40,328	4,631	38,120	767	406	**84,252**	78,486
Additions during the year	-	-	-	-	5,449	**5,449**	8,366
Transfers during the year	476	359	2,999	518	(4,352)	**-**	-
Disposals during the year	-	-	-	(266)	-	**(266)**	(2,600)
At end of the year	40,804	4,990	41,119	1,019	1,503	**89,435**	84,252
Accumulated depreciation:							
At beginning of the year	15,412	4,047	16,777	766	-	**37,002**	26,520
Charge for the year (note 7)	6,901	381	6,682	97	-	**14,061**	13,032
Disposals during the year	-	-	-	(266)	-	**(266)**	(2,550)
At end of the year	22,313	4,428	23,459	597	-	**50,797**	37,002
Net book values:							
At 31 December 2024	**18,491**	**562**	**17,660**	**422**	**1,503**	**38,638**	
At 31 December 2023	24,916	584	21,343	1	406		47,250

Capital work-in progress as at 31 December 2024 and 2023 represents cost incurred for new premises, improvements, telephone, switchboard, office and computer equipment and furniture and fixtures.

12 INTANGIBLE ASSETS, NET

The estimated useful lives of assets for calculation of software amortisation is 3 - 5 years.

	Software	*Capital work in progress*	***Total 2024***	*Total 2023*
	SR'000	*SR'000*	***SR'000***	*SR'000*
Cost:				
At beginning of the year	54,334	3,169	**57,503**	49,448
Additions during the year	-	16,174	**16,174**	11,725
Transfers during the year	10,187	(10,187)	**-**	-
Disposals during the year	-	-	**-**	(3,670)
At end of the year	64,521	9,156	**73,677**	57,503
Accumulated amortisation:				
At beginning of the year	**25,643**	**-**	**25,643**	18,633
Charge for the year (note 7)	10,029	-	**10,029**	9,973
Disposals during the year	-	-	**-**	(2,963)
At end of the year	35,672	-	**35,672**	25,643
Net book values:				
As at 31 December 2024	**28,849**	**9,156**	**38,005**	
As at 31 December 2023	28,691	3,169		31,860

Capital work-in progress as at 31 December 2024 and 2023 represents cost incurred mainly for development of core system, new applications and software technical platforms.

13 ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Accrued expenses	**111,527**	101,604
Advance from card members	**58,614**	64,187
Payable to merchants	**57,220**	30,669
Employees' accrued compensation	**29,306**	27,448
Other payable	**5,773**	3,698
	262,440	227,606

14 ZAKAT AND INCOME TAX PAYABLE

The Company is owned by Saudi and Non-Saudi shareholders, and hence is subject to zakat (on Saudi shareholder's share) and income tax (on Non-Saudi shareholder's share). The gross income tax and zakat charge, for the year ended 31 December 2024 amounting to SR 9.74 million and SR 13.84 million (see note (a)) (31 December 2023: SR 6.02 million and SR 8.85 million) respectively, have been calculated on the basis of the Income Tax Law and the Zakat Regulations in the Kingdom of Saudi Arabia.

14 ZAKAT AND INCOME TAX PAYABLE ***(continued)***

a) Charge for the year (statement of profit or loss)

	31 December 2024 SR'000	*31 December 2023 SR'000*
Zakat charge for the year (note (b))	**13,837**	8,850
Additional zakat for prior years (note (e))	**4,767**	-
Zakat charge	**18,604**	8,850
Income tax charge for the year	**9,744**	6,016
Adjustment for prior years	**115**	(136)
Total income tax charge	**9,859**	5,880
Deferred tax origination of temporary differences (note (c))	**(515)**	(551)
Income tax charge, net of deferred tax	**9,344**	5,329

Zakat charge on the Saudi shareholder's share of zakat base is set out below:

• ***Calculation of zakat base***	***31 December 2024 SR'000***	*31 December 2023 SR'000*
Sources of fund	**583,192**	**510,683**
Total assets	**1,499,414**	1,281,248
Less: non-zakatable assets	**(126,375)**	(132,773)
Zakatable assets	**1,373,039**	**1,148,475**
Percentage (%) of zakatable assets to total assets	**91.57%**	89.64%
Zakat base (sources of fund * (zakatable assets / total assets))	**534,029**	457,762
Zakat base attributable to KSA shareholders @75% (A)	**400,522**	**343,321**

