

Annual Report 2024

1445 - 1446



Quara Finance is a leading Saudi company in innovative financing services and solutions that comply with the provisions of Islamic Sharia



The Board of Directors of Quara Finance Company is pleased to present its annual report for the fiscal year ending on December 31, 2024G. The report sheds light on the annual financial statements, as well as on the company's business and developments during the year. The report also explains the composition of the Board of Directors and its committees and reviews the most prominent changes and achievements made by the company during 2024G.



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud

————— God Bless Him —————



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, Prime Minister

————— God Bless Him —————

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Chairman's Statement

Dear Honorable Shareholders,

I am pleased and honored to present to you the annual report of Quara Finance Company after its listing on the parallel market (Nomu), as this listing is a strategic milestone in our growth and expansion journey, and a fundamental step towards achieving our goals in strengthening our position within the finance sector.

Listing our company on the parallel market represents a testament to investors' confidence in our vision and our ability to create value, which motivates us to continue implementing our ambitious strategies efficiently and responsibly. Based on our commitment to transparency and responsibility, we affirm our keenness to enhance communication channels with our shareholders, and to provide periodic reports that clearly reflect our performance and achievements.

In the year 2024G, our company is strongly propelled, supported by a clear vision and an integrated strategy aimed at providing innovative financing solutions that meet the needs of individuals and small and medium enterprises, with a firm commitment to implementing best practices in governance and sound management. By investing in advanced fintech and enhancing operational efficiency, we have succeeded in establishing the foundations for sustainable growth that enables us to achieve added value for our shareholders and customers.

In light of the rapid economic transformations, we continued our efforts during the year to enhance our operational flexibility and adapt to changes, with a focus on diversifying our financing portfolio and expanding the scope of our services. We also worked to

foster strategic partnerships with various sectors, which contributed to supporting our efforts towards achieving sustainable and competitive growth in the market.

The financing sector is a thriving sector in the Kingdom of Saudi Arabia, witnessing rapid growth driven by the increasing demand for flexible and innovative financing solutions. This prosperity comes in line with the Kingdom's Vision 2030, which places the development of the financial sector as one of its most important pillars, with a focus on strengthening the small and medium enterprises sector by providing innovative financing solutions and products that enable these enterprises to grow, expand and contribute effectively to the national economy.

In this context, Quara Finance proceeds with its efforts to support the financial transformation and develop the financing system by providing advanced financial services that meet the changing needs of the market and help individuals and small and medium enterprises achieve financial sustainability and expand their business activities.

In conclusion, I would like to extend my sincere thanks and appreciation to the shareholders, members of the Board of Directors, the Executive Management and all employees of the Company for their efforts and unwavering commitment to achieving these goals. I also express my sincere gratitude to our shareholders, partners and customers for their continued support, and we look forward to continuing our journey of growth and excellence in the coming years.

Chairman
Abdullah bin Abdulrahman AlShilash

01

Executive Summary

Board of Directors Members



Board Chairman
Abdullah bin Abdulrahman
AlShilash



Deputy Chairman
Abdulkarim bin Abdulaziz
Aldoaiji



Board Member
Khaled Bin Mohammed
Faqeeh



Board Member
Mohammed bin Musfer
Al-Malki



Board Member
Abdulrahman bin Abdulaziz AlMisned



Board Member
Tarek bin Sami Zeitoun



Board Member
Anand Sudarshan Raheja

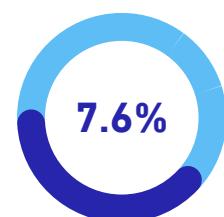
Financial Performance Highlights



Total financing provided by the company for the year 2024G

676.6

₪ Million



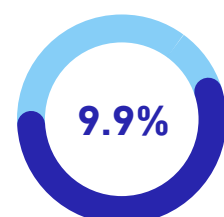
Increase percentage in total financing compared to 2023G



Total annual revenues for the year 2024G

206.2

₪ Million



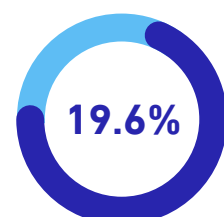
Increase percentage in annual revenues compared to 2023G



Total annual net profits for the year 2024G

43.2

₪ Million



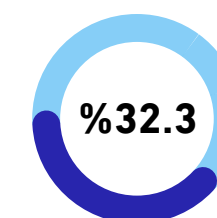
Decrease percentage in annual net profits compared to 2023G

Key Operational Performance Indicators for 2024



Number of beneficiaries in the organizations and businesses sector for the year 2024G

134

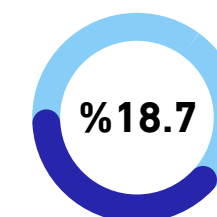


Decrease percentage in the number of beneficiaries in the organizations and businesses sector compared to 2023G



Number of beneficiaries in the individuals' sector for the year 2024G

117.210



Increase percentage in the number of beneficiaries in the individuals' sector compared to 2023G

Company Plans and Decisions in 2024

The company's journey during 2024 witnessed a major development on all the following levels:

01 Institutional level

The company witnessed a strategic transformation in 2024G, by offering its shares for public subscription and entering the parallel Saudi stock market "Nomu". Based on its restructuring according to an integrated corporate governance framework, and in line with its efforts to achieve its strategic goals towards further growth in its financial and operational performance, and enhancing its leading position as a reliable provider of innovative financing services and solutions in the Kingdom, which expands its customer base and increases its market share, generates more financial revenues and maximizes profitable shareholder returns in various segments.

02 Financial and operational level

The company has managed to achieve more financial revenues in 2024G, by applying the best operational practices applied globally in this field, by developing its services and financing solutions for both the individual and institutional sectors, and providing financing innovations in line with its vision to achieve the highest levels of operational efficiency, seeking to raise the efficiency of the experience of beneficiaries with high efficiency. This is reflected in expanding its customer base in various sectors and increasing financial revenues and profitable returns for the company and shareholders.

Therefore, there is no obstacle to the company's progress and the sustainability of its success, and it continues to implement its strategy of growth towards more achievements and successes, God willing.

03 Prospects and Future Plans

Quara Finance continues to implement its development strategy towards further growth, by developing a set of innovative financing programs and solutions to meet the needs and requirements of its customers in both the individual and SME sectors, especially in light of the company's strategic orientation towards attracting more investors in the financial and digital sectors, and the sectors targeted by the programs to achieve the Kingdom's Vision 2030.

