

**American Express Saudi Arabia  
(Saudi Closed Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024**

American Express Saudi Arabia  
(Saudi Closed Joint Stock Company)

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Interim Condensed Financial Statements and Independent Auditor's Review Report  
For The Three Month Period Ended 31 March 2024

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## KPMG Professional Services

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Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة روشن ، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report on Review of the Interim Condensed Financial Statements

To the Shareholders of American Express Saudi Arabia

## Introduction

We have reviewed the accompanying 31 March 2024 interim condensed financial statements of **American Express Saudi Arabia** ("the Company"), which comprises:

- the interim statement of profit or loss for the three-month period ended 31 March 2024;
- the interim statement of other comprehensive income for the three-month period ended 31 March 2024;
- the interim statement of financial position as at 31 March 2024;
- the interim statement of changes in shareholders' equity for the three-month period ended 31 March 2024;
- the interim statement of cash flows for the three-month period ended 31 March 2024; and
- the notes to the interim condensed financial statements.

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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 31 March 2024 interim condensed financial statements of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

**Saleh Mohammed S Mostafa**  
License No: 524

Riyadh on: 02 May 2024  
Corresponding to: 23 Shawwal 1445H



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR (40,000,000). (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفران وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

American Express Saudi Arabia  
(Saudi Closed Joint Stock Company)

INTERIM STATEMENT OF PROFIT OR LOSS

For the three month period ended 31 March 2024

	Notes	For the three month period ended (Unaudited)	
		31 March 2024	31 March 2023
		SR '000	SR '000
<b>OPERATING INCOME</b>			
<i>Revenue from merchants</i>			
Merchant transaction fees, net	5	<b>62,778</b>	48,684
<i>Revenue from card members</i>			
Foreign exchange income		<b>24,513</b>	23,606
Special commission income on Tawarruq		<b>28,255</b>	18,661
Card membership fees, net		<b>17,673</b>	15,927
Other income, net		<b>2,926</b>	2,736
<b>TOTAL OPERATING INCOME</b>		<b>136,145</b>	109,614
<b>EXPENSES</b>			
General and administration expenses		<b>(60,373)</b>	(59,789)
Selling and marketing expenses		<b>(28,572)</b>	(24,202)
Rebates		<b>(4,660)</b>	(3,224)
Impairment charge for card members' receivable, net of recoveries	6 (a)	<b>(2,099)</b>	(2,930)
Special commission expense		<b>(7,336)</b>	(4,973)
<b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>33,105</b>	14,496
Zakat	8 (a)	<b>(2,567)</b>	(2,075)
Income tax, net of deferred tax	8 (a)	<b>(1,817)</b>	(782)
<b>NET PROFIT FOR THE PERIOD</b>		<b>28,721</b>	11,639

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

American Express Saudi Arabia  
(Saudi Closed Joint Stock Company)

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INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three month period ended 31 March 2024

	<i>For the three month period ended (Unaudited)</i>	
	<u>31 March 2024</u>	<u>31 March 2023</u>
	<u>SR '000</u>	<u>SR '000</u>
<b>NET PROFIT FOR THE PERIOD</b>	<b>28,721</b>	11,639
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gains on defined benefit plans	-	-
<b>Total other comprehensive income</b>	<b>-</b>	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>28,721</b>	11,639