• ***Calculation of minimum and maximum zakat base***	***31 December 2024 SR'000***	*31 December 2023 SR'000*
Profit before tax and zakat	**178,438**	**102,336**
Attributable to KSA shareholders	133,829	76,752
Minimum zakat base (B)	535,314	307,008
Maximum zakat base (C)	1,070,628	614,016
• ***Basis of zakat – minimum (B)*** *(2023: lower of (C) and (A))*	535,314	343,321
Zakat charge	**13,837**	**8,850**

14 ZAKAT AND INCOME TAX PAYABLE *(continued)*

b) *Movement in provision for zakat and income tax is set out below:*

For the year ended 31 December 2024	*Zakat*	*Income tax*	*Total*
	SR '000	*SR '000*	*SR '000*
Balance payable at beginning of the year	**8,850**	**3,472**	**12,322**
Charge for the year (note a)	**13,837**	**9,744**	**23,581**
Prior year adjustments	**4,767**	**115**	**4,882**
Payments made during the year	**(13,617)**	**(8,036)**	**(21,653)**
Balance payable at end of the year	**13,837**	**5,295**	**19,132**

For the year ended 31 December 2023	*Zakat*	*Income tax*	*Total*
	SR '000	*SR '000*	*SR '000*
Balance payable (receivable) at beginning of the year	7,333	3,065	10,398
Provision during the year (note a)	8,850	5,880	14,730
Payments made during the year	(7,333)	(5,473)	(12,806)
Balance payable at end of the year	8,850	3,472	12,322

c) *Deferred tax asset*

The deferred tax asset as at 31 December 2024 amounting to SR 4.95 million includes deferred tax credit amounting to SR 0.52 million (31 December 2023: SR 4.43 million including deferred tax credit of SR 0.55 million) (note (a)). The deferred tax relates to timing differences due to differential treatment in computation of the book profit and taxable profit in respect of depreciation of property and equipment, amortisation of intangible assets and disallowance of provision for employees' terminal benefits, provision for fraud loss, provision for card members' receivables, provision for card fees and others. The tax impact is calculated based on the income tax rate of 20%.

Movement in deferred tax asset is set out below:

	31 December 2024	*31 December 2023*
	SR '000	*SR '000*
Opening deferred tax asset	**4,433**	3,882
Origination of temporary differences	**515**	551
Balance at end of the year	**4,948**	4,433

d) *Reconciliation of tax expense and the accounting profit multiplied by the applicable tax rate:*

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Accounting profit before zakat and income tax	**178,438**	102,336
Accounting profit related to non-Saudi shareholders @ 25%	**44,610**	25,584
At statutory income tax rate of 20%	**8,922**	5,117
Tax effect of other items	**822**	899
Effective income tax @ 22.10% (2023: 23.51%)	**9,744**	6,016

14 ZAKAT AND INCOME TAX PAYABLE *(continued)*

e) *Status of assessments*

The Company has filed zakat and income tax returns (the 'Returns') for all years up till 31 December 2023 with the ZATCA. The ZATCA has provided zakat certificate, which is valid up till 30 April 2025. The ZATCA has finalized the Company's position up till the year ended 31 December 2011.

During 2022 and 2023, the ZATCA issued assessments for the year 2016 and 2017 with additional zakat due aggregating SR 3.79 million and SR 0.98 million, respectively. The Company submitted appeals against the zakat assessment with the General Secretariat of Tax Committee ("GSTC") Level 1 and Level 2 and the Alternative Dispute Resolution Committee ('ADRC') which were rejected. Accordingly, the Company has settled the additional zakat for both years aggregating SR 4.77 million (note (a)).

Assessments for the years from 2012 to 2015 and 2018 to 2023 have not yet been raised by the ZATCA.