02

Our Story

Sustainable Development Journey

Sustainable Development Journey

The Origin and Progress



2009

Quara Finance Company was initially established as a limited liability company under the name "Maalem Installment Company", where the company's capital upon establishment amounted to three million **ﷲ (3,000,000)**

2012

The partners decided to increase the company's capital from three million **ﷲ (3,000,000)** to thirty million **ﷲ (30,000,000)**, by transferring part of the partners' current account equivalent to twenty-seven million **ﷲ (27,000,000)**, according to the auditor's certificate issued on 03/12/2012G. The partners also decided to amend the value of the share to become ten (10) Saudi riyals

2020

The Extraordinary General Assembly approved increasing the company's capital from one hundred and fifty million **ﷲ (150,000,000)** to three hundred million **ﷲ (300,000,000)**

2013

The partners decided to convert the company from a limited liability company to a closed joint stock company and increase the company's capital to reach one hundred million **ﷲ (100,000,000)**.

2017

The Extraordinary General Assembly approved amending Article Two of the company's Articles of Association in its name and amending it from Maalem Installment Company to Maalem Financing Company. This assembly also approved increasing the company's capital from one hundred million **ﷲ (100,000,000)** to one hundred and fifty million **ﷲ (150,000,000)**

2021

The Extraordinary General Assembly approved amending Article Two of the company's bylaws to change the company name from Maalem Financing Company to "Quara Financing Company".

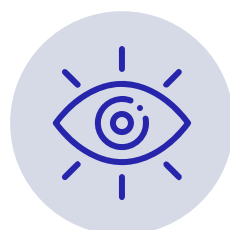
2024

Obtaining approval of the Saudi Capital Market Authority to offer the company's shares for subscription, and the company's entry into the Saudi parallel stock market "Nomu" - Tadawul

In line with the large scale development of the business environment in the Kingdom, thanks to the continuous support provided by our wise government under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and his loyal Crown Prince, may God protect them, the company has achieved high levels of growth at all operational and financial levels, which was embodied in raising its capital by three hundred million **ﷲ (300,000,000)** and its strategic transformation by entering the Saudi parallel stock market "Nomu" in Tadawul, which gave it real added value to establish a pioneering competitive position in the most economically and socially growing regional markets.

Quara Finance is active in the field of consumer finance, financing small and medium enterprises and financial leasing, investing its long experience in the field of finance to benefit from the expected growth in the fintech services sector, which has begun to receive great attention from the legislative authorities to develop the infrastructure of the financial technology services sector. In an effort to provide financing products and solutions that are compatible with the provisions of Islamic Sharia, and work to serve individuals and enable them to provide for their personal needs.

Quara Company also enables institutions to grow and develop their businesses, and is keen to integrate the concept of innovation into all its business streams to provide a set of programs and products according to advanced technical infrastructure, in an effort to facilitate and speed up the study of customer requests for financing, and develop them to be almost immediate, through which it aspires to become the first and leading company in the providing innovative financing solutions in the Kingdom, in tandem with the speed of response and technical development in all its various dealings.



Vision

To be a pioneer in providing innovative financial solutions and optimal image for individuals and institutions.



Mission

To provide financing products that suit the needs of individuals and entities, through high-performance institutional transactions, using the latest systems in accordance with the provisions of Islamic Sharia.

Company Main Activities

The company operates under Commercial Registration No. (1010262141), dated 09/02/1430H (corresponding to 04/02/2009G). The company's activity, according to the commercial registration of the main branch, is consumer finance, financing small and medium enterprises, and financial leasing. The company operates under a license issued by the Saudi Central Bank No. (45/A H/201605), dated 02/08/1437H. The purpose of the company, as stated in the Articles of Association, is to finance companies and individuals in accordance with the provisions of the Companies Law, the Finance Companies Control Law and its implementing regulations, related regulations, and instructions issued by the competent authorities, including the Saudi Central Bank.

Quara Finance constantly focuses on providing financing products that are compatible with Islamic Sharia and seeks to develop innovative products and expand its customer base through cooperative partnerships, the number of which exceeds 750 commercial partners.

The company classifies its target customer segments from the financing products it provides to the Saudi market into three main sectors:

01 Public sector employees:

military employees and retired employees in government agencies and bodies and other sectors of the state.

02 Private sector employees.

03 Small and medium enterprises.

The company strives to provide easy and flexible financing solutions through multiple channels and is distinguished to meet their needs with flexibility and ease. This is done through the following:

- **Digital platforms**

The company has developed an electronic application that allows customers to submit their requests and complete procedures quickly and easily from anywhere and at any time, while ensuring a smooth and secure experience.

- **Authorized partners**

The company has succeeded in establishing a network of sales partners across strategic locations in various regions of the Kingdom, allowing customers to access financing services with ease.

Company Trademarks

The company has two (2) logos that it uses in its commercial transactions, and they have been registered as trademarks with the Saudi Authority for Intellectual Property under category (36), which is one of the commercial categories that specialize in insurance services, financing affairs, financial affairs and real estate affairs.

These two trademarks have been granted to the company the necessary legal protection in accordance with the Trademark Law in force in the Kingdom, which will enable the company to use them and place them on its products on the external facade of the building, offices or its points of sale.

Programs and Products

Quara Finance provides a range of services, solutions and programs that cover the needs of a wide range of beneficiaries, each according to their requirements and ability to meet the financing conditions.

First | Financing individuals and purchases

01 “Naqdi” Program

It is an innovative program that provides Saudi and resident customers, who meet the conditions, with cash liquidity of up to ﷲ (50,000) , in installments that extend to 5 years, and without a guarantor or salary transfer.

02 “Tasawwaq” Program

It allows categories of customers, citizens and residents, to finance purchases ranging in value from ﷲ (1,500) to ﷲ (30,000) thousand according to the commercial partner, the most famous of which are Jarir Bookstore and LULU Hypermarket in installments that extend to 3 years, without a guarantor or salary transfer.

Second | Business Financing

01 “Intilak” Program

A financing program specifically designed to provide financial liquidity for entrepreneurs wishing to develop their emerging businesses, with financing of up to ﷲ (500,000) with its new logo, and an installment payment system extending up to two years.

02 “Tawasah” Program (for Financing Small and Medium Enterprises)

A financing program with flexible benefits, contributing to supporting existing projects with financing of up to ﷲ (15,000,000) over a repayment period of up to three years

03 “Motamad” Program (for Financing Certified Invoices)

It is a planned financing product to pay the dues of SMEs from invoices and extracts from governmental, semi-governmental and private institutions, with financing of up to ﷲ (15,000,000) million in addition to obtaining liquidity of up to 70% of these dues, and for a repayment period of up to 3 years.

04 “Imtiyaz” Program (for Franchise Financing)

It is one of the company’s approved products to help SMEs expand, by purchasing the franchise rights for one of the prestigious brands in the Kingdom. The financing value reaches ﷲ (15,000,000) million, and the repayment period is up to 3 years.

05 “Erad” Program (for Point of Sale Customer Financing)

A facilitated financing program to support private store customers and meet their operational needs, with financing up to one Million ﷲ (1,000,000) over a repayment period of up to two years.

A Glance on the Company's Departments

Quara Finance is committed to implementing an advanced business strategy, according to an advanced organizational structure integrated with the best operational practices in the field of finance, considering the current market requirements and all its diverse customer segments. According to a comprehensive corporate governance framework.