American Express Saudi Arabia  
(Saudi Closed Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		<i>31 March</i>	<i>31 December</i>
		<i>2024</i>	<i>2023</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR '000</i>	<i>SR '000</i>
<b>ASSETS</b>			
Cash and cash equivalents		<b>72,693</b>	45,215
Card members' receivable, net	6	<b>1,098,640</b>	1,085,815
Amounts due from a related party	10 (d)	<b>72</b>	95
Prepaid expenses and other assets	14	<b>16,500</b>	17,350
Deferred card acquisition costs		<b>6,269</b>	6,432
Deferred tax asset	8 (c)	<b>4,646</b>	4,433
Property and equipment, net		<b>44,820</b>	47,250
Intangible assets, net		<b>31,321</b>	31,860
Right of use assets, net		<b>40,811</b>	42,798
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>1,315,772</b>	1,281,248
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Amounts due to a related party	10 (d)	<b>41,933</b>	30,971
Accounts payable and accruals	7	<b>199,891</b>	227,606
Lease liabilities		<b>36,832</b>	43,021
Zakat and income tax payable	8 (b)	<b>16,919</b>	12,322
Short term borrowings	9	<b>413,250</b>	322,125
Card members' margins		<b>34,343</b>	33,963
Membership rewards		<b>54,024</b>	53,909
Deferred card membership fees		<b>30,274</b>	29,812
Employees' terminal benefits		<b>55,247</b>	52,581
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>882,713</b>	806,310
		<hr/>	<hr/>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		<b>100,000</b>	100,000
Statutory reserve		<b>40,943</b>	40,943
Retained earnings		<b>292,116</b>	333,995
		<hr/>	<hr/>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>433,059</b>	474,938
		<hr/>	<hr/>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,315,772</b>	1,281,248
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

American Express Saudi Arabia  
(Saudi Closed Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three month period ended 31 March 2024

<i>31 March 2024 (unaudited)</i>	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	<u>SR '000</u>	<u>SR '000</u>	<u>SR '000</u>	<u>SR '000</u>
Balance at 1 January 2024	100,000	40,943	333,995	<b>474,938</b>
Total comprehensive income	-	-	28,721	<b>28,721</b>
Dividend (note 12)			(70,600)	<b>(70,600)</b>
<b><i>Balance at 31 March 2024</i></b>	<b><u>100,000</u></b>	<b><u>40,943</u></b>	<b><u>292,116</u></b>	<b><u>433,059</u></b>
<i>31 March 2023 (unaudited)</i>	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	<u>SR '000</u>	<u>SR '000</u>	<u>SR '000</u>	<u>SR '000</u>
Balance at 1 January 2023	100,000	40,943	249,644	390,587
Total comprehensive income	-	-	11,639	11,639
<b><i>Balance at 31 March 2023</i></b>	<b><u>100,000</u></b>	<b><u>40,943</u></b>	<b><u>261,283</u></b>	<b><u>402,226</u></b>

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

American Express Saudi Arabia  
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INTERIM STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2024

	<i>For the three month period ended</i>	
	<u>31 March 2024</u>	<u>31 March 2023</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Notes	SR '000	SR '000
<b>OPERATING ACTIVITIES</b>		
Profit before zakat and income tax	<b>33,105</b>	14,496
<i>Adjustments for:</i>		
Depreciation on property and equipment	<b>3,451</b>	3,028
Amortisation of intangible assets	<b>2,537</b>	2,322
Depreciation on right of use assets	<b>1,987</b>	1,987
Unwinding of special commission expense of lease liabilities	<b>156</b>	176
Impairment of card members' receivables, net of recoveries	<b>2,099</b>	2,930
Provision for card membership fees	<b>1,447</b>	1,161
Provision for employees' terminal benefits	<b>3,324</b>	3,939
	<hr/>	<hr/>
<i>Operating cash flows before working capital changes</i>	<b>48,106</b>	30,039
<i>Changes in operating assets and liabilities:</i>		
Card members' receivables	<b>(16,371)</b>	(92,825)
Prepaid expenses and other assets	<b>850</b>	2,685
Accounts payable and accruals	<b>(27,715)</b>	5,890
Amounts due to related parties, net	<b>10,985</b>	(4,698)
Card members' margins	<b>380</b>	(1,076)
Membership rewards	<b>115</b>	1,495
Deferred card membership fees, net	<b>462</b>	146
Deferred card acquisition costs, net	<b>163</b>	(259)
	<hr/>	<hr/>
<i>Net cash from (used in) operations</i>	<b>16,975</b>	(58,603)
Employees' terminal benefits paid	<b>(658)</b>	(502)
	<hr/>	<hr/>
Net cash from (used in) operating activities	<b>16,317</b>	(59,105)
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<b>(1,021)</b>	(1,097)
Purchase of intangible assets	<b>(1,998)</b>	(3,520)
	<hr/>	<hr/>
Net cash used in investing activities	<b>(3,019)</b>	(4,617)
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short term borrowing facilities	<b>1,441,500</b>	574,011
Repayment of short term borrowing facilities	<b>(1,350,375)</b>	(567,750)
Dividend paid	<b>(70,600)</b>	-
Settlement of lease liabilities	<b>(6,345)</b>	(669)
	<hr/>	<hr/>
Net cash from financing activities	<b>14,180</b>	5,592
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>27,478</b>	(58,130)
Cash and cash equivalents at beginning of the period	<b>45,215</b>	79,409
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>72,693</b>	21,279
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The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements



# American Express Saudi Arabia (Saudi Closed Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024

### 1 ACTIVITIES

American Express Saudi Arabia (the “Company” or “AESA”) is a Saudi 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”) 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 11652, Kingdom of Saudi Arabia. The Company has the following branches:

<i>Branch Commercial Registration Number</i>	<i>Date of registration</i>	<i>Location</i>
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.

### 2 BASIS OF PREPARATION

The interim condensed financial statements of the Company as at and for the three month period ended 31 March 2024 have been prepared in compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as endorsed in KSA, 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. The interim condensed financial statements should be read in conjunction with the Company's annual audited financial statements as at and for the year ended 31 December 2023.

These interim condensed financial statements have been presented in Saudi Riyals, as it is the functional currency of the Company and are rounded off to the nearest thousands.

Assets and liabilities in the interim statement of financial position are presented in the order of liquidity.

### 3 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of interim condensed 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 interim condensed 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.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for the year ended 31 December 2023.

### 4 MATERIAL ACCOUNTING POLICIES

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (“IASB”) 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). The results for the period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2024.

American Express Saudi Arabia  
(Saudi Closed Joint Stock Company)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
At 31 March 2024

**4A NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

*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

The Company has not early adopted any standards, interpretations or amendments before their effective date.

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

Following standard, interpretation or amendments are effective from the current year and are adopted by the Company. However, these did not have any 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

American Express Saudi Arabia  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
At 31 March 2024

5 MERCHANT TRANSACTION FEES, NET

	<i>For the three month period ended</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Local card member transaction fees on 'out of Kingdom' spend (note 10 (a))	<b>42,734</b>	31,634
Transaction fees on 'in Kingdom' spend	<b>25,598</b>	20,930
Airline transaction fees (note 10 (a))	<b>1,004</b>	1,291
	<b>69,336</b>	53,855
Foreign card member transaction fees (note 10 (a))	<b>(6,558)</b>	(5,171)
	<b>62,778</b>	48,684

6 CARD MEMBERS' RECEIVABLE, NET

	<i>31 March</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Card members' receivable	<b>1,113,217</b>	1,098,955
Less: Impairment in card members' receivable (see note (a) below)	<b>(14,093)</b>	(12,862)
Less: Provision for card membership fees	<b>(484)</b>	(278)
	<b>1,098,640</b>	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:

	<i>Total</i>	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>			<i>Past due and impaired</i>
			<i>1 - 30 days</i>	<i>31 - 60 days</i>	<i>61 - 90 days</i>	<i>91 - 180 days</i>
<i>31 March 2024 (Unaudited)</i>	<b>1,113,217</b>	<b>1,051,389</b>	<b>40,593</b>	<b>12,562</b>	<b>3,853</b>	<b>4,820</b>
<i>31 December 2023 (Audited)</i>	1,098,955	1,043,805	36,087	8,836	6,602	3,625

a) *Movement in impairment in respect of card members' receivables:*

	<i>For the three month period ended</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
At beginning of the period	<b>12,862</b>	9,199
Charge for the period	<b>3,785</b>	4,775
Written off during the period	<b>(2,554)</b>	(1,354)
At end of the period	<b>14,093</b>	12,620