15 SHORT TERM BORROWINGS

Short term borrowings represent the following conventional loan / facilities obtained by the Company:

a) Short term facilities from domestic banks amounting to USD 300.00 million (equivalent to SR 1,125 million) (31 December 2023: USD 100 million equivalent to SR 375.00 million) including USD 100 million facility from The Saudi Investment Bank ("SAIB") (note 23 (a)) to finance the working capital requirements of the Company. These loans are secured by promissory notes signed by the Company. As of 31 December 2024, the outstanding balance under these facilities aggregated USD 114.490 million equivalent to SR 429.34 million (31 December 2023: USD 73.20 million equivalent to SR 274.50 million). These facilities will be due for renewal during 2025.

b) Credit facility from American Express Overseas Credit Corporation NV ("AEOCC NV") aggregating USD 95 million (equivalent to SR 356.25 million (31 December 2023: USD 200 million equivalent to SR 750.00 million (audited)) to finance the working capital requirements of the Company. As of 31 December 2024, the outstanding balance under this facility was nil (31 December 2023: USD 12.70 million equivalent to SR 47.63 million (audited)). This facility matured during the year and was not renewed.

16 CARD MEMBERS' MARGINS

'Revolve cards' and 'charge cards' issued by the Company are repayable on demand and generally unsecured. In certain instances, where a prospective customer does not meet certain predefined credit criteria, the Company requires a margin or a cash-collateral. Based on the terms of agreement with such customers, the Company is entitled to offset the margin money or cash collateral received against amounts due from such card members. The collateral margin held as at 31 December 2024 was SR 33.76 million (31 December 2023 : SR 33.96 million).

17 MEMBERSHIP REWARDS

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
At beginning of the year	**53,909**	41,826
Accumulated during the year (note 8)	**34,081**	38,291
Utilised during the year	**(31,744)**	(26,208)
At end of the year	**56,246**	53,909

18 DEFERRED CARD MEMBERSHIP FEES

This represents the unamortised portion of annually charged new and renewal card fees.

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
At beginning of the year	**29,812**	27,375
Billed to card members during the year	**73,281**	68,481
Recognised during the year	**(70,854)**	(66,044)
At end of the year	**32,239**	29,812

19 EMPLOYEES' TERMINAL BENEFITS

The following tables summarise the components of end of service benefits ('EoSB') recognised in the statements of profit or loss, other comprehensive income and financial position:

a) Amount recognised in the statement of financial position:

	31 December 2024	*31 December 2023*
	(SR '000)	*(SR '000)*
Present value of defined benefit obligation	**59,655**	52,581

b) EoSB expense (recognised in statement of profit or loss):

	31 December 2024	*31 December 2023*
	(SR '000)	*(SR '000)*
Current service cost (note 19 (c))	**4,538**	4,202
Special commission cost (note 19 (c))	**2,400**	2,053
EoSB expense	**6,938**	6,255

c) Movement in the present value of defined benefit obligation:

	31 December 2024	*31 December 2023*
	(SR '000)	*(SR '000)*
Present value of defined benefit obligation at beginning of the year	**52,581**	45,435
Charge recognised in the statement of profit or loss:		
Current service cost (note 19 (b))	**4,538**	4,202
Special commission cost (note 19 (b))	**2,400**	2,053
Actuarial loss recognised in the statement of other comprehensive income	**3,561**	3,806
Benefits paid	**(3,425)**	(2,915)
Present value of defined benefit obligation at end of the year	**59,655**	52,581

19 EMPLOYEES' TERMINAL BENEFITS *(continued)*

d) Principal actuarial assumptions:

	31 December 2024	*31 December 2023*
Discount rate	5.20%	4.60%
Salary increase rate	6.20%	4.60%

Discount rate
IAS 19 requires the discount rate to be set based on the yield on high quality corporate bonds or government bonds of duration and currency consistent with the liabilities. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and expected term of the post-employment benefit obligation.

Since there is no deep market for high quality corporate bonds in the Kingdom of Saudi Arabia, market yield of United States Dollar (USD) denominated Saudi Arabian Sovereign Bonds, traded in international market, for the purpose of determining an appropriate discount rate was considered.

The average duration of the post-employment benefit obligation arrived at was 6.30 years (31 December 2023: 6.50 years). For the purpose of valuation, a discount rate of 5.20% (31 December 2023 : 4.60%) per annum compounded was used. The assumptions have been determined based on the market conditions at each valuation date.

Salary increase rate
The assumption for future salary increases has been determined by the Company based on its long term expectations, reflecting both inflationary and promotional increases.