01 Collection Department

The Collection Department is responsible for ensuring that the amounts due to the company from customers are collected according to the established mechanisms, which contributes to maintaining cash flow and enhancing financial sustainability. The department's tasks include following up and organizing debt collection operations, in addition to developing payment mechanisms and procedures and implementing them to ensure that dues are collected on time. The department also seeks to develop effective strategies for dealing with overdue debts to contribute to improving the performance of collection operations to maintain the company's financial stability and ensure the achievement of its financial goals.

02 Credit Department

The Credit Department is responsible for assessing and analyzing the creditworthiness of customers, with the aim of determining the extent of customers' ability to meet the amounts due. The department's tasks include studying and analyzing the financial data and credit history of customers to ensure that informed credit decisions are made that contribute to reducing the company's financial risks. The department also sets appropriate credit policies that are in line with the company's strategic objectives, while ensuring compliance with applicable laws and regulations. The Credit Department seeks to strike the balance between supporting the growth of the customer portfolio and achieving financial sustainability for the company, by providing appropriate credit solutions that contribute to strengthening the relationship with customers without affecting the integrity of the company's financial position.

Elements for maintaining the quality of the financing portfolio and reducing credit risks:

- 01

Assessing the credit worthiness of customers.
- 02

Diversifying the financing portfolio.
- 03

Periodic following-up to re-evaluate the pledged collateral.
- 04

Continuous updating of credit policies to ensure gaps are identified and addressed

Credit Evaluation

Quara Finance is committed to applying an advanced methodology in the credit evaluation that includes a comprehensive analysis and evaluation of the creditworthiness and credit rating of customers to determine their capabilities and financial ability to pay installments on their due dates. It relies on a set of financial elements such as credit history, guarantees and assets that are used in making decisions to grant financing and determine appropriate terms.

The importance of credit evaluation lies in reducing credit risks to reduce the exposure rate so as to ensure the calculation of an appropriate monthly installment that is consistent with the customer's monthly income and does not impose additional burdens on the customer.

03 Compliance and Anti-Money Laundering and Counter-terrorist Financing Department

It is an independent department that complies with the regulatory requirements issued by the regulatory and supervisory authorities. It is responsible for monitoring and supervising the executive departments, ensuring compliance with them, and assessing the risks of non-compliance. The department also works to implement mechanisms and procedures to combat money laundering and terrorist financing, by monitoring and analyzing suspicious transactions to verify the existence of any irregular procedures in financial transactions and ensuring that they are not used in illegal financing activities.

04 Internal Audit Department

The Internal Audit Department is an essential part of the company's governance and an important pillar for enhancing integrity and transparency. The internal audit aims to evaluate the control systems and operational and financial processes to ensure compliance with regulations and standards, in addition to identifying risks and improving institutional performance through its independent and objective role. It also highlights opportunities for improvement and addresses any shortcomings that may affect the company's performance.

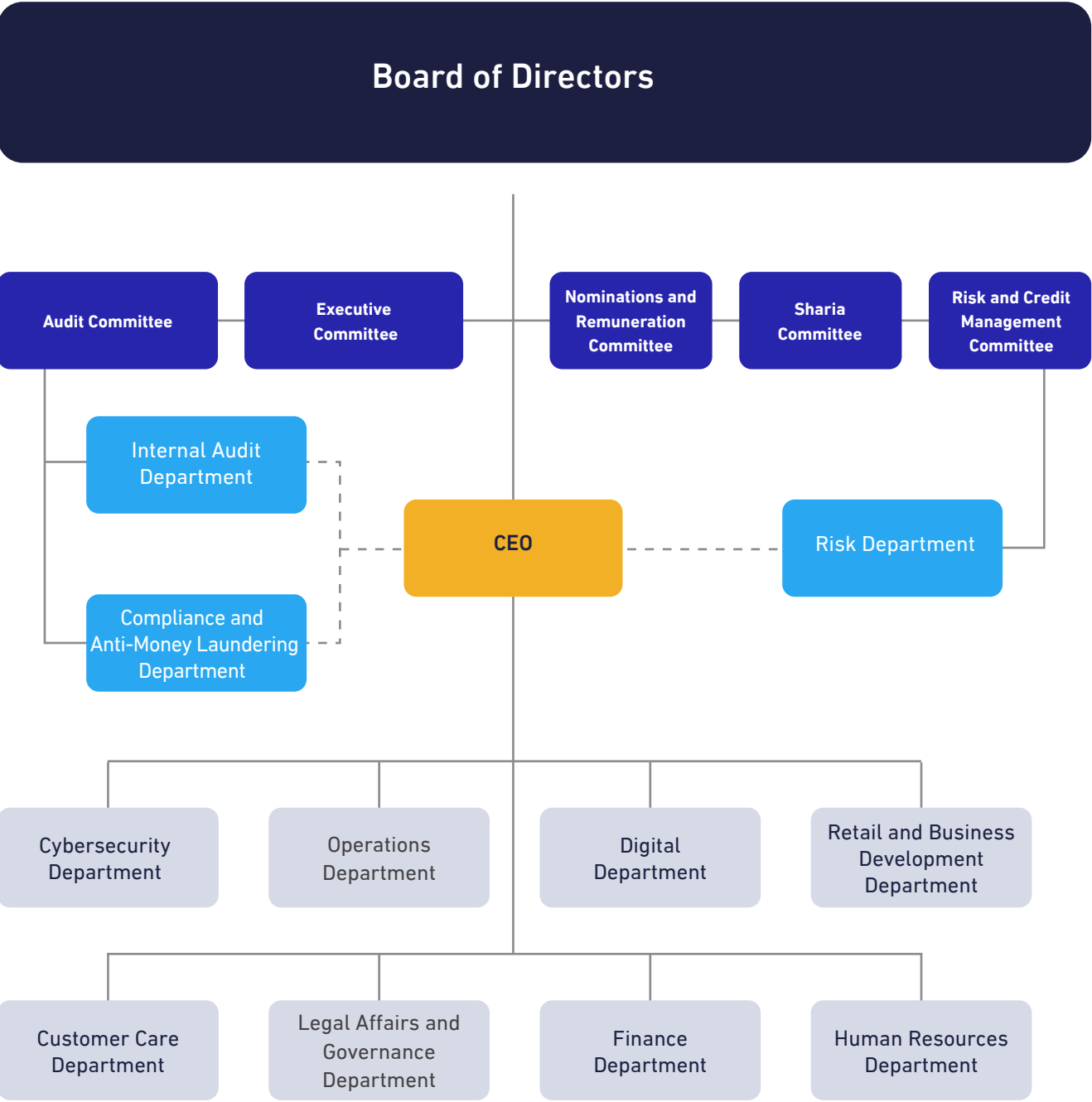
Geographical presence

Quara Finance continues to implement the expansion plan to provide its innovative financing solutions and products throughout the Kingdom of Saudi Arabia, and is always the closest to its customer segments to meet their needs and requirements according to the highest standards of quality and efficiency, in addition to allocating an advanced department equipped with the latest means and communication technologies, through multiple communication channels to facilitate meeting their needs

| Region | Number of the Company Branches and Points of Sale |
|--------------------------|---|
| Western Region | 15 |
| Central Region | 26 |
| Eastern Region | 13 |
| Other Regions and Cities | 7 |
| Total | 61 |



Organization Structure



03

Strategic Direction

Sustainable Development Pillar

Company Strategy

In pursuit of achieving the highest levels of growth at all financial and operational levels, Quara Finance is implementing a developmental business strategy, through which it aspires to become the leading digital financing company in the Kingdom of Saudi Arabia for the individual and SMEs sector through the application of the latest financial technologies.