The impairment charge to the interim statement of profit or loss for the three month period ended 31 March 2024 amounting to SR 2.10 million is net of recoveries during the period of SR 1.69 million (unaudited) (31 March 2023: charge of SR 2.93 million net of recoveries of SR 1.85 million) (unaudited)).

American Express Saudi Arabia  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
At 31 March 2024

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

b) The following table shows reconciliation from the opening to the closing balance of the loss allowance

31 March 2024 (Unaudited)

<i>Impairment loss on card members' receivable</i>	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	<b>SR'000</b>			
Balance at 1 January 2024	6,457	3,473	2,932	12,862
Transfer to 12 month ECL	1,253	(1,249)	(4)	-
Transfer to lifetime ECL not credit impaired	(68)	274	(206)	-
Transfer to lifetime ECL credit impaired	(16)	(1,330)	1,346	-
Net impairment charge (reversal)	(832)	2,137	2,480	3,785
Write offs / settlements	(70)	(207)	(2,277)	(2,554)
<i>Balance at 31 March 2024</i>	<b>6,724</b>	<b>3,098</b>	<b>4,271</b>	<b>14,093</b>

31 March 2023 (Unaudited)

<i>Impairment loss on card members' receivable</i>	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	<b>SR'000</b>			
Balance at 1 January 2023	4,757	2,121	2,321	9,199
Transfer to 12 month ECL	689	(652)	(37)	-
Transfer to lifetime ECL not credit impaired	(46)	152	(106)	-
Transfer to lifetime ECL credit impaired	(21)	(1,033)	1,054	-
Net impairment charge	(176)	1,525	3,426	4,775
Write offs / settlements	(47)	(65)	(1,242)	(1,354)
<i>Balance at 31 March 2023</i>	<b>5,156</b>	<b>2,048</b>	<b>5,416</b>	<b>12,620</b>

**7 ACCOUNTS PAYABLE AND ACCRUALS**

	<b>31 March 2024 (Unaudited)</b>	<b>31 December 2023 (Audited)</b>
	<b>SR'000</b>	<b>SR'000</b>
Accrued expenses	<b>93,711</b>	101,604
Advance from card members	<b>62,205</b>	64,187
Payable to merchants	<b>24,804</b>	30,669
Employees' accrued compensation	<b>13,927</b>	27,448
Other payables	<b>5,244</b>	3,698
	<b>199,891</b>	227,606

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
At 31 March 2024

**8 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 income tax and zakat charge, for the three month period ended 31 March 2024 amounting to SR 2.03 million and SR 2.57 million (31 March 2023: SR 1.21 million and SR 2.08 million) respectively, have been calculated on the basis of the Income Tax Law and the Zakat Regulations in the Kingdom of Saudi Arabia.

*a) Charge for the period (interim statement of profit or loss)*

	<i>For the three month period ended (Unaudited)</i>	
	<u>31 March 2024</u>	<u>31 March 2023</u>
	SR'000	SR'000
<i>Zakat charge</i> for current period (see note (b))	<u>2,567</u>	<u>2,075</u>
Income tax charge for current period (see note (b))	<b>2,030</b>	1,209
Deferred tax origination of temporary differences (note (c))	<b>(213)</b>	(427)
<i>Income tax charge, net of deferred tax</i>	<u><b>1,817</b></u>	<u>782</u>