Mortality rate
Mortality rates are based on actuarial assumptions in accordance with published statistics and experience in the region.

e) Sensitivity analysis
The table below shows the change in end of service liability based on a reasonable possible change in the base assumption value for discount, mortality and salary increment rates:

	31 December 2024		*31 December 2023*	
	Change in percentage	***Increase (decrease) in EoSB liability***	*Change in percentage*	*Increase (decrease) in EoSB liability*
	%	***SR'000***	*%*	*SR'000*
Discount rate	**+0.5**	**(1,918)**	+0.5	(1,734)
	-0.5	**2,046**	-0.5	1,847
Salary increase rate	**+0.5**	**1,608**	+0.5	1,276
	-0.5	**(1,524)**	-0.5	(1,214)
Mortality rate	**+10**	**(19)**	+10	(6)
	-10	**18**	-10	8

20 SHARE CAPITAL

As at 31 December 2024, the Company's authorised, issued and paid-up share capital was SR 100 million (2023: SR 100 million) consisting of 10 million shares of SR 10 each (31 December 2023: 10 million shares of SR 10 each).

21 STATUTORY RESERVE

The statutory reserve included in the statement of shareholders' equity was required under the Company's By-laws. However, following amendments to New Companies Law and Implementing Regulations effective January 2023, the requirement to set aside a statutory reserve has been removed.

22 DIVIDEND

The shareholders in their Annual General Meeting held on 21 March 2024 approved the distribution of dividends amounting to SR 70.60 million at SR 7.06 per share (31 December 2023 : SR nil).

23 RELATED PARTY TRANSACTIONS AND BALANCES

a) Significant transactions arising from transactions with related parties are as follows:

Related party	*Nature of transaction*	***31 December 2024*** *Amount of transactions* ***SR'000***	*31 December 2023* *Amount of transactions* *SR'000*
Shareholder			
The Saudi Investment Bank ("SAIB")	- Data support and other services	**1,195**	3,102
	- Service and annual card fees	**(1,039)**	(551)
	- Share of co-brand fee	**112**	235
	- Short term loans received	**576,000**	-
	- Short term loans settled	**(552,881)**	-
	- Special commission expense	**4,364**	-
Affiliate			
AETRS	- Merchant and airline transaction fees earned (note 6)	**(206,090)**	(162,566)
	- Foreign card member transaction fees (note 6)	**24,672**	18,898
	- Support and other services	**1,297**	702
	- Royalty expense	**490**	411
AEOCC NV	- Special commission expense (note 15 (a))	**12,087**	16,132
	- Short term loans received	**2,114,625**	2,067,750
	- Short term loans settled	**(2,162,250)**	(2,362,125)

* Entities having common shareholding amongst themselves are referred to as 'Affiliates'.

In addition to the above, most of the routine banking transactions of the Company are carried out with SAIB. Bank balances as at 31 December 2023 with SAIB amounted to SR 9.34 million and are included under cash and cash equivalents (31 December 2023 : SR 44.06 million).

Transactions with related parties are on terms and conditions, as approved by the Board of Directors of the Company.

b) Key management personnel are those having authority and responsibility for planning, directing, and controlling AESA's activities either directly or indirectly. The compensation summary of key management personnel is set out below:

	31 December 2024 ***SR '000***	*31 December 2023* *SR '000*
Short term benefits	**16,837**	14,442
Termination and other long term benefits	**2,872**	4,539
	19,709	18,981

c) Card members' receivable include outstanding balances of key management personnel, arising out of credit card related transactions, as at 31 December 2024 of SR 1.21 million (31 December 2023 : SR 1.47 million).

23 RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

d) In addition to the balances disclosed elsewhere in these financial statements, the following receivable / (payable) balances arose as a result of transactions with related parties:

Related party	*Name of the related party*	***31 December 2024 SR '000***	*31 December 2023 SR '000*
Due from / (to):			
Shareholder	SAIB	**4**	95
Affiliates	AETRS	**(17,490)**	(30,971)
	AEOCC	**-**	(47,625)

24 COMMITMENTS AND CONTINGENCIES

Capital commitments
Commitments in respect of capital expenditure outstanding as at 31 December 2024 amounted to SR 17.74 million (31 December 2023 : SR 11.03 million).