Pillars of implementing the company's strategy

01 Providing instant financing

The company aims to provide instant, paperless financing based on automation to its customers. To achieve this goal, the company has established a technical team to implement the maximum possible digital solutions so that financing can be implemented at a rate of (100%) without requesting any paper and with minimal information from the customer. The company is a pioneer in designing and implementing the application programming interface for financial technology. The company is also working on creating an advanced engine for business rules so that the customer's creditworthiness is immediately assessed.

02 Providing innovative products to different customer segments

In order to achieve its aspirations, the company is constantly focusing on its core business of providing financing products that comply with Islamic Sharia law to its customers. By developing innovative products that meet the needs of all customer segments, while the company is working to expand its customer base to provide innovative solutions through cooperative partnerships.

03 Creating value for all stakeholders

The company focuses on creating value for all stakeholders, including shareholders, customers and employees, by closely monitoring the specified key performance indicators, to maintain the quality of its credit portfolio, consistent growth in the portfolio, providing fully digital financing solutions, and maintaining the lowest possible operating expenses to achieve returns on equity, in addition to seeking to retain efficient employees.

Competitive advantages of the company

The company believes that its business is characterized by the competitive points indicated below, which puts it in a position that allows it to implement its strategy and continue its growth plans successfully.

● Technical readiness

The company has developed and implemented advanced technology-based solutions to support growth in digital financing products. The product team has helped implement digital finance solutions and automate part of the collection system, in addition to activating advanced interactive voice response for customer service around the clock 24/7.

In addition, the company is working on other technical solutions to support its vision of becoming the leading company in the field of digital finance. It is also working on creating an advanced engine for instant assessment of the credit status of customers, which helps the company launch new products within a short period of time and gives it a competitive advantage in the finance sector.

● Experience in managing business growth

The company has launched new products and established partnerships with more than 750 business partners. In addition to attracting and appointing experienced and qualified individuals to fill senior management positions and enhance the governance framework, the company has a senior management with extensive professional experience in the field of financial services, supported by a board of directors specialized in the financial sector, which enhances its position and qualifies it to support sustainable growth.

● Professionally developed governance structure, policies and procedures

The company adopts an effective governance framework that includes the formation of administrative committees that report directly to the board of directors. These committees aim to determine the appetite for risk and return within the company's business strategy, in addition to identifying and managing potential risks. The company also has a systematic credit system and a risk management framework to ensure that risks are identified, monitored and managed effectively.

- **Providing the option of financing installments through multiple channels**

In addition to the company's electronic payment gateway, and providing repayment service, a highly qualified collection team has been allocated, supported by automated communication systems such as automatic dialing and SMS, which contributes to achieving high levels of collection efficiency and lower latency rates, which is positively reflected in the quality of assets.

- **A huge and unique network of partners in the Kingdom of Saudi Arabia for consumer financing**

The company has created a unique product in the customer purchase financing sector, through cooperation with leading partners in multiple sectors that meet the needs of consumers across the Kingdom.

Strategic Partnerships

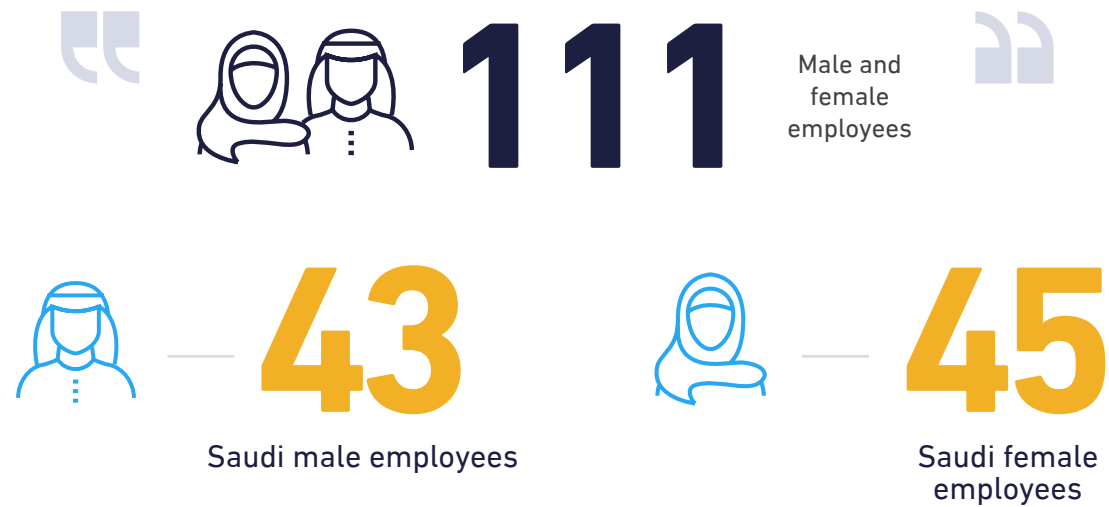
In line with its policy of providing the highest levels of value and benefit to its customers with quality, efficiency and safety, Quara Finance has succeeded in building a network of strategic business relationships with the most prominent providers of consumer services and products according to the highest levels of quality, reliability and security for all segments of the company's diverse customers.



04

Human Resources Development

Human Capital Development



In line with its commitment to developing the work environment and raising production efficiency across all its work channels, Quara Finance Company strives to invest in attracting competencies and expertise from young Saudi talents, to raise their capabilities and refine their knowledge, and support them with a wide range of development programs, initiatives and training workshops that enable them to continuously raise their performance and enhance their ability to give and innovate. This contributes to enriching the local labor market with more jobs and real job opportunities with real competitive advantages, in an effort to enhance human development, one of the goals of the Kingdom's Vision 2030 programs. The following table shows the numbers and percentages of male and female employees in the company:

| Statement | 2021 | 2022 | 2023 | 2024 |
|----------------------------------|------|------|------|------|
| Number of Saudi male employees | 103 | 81 | 49 | 43 |
| Number of Saudi female employees | 74 | 66 | 41 | 45 |
| Number of non-Saudi employees | 19 | 27 | 22 | 23 |
| Total number of employees | 196 | 174 | 112 | 111 |

Localization Program

The company is committed to implementing an integrated strategy to localize new jobs in its various departments and divisions, in addition to its continued commitment to replacing Saudi male and female employees at many of its job levels, which ensures the company's continued classification within the platinum range in the Nitaqat program at a rate of 79.28% at the company level in all its business sectors.