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

<i>For the three month period ended 31 March 2024 (Unaudited)</i>	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
	SR '000	SR '000	SR '000
Balance payable at beginning of the period	<b>8,850</b>	<b>3,472</b>	<b>12,322</b>
Charge for the period	<u>2,567</u>	<u>2,030</u>	<u>4,597</u>
Balance payable at end of the period	<u><b>11,417</b></u>	<u><b>5,502</b></u>	<u><b>16,919</b></u>
<i>For the three month period ended 31 March 2023 (Unaudited)</i>	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
	SR '000	SR '000	SR '000
Balance payable at beginning of the period	7,333	3,065	10,398
Charge for the period	<u>2,075</u>	<u>1,209</u>	<u>3,284</u>
Balance payable at end of the period	<u>9,408</u>	<u>4,274</u>	<u>13,682</u>
<i>For the year ended 31 December 2023 (Audited)</i>	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
	SR '000	SR '000	SR '000
Balance payable at beginning of the year	7,333	3,065	10,398
Charge for the year	8,850	5,880	14,730
Payments during the year	<u>(7,333)</u>	<u>(5,473)</u>	<u>(12,806)</u>
Balance payable at end of the year	<u><b>8,850</b></u>	<u><b>3,472</b></u>	<u><b>12,322</b></u>

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

*c) Deferred tax asset (unaudited)*

Deferred tax asset as at 31 March 2024 amounting to SR 4.65 million (31 March 2023 : SR 4.31 million) includes deferred tax origination for the three month period ended 31 March 2024 amounting to SR 0.21 million (31 March 2023: origination of SR 0.43 million) (see note 8 (a)). The tax impact is calculated based on the income tax rate of 20%.

*Movement in deferred tax asset is set out below:*

	<i>For the three month period ended (Unaudited)</i>		<i>For the year ended (Audited)</i>
	<i>31 March 2024</i>	<i>31 March 2023</i>	<i>31 December 2023</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
Balance at beginning of the period / year	<b>4,433</b>	3,882	3,882
Origination of temporary differences	<b>213</b>	427	551
	<u><b>4,646</b></u>	<u>4,309</u>	<u>4,433</u>

*d) Status of assessments*

The Company has filed zakat and income tax returns (the 'Returns') for all years up till 31 December 2022 with the ZATCA. The ZATCA has provided zakat certificate, which is valid up till 30 April 2024. The ZATCA has finalized the Company's position up till the year ended 31 December 2011.

During 2022, the Company received assessment for the year 2016 with additional zakat due aggregating SR 3.79 million. The Company submitted an appeal against the zakat assessment with the General Secretariat of Tax Committee ("GSTC") Level 1 which was rejected. The appeal hearing is yet to take place at GSTC Level 2.

During January 2023, the ZATCA issued assessment for the year 2017 with an additional zakat due aggregating SR 0.98 million. The Company's appeal against the zakat assessment with GSTC Level 1 is yet to take place.

During September 2023, the Company submitted an application to the Alternative Dispute Resolution Committee (ADRC) for both the above assessments years. The matters under appeal are currently under reconsideration and assessment of the ADRC.

Assessments for the years from 2012 to 2015 and 2018 to 2022 have not yet been raised by the ZATCA. Returns for the year ended 31 December 2023 were filed with the ZATCA during April 2024.

**9 SHORT TERM BORROWINGS**

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

- American Express Overseas Credit Corporation NV ("AEOCC NV") aggregating USD 200 million (equivalent to SR 750 million (unaudited)) (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 March 2024, the outstanding balance under this facility was USD 36.99 million equivalent to SR 138.75 million (unaudited) (31 December 2023: USD 12.70 million equivalent to SR 47.63 million (audited)). The facility will be due for renewal during 2024.
- Short term facility from the domestic bank aggregating USD 100.00 million (equivalent to SR 375.50 million) (31 December 2023: USD 100 million equivalent to SR 375.00 million) to finance the working capital requirements of the Company. This loan is secured by promissory notes signed by the Company. As of 31 March 2024, the drawdown and outstanding balance under this facility was USD 73.20 million equivalent to SR 274.50 million (31 December 2023: USD 73.20 million equivalent to SR 274.50 million). The facility will be due for renewal during 2024.