Undrawn commitments
The undrawn credit commitments in respect of revolve credit cards issued by the Company as at 31 December 2024 amounted to SR 872.62 million (31 December 2023 : SR 857.44 million).

Letter of guarantee
Letter of guarantee amounting to SR 7.50 million has been issued by the Company to AETRS in the normal course of business in respect of performance obligation of the Company's merchant as at 31 December 2023 and 2024.

25 FINANCIAL INSTRUMENTS AND FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company. Financial instruments comprise financial asset and financial liabilities. Financial assets consist of bank balances and receivables. Financial liabilities consist of borrowings, payables, cardmembers' margins and membership rewards.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

25 FINANCIAL INSTRUMENTS AND FAIR VALUE *(continued)*

	31 December 2024		*31 December 2023*	
	Carrying value	***Fair value***	*Carrying value*	*Fair value*
	SR '000	***SR '000***	*SR '000*	*SR '000*
Financial assets				
Cash and cash equivalents	**15,781**	**15,781**	45,215	45,215
Card members' receivable, net	**1,336,921**	**1,336,921**	1,085,815	1,085,815
Amounts due from a related party	**4**	**4**	95	95
Other assets	**6,940**	**6,940**	6,531	6,531
	1,359,646	**1,359,646**	1,137,656	1,137,656
Financial liabilities				
Accounts payable and accruals	**262,440**	**262,440**	227,606	227,606
Amounts due to a related party	**17,490**	**17,490**	30,971	30,971
Card members' margins	**33,764**	**33,764**	33,963	33,963
Short term borrowing facilities	**429,335**	**429,335**	322,125	322,125
Membership rewards	**56,246**	**56,246**	53,909	53,909
	799,275	**799,275**	668,574	668,574

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year, there were no transfers between the levels.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Due to the short term nature of the financial assets and liabilities; the fair values of the financial assets and liabilities are not materially different from their carrying values. These would qualify for level 3 disclosure under IFRS except for cash and cash equivalents which are classified under level 1. There have been no transfers to and from Level 3 during the year.

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments carried on the statement of financial position comprise cash and cash equivalents, card members' receivable, due from a related party and other receivables, card members' margins, membership rewards, employees' terminal benefits, short term borrowings, lease liabilities, accounts payable, due to a related party, accruals and other liabilities.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Risk management is carried out under policies approved by the management. The management identifies and evaluates overall risk management covering specific areas, such as foreign exchange risk, special commission rate risk, credit risk, and investment of excess liquidity, if any.

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Credit exposures arise principally in respect of lending activities that lead to card members' receivables. There is also credit risk in off balance sheet financial instruments, such as undrawn commitments.

The Company assesses the probability of default of its customers using their internal payment and spend history, application and behaviour scores, credit bureau information (including bureau scores) and other external data sources.

The Company attempts to control credit risk by approving creditworthy applicants, monitoring credit exposures, limiting transactions with specific counterparties, performing periodic credit bureau inquiries for all customers, preventing card usage when customers go significantly over their credit limit or become delinquent and by regular follow up for collection of overdue receivables.

Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The Company's credit risk is restricted to KSA as it provides services only to residents in KSA.

Due to the nature of its business, significant concentration of credit risk exists as card members' receivables are from individuals or companies. The Company obtains security in the form of cash margin deposits or bank guarantees when appropriate but most of its credit exposures granted are unsecured.

The Company regularly reviews its risk management policies and systems to reflect changes in the portfolio, markets, products and emerging best practices.

The carrying amount of financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was on account of:

	31 December 2024	*31 December 2023*
	SR'000	*SR'000*
Card members' receivable (note 10)	**1,353,084**	1,098,955
Bank balances (note 9)	**15,740**	45,172
Amounts due from a related party (note 23 (d))	**4**	95
Other assets	**6,940**	6,531
	1,375,768	1,150,753

Individual card members' receivables of SR 843.84 million (31 December 2023 : SR 681.33 million) and corporate card members' receivables of SR 491.08 million (31 December 2023 : SR 403.98 million).

Bank balances included in cash and cash equivalents and due from related parties are with a counterparties that have investment grade credit ratings. Investment grade refers to the quality of the counterparty's credit. In order to be considered investment grade, the counterparty must be rated at 'BBB' or higher by Standard and Poor's or Moody's.