Excellent operational work environment

Quara Finance Company continues to apply an advanced, integrated methodology towards establishing a competitive and stimulating work environment, through which it endeavors to ensure job stability for all its employees at all levels, and to involve them in all the company's activities and events, from social, national and cultural events throughout the year, through which it ensures achieving the highest level of satisfaction with the services and programs provided by the company to all employees during the year.

Social Responsibility Initiatives

In line with its keenness to develop its pioneering presence in the market of innovative financing solutions and programs, Quara Finance Company pays great attention to enhancing its roles in community development, and acting responsibly towards employees, customers, shareholders and the community in which it operates. This is done by building partnerships and launching new initiatives through which it aims to provide added value to the community, contributing to achieving more social initiatives and continuing the journey in the future.



05

Sustainability

In the context of its commitment to implementing its comprehensive development strategy, through which it aims to achieve its strategic objectives by raising its operational and organizational efficiency according to a comprehensive corporate governance framework, Quara Finance is keen to integrate the concept of sustainability into all details of its business across all business sectors in the company, in a way that ensures its sustainability and growth according to the highest standards of efficiency and quality. Accordingly, the company strives to develop a comprehensive strategy and an advanced action plan through which it applies the best environmental, social and corporate governance practices, in accordance with the performance standards set by the United Nations, totaling (17) standards, to be implemented in the coming period, according to the following strategic streams:

Environmental Practices

● Sustainable infrastructure

Updating the company's facilities in all its business sectors to be energy-efficient, integrating solar panels, LED lighting, and energy-efficient devices

● Waste management and recycling

Establishing comprehensive recycling programs and reducing the use of plastic more than once in the company's various facilities and events.

● Integrating green environment workshops

Launching environmental awareness initiatives and sustainability workshops to educate employees about climate change, environmental conservation, and sustainable practices.

● Digital Transformation

Digital transformation plays a pivotal role in preserving the environment and reducing reliance on paper. This is achieved through several sustainable environmental practices. Digital transformation can reduce paper use through electronic contracts, electronic invoices, and online meetings.

Social practices

● Governance Practices

Launching community service programs that encourage employees at all levels and roles to participate in local community development projects.

● Digital Safety and Security Programs

Implement advanced measures to protect stakeholders' personal data and ensure privacy and secure digital practices throughout the organization.

● Empowering Women at Work

Empowering women at work is a process that aims to increase women's participation in the workforce, achieve gender equality in employment opportunities, and enhance women's role in leadership and decision-making positions.

Governance Practices

● Reports

Implementing a transparent reporting framework for the company's performance in environmental, social and corporate governance (ESG) practices, with regular updates to stakeholders

● Stakeholder Engagement

Developing regular forums to engage with shareholders, customers, employees and community members to incorporate their feedback into the company's governance and policy-making processes.

● Financial Control and Risk Management

Conducting regular reviews of financial statements and internal controls through an independent committee to ensure transparency and accountability.

06

Risk Management and Business Continuity

Quara Finance Company is committed to implementing an integrated risk management policy, whereby risks are accurately identified, objectively assessed, effectively addressed, and continuously monitored. It aims to enhance operational stability, business continuity and development, and achieve its strategic objectives efficiently and flexibly.

The company's risk management is an independent department, falling under the Risk and Credit Management Committee, which monitors corporate and individual credit risks, market risks, and operational risks, in addition to all risks flagged by the Saudi Central Bank.

The Risk Management Department develops and activates policies and procedures and measures and evaluates the company's ability to bear risks. The Risk Management Department's tasks include developing and activating all policies and procedures related to operational risks, and preparing a plan for them to implement risk assessment processes in line with the assessment plan approved by the Risk Management and Credit Committee. The Risk Management Department's tasks also include reviewing all company policies and ensuring control over the company's work. The Risk Management Department is also responsible for submitting a periodic (quarterly) risk report to the committee members and the board members, which includes an analysis of the risks facing the company to reduce future risks. The Risk Management Department is committed to developing the company's risk mechanism and making it more effective and capable of avoiding potential risks in the future that negatively affect the company.

Types of Potential Risks to the Company's Business

● Credit risk

Credit risk is one of the most important risks to which the company is exposed. It is the inability of the other party in a financial transaction to fulfill its obligations, which leads to the company incurring a financial loss. Credit risk arises primarily from credit facilities granted to customers. Credit risk increases as a result of local or global economic conditions or in the financial system in general. Any of these factors may affect the value of the company's assets and the possibility of collecting them, which requires increasing the company's provisions for bad and doubtful debts against the value of financing assets and guarantees.

If the Company fails to maintain the credit quality of its financing transactions, provisions covering financing losses will increase and levels of defaults and write-offs will increase, which will have a negative impact on the Company's business, financial condition, results of operations and prospects.

Meanwhile, the company systematically studies the overall creditworthiness of the customer based on quantitative and qualitative factors, which helps it maintain a strong financing portfolio. The Company can also take corrective measures by conducting periodic reviews of loans to detect weaknesses.

● Market and liquidity risks

Liquidity risk is the inability of the company to meet its financial obligations when due and replace funds when withdrawn without incurring unacceptable losses, which harms the company's reputation. The company is exposed to liquidity risk when there is insufficient liquidity for the company to meet its obligations. These risks are associated with financial operations and can be exacerbated by a number of specific factors, including any material difference in the maturity dates between the company's assets and liabilities, as well as excessive reliance on a specific source of financing (this includes reliance on short-term or long-term financing or a specific sector), changes in credit ratings, or market phenomena such as severe financial market issues and major disasters.

The Company has established a liquidity policy and has set aside an amount as a provision for potential liquidity risks. Based on the maturity profile of financial assets and liabilities as analyzed by management, the Company believes that it is not exposed to liquidity risk.

● Operational risks

Operational Risk Operational risk scenarios are of a special nature and result from fraud (external or internal), employee errors, failure to properly document transactions in accordance with regulatory requirements and the company's internal policy, failure to obtain the necessary internal approvals, failure to comply with regulatory requirements and industry best practices, failure of technical systems and equipment, natural disasters, or failure of external systems. The occurrence of any of these events will have a negative impact on the company's business, financial position, results of operations, and future prospects. The consolidated results showed manageable levels of risk while high risk levels were not breached, demonstrating the company's ability and integrated approach to identifying, measuring, and monitoring operational risks.