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**10 RELATED PARTY TRANSACTIONS AND BALANCES**

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

<i>Related party</i>	<i>Nature of transaction</i>	<i>For the three month period ended (Unaudited)</i>	
		<b>31 March 2024</b>	<b>31 March 2023</b>
		<b>SR'000</b>	<b>SR'000</b>
<i>Shareholder</i>			
The Saudi Investment Bank ("SAIB")	- Data support services	<b>289</b>	1,055
	- Service and annual card fees	<b>(465)</b>	(124)
	- Co-brand fees	<b>122</b>	110
<i>Affiliate</i>			
AETRS	- Merchant and airline transaction fees earned (note 5)	<b>(43,738)</b>	(32,925)
	- Foreign card member transaction fees (note 5)	<b>6,558</b>	5,171
	- Support and other services	<b>184</b>	196
	- Royalty expense	<b>111</b>	45
AEOCC NV	- Special commission expense (note 9 (a))	<b>2,586</b>	4,012
	- Short term loans received	<b>618,000</b>	348,750
	- Short term loans settled	<b>(526,875)</b>	(455,250)

In addition to the above, most of the routine banking transactions of the Company are carried out with SAIB. Bank balances as at 31 March 2024 with SAIB amounted to SR 14.58 million (unaudited) and are included under cash and cash equivalents (31 December 2023 : SR 44.06 million (audited)).

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

b) The compensation summary of key management personnel for the reporting period is set out below:

	<i>For the three month period ended (Unaudited)</i>	
	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>SR'000</b>	<b>SR'000</b>
Short term benefits	<b>3,743</b>	2,219
Termination and other long term benefits	<b>942</b>	2,005
	<b>4,685</b>	4,224

c) Card members' receivable include outstanding balances of the Board of Directors and key management personnel of the Company, arising out of credit card related transactions, as at 31 March 2024 of SR 1.52 million (unaudited) (31 December 2023: SR 1.47 million (audited)).

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**10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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

Related party	Name	31 March 2024	31 December 2023
		(Unaudited)	(Audited)
		SR '000	SR '000
<b>Amounts due from / (to):</b>			
Shareholder	SAIB	72	95
Affiliate	AETRS	(41,933)	(30,971)

**11 COMMITMENTS AND CONTINGENCES**

**Capital commitments**

Commitments in respect of capital expenditure outstanding as at 31 March 2024 amounted to SR 9.66 million (unaudited) (31 December 2023 : SR 11.03 million (audited)).

**Undrawn commitments**

The undrawn credit commitments in respect of revolve credit cards issued by the Company as at 31 March 2024 amounted to SR 880.63 million (unaudited) (31 December 2023 : SR 857.44 million (audited)).

**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 March 2024 (unaudited) (31 December 2023 : SR 7.50 million (audited)).

**12 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 (unaudited). There were no dividends declared during the year ended 31 December 2023.

**13 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, card members' 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.



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**13 FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)**

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.

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.

The Company's management determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement, such as assets held for distribution in a discontinued operation.

Due to the short term nature of the financial assets and liabilities, the management believes that the fair values of the financial assets and liabilities are not materially different from their carrying values. These are all classified within Level 3 of the fair value hierarchy except for cash and cash equivalents which are classified under level 1. There have been no transfers to and from Level 3 during the current period or prior year.

**14 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 the 6 months starting from 14 March 2020 to 14 September 2020 borne by SAMA was SR 20.08 million out of which SR 1.81 million is receivable from SAMA as at 31 March 2024 (SR 16.67 million was received during the year 2021) and is included in and presented under "prepaid expenses and other assets".

**15 APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 20 Shawwal 1445H (corresponding to 29 April 2024).