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholders through optimization of its capital structure. The Company manages its capital structure in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made to the capital structure in the years 2024 and 2023.

The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Regulations for Companies and SAMA.

Special commission rate risk

Special commission rate risk is the uncertainty of future earnings resulting from fluctuations in special commission rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to special commission rate adjustment within a specified year. The most important source of such special commission rate risk is the Company's short term borrowing facilities, where fluctuations in special commission rates, if any, are reflected in the results of operations. Card member receivables are not subject to special commission rate risk as the Company's products as Tawarruq fee percentage charged by the Company is fixed in nature.

Except card members' receivables, lease liabilities and short term borrowings there are no financial assets or liabilities that are exposed to special commission rates.

The following table depicts the sensitivity to a reasonable possible change in special commission rates, with other variables held constant, on the Company's statement of profit or loss for an annual period. The sensitivity of the income is the effect of the assumed changes in special commission rates on the net income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at 31 December 2024 and 2023. All the exposures are monitored and analysed in major currency concentrations (exposure is either in Saudi Riyals or United States Dollars) and relevant sensitivities are disclosed in Saudi Riyals.

	31 December 2024		*31 December 2023*	
	Change in basis points	***Impact on net income***	*Change in basis points*	*Impact on net income*
		SR'000		*SR'000*
Saudi Riyal	**+25**	**(1,073)**	+25	(805)
Saudi Riyal	**-25**	**1,073**	-25	805

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net financing requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of financing to dry up immediately. Management monitors the maturity profile to ensure that adequate liquidity is maintained. Liquidity risk is managed by monitoring on a regular basis that sufficient funds, banking and other credit facilities are available to meet the Company's future commitments.

a) Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2024 and 2023 based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date.

		Fixed maturity		
	No fixed maturity	*Within 3 months*	*3 months and above*	*Total*
31 December 2024	*SR'000*	*SR'000*	*SR'000*	*SR'000*
Lease liabilities	**-**	**6,091**	**33,274**	**39,365**
Accounts payable and other liabilities	**-**	**253,342**	**9,098**	**262,440**
Amounts due to a related party	**-**	**17,490**	**-**	**17,490**
Card members' margins	**33,764**	**-**	**-**	**33,764**
Short term borrowing facilities	**-**	**431,482**	**-**	**431,482**
Membership rewards	**56,246**	**-**	**-**	**56,246**
Total	**90,010**	**708,405**	**42,372**	**840,787**

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

Liquidity risk (continued)

a) Analysis of financial liabilities by remaining contractual maturities (continued)

		Fixed maturity		
	No fixed maturity	*Within 3 months*	*3 months and above*	*Total*
31 December 2023	*SR'000*	*SR'000*	*SR'000*	*SR'000*
Lease liabilities	-	6,235	38,733	44,968
Accounts payable and other liabilities	-	219,524	8,082	227,606
Amounts due to a related party	-	30,971	-	30,971
Card members' margins	33,963	-	-	33,963
Short term borrowing facilities	-	322,962	-	322,962
Membership rewards	53,909	-	-	53,909
Total	87,872	579,692	46,815	714,379

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES ***(continued)***

Liquidity risk (continued)

b) Analysis of financial assets and liabilities according to when they are expected to be recovered or settled

The table shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled:

		Maturities			
	On demand	*Within 3 months*	*3 to 12 months*	*1 year & above*	*Total*
31 December 2024	***SR'000***	***SR'000***	***SR'000***	***SR'000***	***SR'000***
Assets					
Cash and cash equivalents	15,781	-	-	-	**15,781**
Card members' receivable, net	-	1,336,921	-	-	**1,336,921**
Amounts due from a related party	-	4	-	-	**4**
Other assets	-	1,493	5,178	269	**6,940**
Financial assets	15,781	1,338,418	5,178	269	**1,359,646**
Liabilities					
Lease liabilities	-	6,092	1,342	30,412	**37,846**
Accounts payable and other liabilities	-	219,524	8,082	-	**227,606**
Amounts due to a related party	-	17,490	-	-	**17,490**
Card members' margins	33,764	-	-	-	**33,764**
Short term borrowing facilities	-	429,335	-	-	**429,335**
Membership rewards	56,246	-	-	-	**56,246**
Financial liabilities	90,010	672,441	9,424	30,412	**802,287**
Net financial assets (liabilities)	**(74,229)**	**665,977**	**(4,246)**	**(30,143)**	**557,359**