● Concentration risks

The more a company serves only one category of customers, the more exposed it will be to concentration risks, even from the slightest shocks that occur in the business environment. The company operates in geographically diverse locations and relies on the loyalty of its customers and serving a diverse customer base. This diversity reduces concentration risks by providing greater stability in the face of external influences. The diversity of our customer base remains a real strength for the company. Through our keen understanding of the different financial services requirements of our customers, we have divided customers into two categories:



Individual services customers.



SME services customers.

● Business continuity

Quara Finance Company is committed to ensuring the continuity of its business by implementing effective procedures that enhance its ability to meet its obligations and achieve its operational and strategic objectives. During 2024G, the company did not face any risks or challenges that might affect the continuity of its business, thanks to its integrated approach to risk management and emergency response, which ensures the sustainability of operations and efficient performance.

● Maintaining a high level of quality of the financing portfolio

The company adopts a precise systematic framework for credit assessment and risk management, to be able to identify, control and manage risks. The credit department is an important department in the effectiveness of its activity. The company has organized and streamlined the processes and systems designed to maintain the quality of its portfolio. In addition to evaluating the financial solvency of the customer and creditworthiness in the small and medium enterprises sector and ensuring that the purpose of financing is consistent with the activity of the facility, through field visits in which the facility, its owner and the executive management team assigned to manage the company are evaluated. The company also evaluates the behavior and consumption patterns of individual customers while strictly applying the standards of responsible financing, in order to ensure compliance with the regulations set by the Saudi Central Bank for financing individuals before approving any financing.



07

Financial performance for 2024

Quara Finance Company has succeeded in achieving high levels of growth during the year 2024G, as reflected by the following set of financial and operational figures and facts:

01 Key financial and operational performance indicators for 2024

| Key Performance Indicators (SAR million) | 2021 | 2022 | 2023 | 2024 |
|--|---------|--------|---------|---------|
| Income Statement | | | | |
| Murabaha revenues | 174.0 | 169.9 | 187.6 | 206.2 |
| Net financing revenues | 148.1 | 156.1 | 178.7 | 191.0 |
| Other revenues | 8.2 | 27.2 | 7.1 | 5.3 |
| Murabaha loss provision | (30.6) | (28.0) | (6.5) | (28.3) |
| Operating expenses | (81.9) | (94.9) | (116.2) | (115.1) |
| Zakat | (11.9) | (9.6) | (9.3) | (9.7) |
| Net profit | 31.8 | 50.8 | 53.8 | 43.2 |
| Balance Sheet | | | | |
| Murabaha receivables, net | 871.4 | 710.3 | 677.0 | 744.5 |
| Cash and cash equivalents | 196.5 | 181.4 | 41.8 | 64.8 |
| Total assets | 1,102.2 | 930.2 | 765.1 | 877.3 |
| Long-term loans | 593.2 | 461.1 | 227.2 | 291.1 |
| Payable securities - Sukuk | 20.5 | 4.1 | - | - |
| Loans from related parties | 179.2 | 93.4 | 98.0 | 81.2 |
| Total liabilities | 825.2 | 591.5 | 372.6 | 418.0 |
| Paid-up capital | 300.0 | 300.0 | 300.0 | 300.0 |
| Reserves | (23.0) | 38.7 | 92.5 | 159.3 |
| Shareholders' equity | 277.0 | 338.7 | 392.5 | 459.3 |
| Key Ratios | | | | |
| Return on Equity | 11.5% | 15.0% | 13.7% | 9.4% |
| Return on Assets | 2.9% | 5.5% | 7.0% | 4.9% |
| Portfolio Return | 19.6% | 23.7% | 27.7% | 27.7% |
| Cost to Income | 45.7% | 48.6% | 59.7% | 54.4% |
| Provision Coverage | 41.1% | 24.8% | 29.8% | 29.3% |
| Non-Performing Assets | 7.0% | 8.4% | 9.9% | 15.4% |
| - Retail | 0.0% | 4.2% | 5.2% | 11.3% |
| - Small and medium enterprises | 7.0% | 14.9% | 23.4% | 64.1% |
| Financial Leverage | 3.2 | 2.1 | 1.8 | 1.7 |
| Debt to Equity Ratio | 2.9 | 1.6 | 0.8 | 0.8 |
| Net Margin | 18.6% | 30.2% | 28.7% | 21.0% |

02 Capital

The Company's capital remains at the same level of 300 million and has not changed. Total equity has accumulated to 459.3 million in 2024G (2023: 392.5 million; 2022: 338.7 million) as a result of profit reservation.



Statutory reserves amounted to 12.5 million 2023: 12.5 million). Equity contribution to related party loans increased to 34.3 million (2023: 10.9 million).



03 Impact of the main activities on the company's size and its effect to the results of the fiscal year 2024

The company primarily maintained its profitability profile as there was a strategic shift towards higher yield retail financing, which was partially offset by the deterioration in asset quality during the current year. The increase in overall portfolio size and pricing review led to growth in retail financing income.

The return on margin bearing assets has improved to 27.7% over the past four years due to increased high-yield retail financing and a risk-based pricing approach.



04 Explaining the material differences in operating results from the results of the previous year or any expectations announced by the company in 2024.

| Income Statement | 2023 | 2024 | Changes | Change % |
|-------------------------|---------|---------|---------|----------|
| Murabaha Revenue | 187.6 | 206.2 | 18.6 | 9.9% |
| Net Financing Revenue | 178.7 | 191.0 | 12.2 | 6.9% |
| Other Revenue | 7.1 | 5.3 | (1.7) | -24.2% |
| Murabaha Loss Provision | (6.5) | (28.3) | (21.8) | 334.0% |
| Operating Expenses | (116.2) | (115.1) | 1.1 | -0.9% |
| Zakat | (9.3) | (9.7) | (0.4) | 4.5% |
| Net Profit | 53.8 | 43.2 | (10.5) | -19.6% |

- Total income for the year 2024G increased to **ﷲ** (211.5) million compared to **ﷲ**(194.7) million in fiscal year 2023G, an increase of 8.7%.
- Profit after Zakat for the fiscal year 2024G amounted to approximately **ﷲ** 43.2 million, compared to **ﷲ** (53.8) million in fiscal year 2023G, representing a decrease of 19.6%.
- In 2024, the company lent retail customers an amount of **ﷲ** (676.6) million, compared to **ﷲ** (526.6) million in 2023G, an increase of 28.5%.
- As a result of the heavy focus on retail sales, there was no lending to SME customers during 2024G, which amounted to **ﷲ** (101.2) million in 2023G.
- The Murabaha loss provision for FY24 amounted to **ﷲ** (28.3) million, compared to **ﷲ** 6.5 million in FY23, mainly due to the increase in non-performing assets from 9.9% in 2023 to 15.4% in 2024G.

05 Geographical analysis of the company's total revenues for the year 2024

| Region | Central | Eastern | Northern | Southern | Western | Total |
|-----------------------------|---------|---------|----------|----------|---------|-------|
| In millions of Saudi riyals | 91.3 | 21.0 | 17.6 | 34.6 | 41.6 | 206.2 |

06 Statement of assets, liabilities and shareholders' equity for the past four fiscal years

| Items (in millions of Saudi Riyals) | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|---------|-------|-------|-------|
| Current Assets | 834.1 | 642.3 | 515.6 | 517.8 |
| Non-Current Assets | 268.1 | 287.9 | 249.5 | 359.5 |
| Total Assets | 1,102.2 | 930.2 | 765.1 | 877.3 |
| Current Liabilities | 569.2 | 481.8 | 265.0 | 166.2 |
| Non-Current Liabilities | 256.0 | 109.7 | 107.5 | 251.8 |
| Total Liabilities | 825.2 | 591.5 | 372.6 | 418.0 |
| Paid-up Capital | 300.0 | 300.0 | 300.0 | 300.0 |
| Legal Reserve and Retained Earnings | (23.0) | 38.7 | 92.5 | 159.3 |
| Total Shareholders' Equity | 277.0 | 338.7 | 392.5 | 459.3 |

07 A statement of any financing facilities of the Company (whether payable on demand or otherwise), a statement of the total indebtedness of the Company and its subsidiaries, the amount of the financing facility capital, the lender's shares, its term, and the remaining amount.

| Loan Terms (in millions of Saudi Riyals) | Monsha'at | Saudi Central Bank | Bank | Related party |
|---|-----------|--------------------|--------|---------------|
| Opening Balance | 26.1 | 160.4 | 40.6 | 98.0 |
| Add: Loans taken during the year | - | - | 188.0 | - |
| Add: Loan management fees accrued during the year | 0.8 | - | 8.1 | 6.6 |
| Less: Principal repayments during the year | (17.6) | (92.1) | (14.8) | - |
| Less: Loan management fees paid during the year | (0.8) | - | (6.3) | - |
| Less: Deferred income amortization on interest-free loans | (1.4) | - | - | - |
| Less: Equity contribution to interest-free loans | - | - | - | (23.5) |
| Closing Balance | 7.2 | 68.3 | 215.6 | 81.2 |

The company has sufficient financial flexibility to support its investment portfolio growth target of **ﷲ** (1.2) billion by the end of 2025G. According to management, the total available financing lines amount to **ﷲ** (913) million, of which **ﷲ** (725) million is currently unutilized. This includes a **ﷲ** (500) million Sukuk program approved by the Capital Market Authority, **ﷲ** (50) million short-term lines, and **ﷲ** (175) million long-term bank lines

08 Regulatory payments to government agencies

| Details | Paid | Due and not paid at the end of the annual financial period | Brief Description |
|---|------------|--|-------------------|
| Zakat | 11,231,924 | None | Regulatory |
| Value Added Tax | 2,110,646 | None | Regulatory |
| Withholding Tax | 474,897 | None | Regulatory |
| General Organization for Social Insurance | 2,600,602 | None | Regulatory |
| Labor Office Fees | 223,531 | None | Regulatory |
| Licenses and Fees for Government Agencies | 30,980 | None | Regulatory |



08

Governance

Sustainable Institutional
Maturity

Quara Finance Company, led by the Board of Directors, is keen to enhance the existence of an effective, advanced and sustainable governance regulation, identify strategic objectives, and work to achieve them while adhering to the standards of transparency, disclosure and integrity, and achieve its vision and mission, by providing growing value in the long term to shareholders and all stakeholders. Quara Finance Company also confirms its commitment to practicing all its business and activities in accordance with the provisions of Islamic Sharia as one of the requirements of the Finance Companies Control Law. The company's governance policies, procedures and guide have been approved and updated continuously to ensure good and effective governance in the company. The Board of Directors and Executive Management are constantly working to follow up and emphasize the importance of adhering to governance controls to develop the concepts of transparency.

Governance Practices Framework

Quara Finance Company is committed to applying the principles of governance within an integrated professional framework, in accordance with the best professional practices followed in this field, which we summarize as follows:

- 01** Protecting the rights of shareholders and stakeholders and ensuring that they do not conflict with personal interests.
- 02** Applying the principle of transparency and integrity by disclosing events that affect or may affect the interests of shareholders and parties, including disclosing the existence of related parties.
- 03** Addressing conflicts of interest, including potential and actual conflicts of interest that arise from the existence of personal interests that affect or may affect the interests of the company, shareholders and stakeholders.
- 04** Developing policies and procedures to limit conflicts of interest and protect it.

Principles of Governance



Transparency

The Board of Directors shall adhere to the highest standards of transparency, by providing relevant information in a clear and understandable manner to all stakeholders, including shareholders, employees, customers and the public, in order to enhance trust between the institution and its stakeholders.



Responsibility

Each member of the Board of Directors is individually responsible for the performance of his/her duties and obligations and the members of the Board of Directors are collectively responsible for the decisions they make and for overseeing the performance of the Company.



Integrity

Treating everyone fairly and equally, without discrimination or bias, avoiding any conflict of interest, and putting the interests of the company above personal interests.



Justice

Dealing with justice helps prevent corruption and fraud, as it creates a culture that rejects these practices.

Board of Directors

The Board of Directors of Quara Finance is the highest managerial body responsible before the General Assembly of Shareholders for managing the company in accordance with the company's Articles of Association and related regulations and bylaws. The most prominent tasks of the Board are setting and approving the strategic directions and main objectives of the company, approving and following up on governance procedures, internal control and risk management and ensuring their efficiency and effectiveness, approving the main budgets and financial policies, following up and monitoring the company's performance and the work of its executive management, in addition to setting policies that regulate the relationship with stakeholders and protect their rights, including setting and approving policies that confirm and ensure the application and supervision of the implementation of the systems and bylaws and commitment to disclosing essential information related to the company and its performance that would help the company's shareholders evaluate the company's assets and liabilities, in addition to other tasks detailed in the Articles of Association.

Members of the Board of Directors

The Articles of Association of Quara Company specified the number of Board of Directors members, which is 8 members, in accordance with the Companies Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority. The previous Board of Directors' term for this year ended on 29-02-2024G, and it was extended for 90 days to 29-05-2024G according to the Implementing Regulations of the Companies Law.

According to the Company's Articles of Association, the members of the Board of Directors are elected by the General Assembly of the Company's shareholders for a period of (3) years, and the members of the Board for the fourth (current) term were elected by the General Assembly, for a period of (3) years starting from the date that began on 11-09-2024G, and ending on 10-09-2027G.