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk (continued)

b) Analysis of financial assets and liabilities according to when they are expected to be recovered or settled (continued)

		Maturities			
	On demand	*Within 3 months*	*3 to 12 months*	*1 year & above*	*Total*
31 December 2023	*SR'000*	*SR'000*	*SR'000*	*SR'000*	*SR'000*
Assets					
Cash and cash equivalents	45,215	-	-	-	45,215
Card members' receivable, net	-	1,085,815	-	-	1,085,815
Amounts due from a related party	-	95	-	-	95
Other assets	-	5,147	1,103	281	6,531
Financial assets	45,215	1,091,057	1,103	281	1,137,656
Liabilities					
Lease liabilities	-	6,207	1,370	35,444	43,021
Accounts payable and other liabilities	-	219,524	8,082	-	227,606
Amounts due to a related party	-	30,971	-	-	30,971
Card members' margins	33,963	-	-	-	33,963
Short term borrowing facilities	-	322,125	-	-	322,125
Membership rewards	53,909	-	-	-	53,909
Financial liabilities	87,872	578,827	9,452	35,444	711,595
Net financial assets (liabilities)	(42,657)	512,230	(8,349)	(35,163)	426,061

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyals is on a fixed parity to the US Dollar, management believes that the Company is not subject to any significant currency risk.

27 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Amounts recognised in the statements of financial position and profit or loss:

31 December 2024	*Commercial buildings*	*Residential villas*	*Office equipment*	*Total*	***Lease liabilities***
	SR'000	*SR'000*	*SR'000*	*SR'000*	*SR'000*
As at 1 January 2024	**41,156**	**1,148**	**494**	**42,798**	**43,021**
Additions	1,126	1,224	77	**2,427**	**2,427**
Depreciation expense (note 7)	(6,838)	(876)	(269)	**(7,983)**	**-**
Special commission expense	-	-	-	**-**	**630**
Payments	**-**	**-**	**-**	**-**	**(8,232)**
As at 31 December 2024	**35,444**	**1,496**	**302**	**37,242**	**37,846**

31 December 2023	*Commercial buildings*	*Residential villas*	*Office equipment*	*Total*	*Lease liabilities*
	SR'000	*SR'000*	*SR'000*	*SR'000*	*SR'000*
As at 1 January 2023	47,978	907	712	49,597	49,343
Additions	-	1,144	37	1,181	1,181
Depreciation expense (note 7)	(6,822)	(903)	(255)	(7,980)	-
Special commission expense	-	-	-	-	679
Payments	-	-	-	-	(8,182)
As at 31 December 2023	41,156	1,148	494	42,798	43,021

The Company's leases typically run for a period between 2 years to 10 years with an option to renew including negotiation of lease settlements. These negotiations align with market rates.

28 SAMA PROGRAMS AND INITIATIVES THAT WERE 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 SME sector through empowering and facilitating the financing community. The PSFSP mainly encompasses the following programs:

- Deferred payments program;
- Funding for lending program;
- Loan guarantee program; and
- Point of sale ("POS") and e-commerce service fee support program.

As part of the Point of Sale ("POS") and e-commerce service fee support program, SAMA bore the fees for two services on the stores and private sector establishments for a period of 6 months starting 14 March 2020 with the purpose of the program being to support the participants in the payments ecosystem in the Kingdom of Saudi Arabia, as well as ensuring the continuity of growth and continuous expansion in providing payment services safely and effectively to consumers under the current conditions. The total fees for 6 months starting from 14 March 2020 to 14 September 2020 borne by SAMA was SR 20.08 million out of which SR 16.67 million was receivable from SAMA as at 31 December 2020 and was included in and presented under "prepaid expenses and other assets". Subsequently out of SR 16.67 million, during 2021, the Company received SR 14.86 million and the balance of SR 1.81 million is expected to be received during 2025.

29 SUBSEQUENT EVENTS

In management's opinion, there have been no significant subsequent events since the year-end that require disclosure or adjustment to these Financial Statements.

30 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 25 Sha'ban 1446H (corresponding to 24 February 2025).