Board Members for the Previous Tenure

| Name | Membership | Membership status | Date of appointment |
|------------------------------------|--------------------------------|-------------------|---------------------|
| Abdullah bin Abdulrahman AlShilash | Chairman of Board of Directors | Non-Executive | 17/02/2022G |
| Abdulkarim bin Abdulaziz Aldoiiji | Deputy Chairman | Independent | 22/08/2023G |
| Anand Sudarshan Raheja | Board Member | Non-Executive | 01/03/2021G |
| Tarek bin Sami Zeitoun | Board Member | Non-Executive | 26/04/2021G |
| Tarek bin Mohammed AlJarallah | Board Member | Non-Executive | 01/03/2021G |
| Abdulrahman bin Abdulaziz AlMisned | Board Member | Non-Executive | 24/01/2023G |
| Mohammed bin Musfer Al-Malki | Board Member | Independent | 27/07/2022G |
| Majed bin Abdulrahman Al-Qassim | Board Member | Non-executive | 01/03/2021G |

Board Members for the Current Tenure

| Name | Membership | Membership status | Date of appointment |
|------------------------------------|--------------------------------|-------------------|---------------------|
| Abdullah bin Abdulrahman AlShilash | Chairman of Board of Directors | Non-executive | 11/09/2024G |
| Abdulkarim bin Abdulaziz Aldoiiji | Deputy Chairman | Non-executive | 11/09/2024G |
| Anand Sudarshan Raheja | Board Member | Non-executive | 11/09/2024G |
| Tarek bin Sami Zeitoun | Board Member | Non-executive | 11/09/2024G |
| Abdulrahman bin Abdulaziz AlMisned | Board Member | Non-executive | 11/09/2024G |
| Mohammed bin Musfer Al-Malki | Board Member | Independent | 11/09/2024G |
| Khaled bin Mohammed Fageeh | Board Member | Independent | 11/09/2024G |

Board meetings for the previous and current Tenures for the year 2024

| Name | Membership | Board of Directors Meeting Dates for 2024 | | | | |
|--------------------------------------|-----------------|---|-------|-------------------|-------|-------|
| | | 18/02 | 30/04 | 12/09 | 17/10 | 24/10 |
| . Abdullah bin Abdulrahman AlShilash | Board Chairman | ✓ | ✓ | ✓ | ✓ | ✓ |
| Abdulkarim bin Abdulaziz Aldoaiji | Deputy Chairman | ✓ | ✓ | ✓ | ✓ | ✓ |
| . Anand Sudarshan Raheja | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| . Tarek bin Sami Zeitoun | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| . Abdulrahman bin Abdulaziz AlMisned | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| . Mohammed bin Musfer Al-Malki | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tarek bin Mohammed Al-Jarallah | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| . Majid bin Abdulrahman Al Qasim | Board Member | ✓ | ✓ | End of Membership | | |
| . Khaled bin Mohammed Faqeeh | Board Member | Before appointment | | ✓ | ✓ | ✓ |

Board of Directors Updates for 2024

| Member's Name | Previous Membership Status | New Membership Status | Governance inputs |
|---------------------------------|---|-----------------------|--|
| Tariq bin Mohammed Al Jarallah | <ul style="list-style-type: none">Board MemberMember of Nominations and Remuneration Committee | - | He resigned from his position as a member of the Board of Directors on November 17, 2024G. His membership in the committee ends at the end of the board and committees' term. |
| Majed bin Abdulrahman Al-Qassim | <ul style="list-style-type: none">Board MemberAudit Committee MemberNominations and Remuneration Committee Member | - | His membership ends with the end of the term of the Board and Committees |
| Khaled bin Mohammed Faqeeh | - | Board Member | Appointed on September 11, 2024. |

Committees of the Board of Directors

(5) committees have been formed to assist the Board of Directors in implementing and following up on all Board decisions, in coordination and cooperation with members of the Executive Management, and to submit periodic reports to the Board of Directors on the progress of the company's work. They have all commenced their work tasks for the current session in accordance with the regulations, policies and governance requirements. They are as follows:

- 01 Executive Committee
- 02 Audit Committee
- 03 Nominations and Remuneration Committee
- 04 Sharia Committee
- 05 Risk and Credit Management Committee

01 Executive Committee

The Executive Committee aims to assist the Board of Directors and the CEO in carrying out the activities and tasks assigned to it by the Board of Directors, to ensure the efficiency of the company's operations and it has the right to exercise all the powers granted to it.

Roles and Responsibilities

1. The Executive Committee assists the Board of Directors in performing the activities and functions delegated to it by the Board to streamline the operations of the Company.
2. The Executive Committee assists the Board of Directors in determining the Company's main strategic objectives and investment strategies, which are approved by the Board of Directors.
3. The Executive Committee reviews and approves all major investment decisions in line with the Company's approved strategies.

Executive Committee Members

| Before end of the term of the Board and committees | | After Board and Committee reconstitution | |
|--|--------------------|--|--------------------|
| Name | Membership | Name | Membership |
| Abdullah bin Abdulrahman AlShilash | Committee Chairman | Abdullah bin Abdulrahman AlShilash | Committee Chairman |
| Ghalib bin Jamal Jarrar | Member | Ghalib bin Jamal Jarar | Member |
| Tarek bin Sami Zeitoun | Member | Tarek bin Sami Zeitoun | Member |
| Joseph Al-Korani | Member | — | |

Executive Committee Meetings

The Executive Committee held (6) meetings during the year 2024G, as shown in the following table:

| Name | Membership | Executive Committee Meeting Dates for 2024 | | | | | |
|------------------------------------|--------------------|--|-------------------|-------|-------|-------|-------|
| | | 29/02 | 25/04 | 16/12 | 19/12 | 29/12 | 31/12 |
| Abdullah bin Abdulrahman AlShilash | Committee Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ghalib bin Jamal Jarrar | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tarek bin Sami Zeitoun | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Joseph Al-Korani | Member | ✓ | End of Membership | | | | |

02 Audit Committee

The Audit Committee aims to assist the Board of Directors in performing its oversight and governance responsibilities with respect to the integrity of the Company's financial statements, the effectiveness of the internal control system, the efficiency of risk management, and the competence and independence of the internal and external auditors. The Audit Committee shall consist of a minimum of three members, one of whom must be independent, and none of the members shall hold any executive position in the Company.

Roles and Responsibilities

1. Reviewing the annual and quarterly financial statements in preparation for their approval by the Board of Directors.
2. Reviewing the accounting policies and procedures before their acceptance and implementation by the company.
3. Reviewing the annual performance of the external auditors and making recommendations to the Board of Directors regarding their appointment, reappointment or termination of their services.
4. Discussing with the external auditors any audit issues encountered in the normal course of audit work, including any limitations on the scope of the audit or access to information.
5. Reviewing the audit plan submitted by the external auditors before the commencement of the audit process.
6. Reviewing and approve the Compliance and Anti-Money Laundering and Terrorist Financing Management Plan and the Internal Audit Management Plan.
7. Supervising the Internal Audit and Compliance and Anti-Money Laundering and Terrorist Financing Management Departments.
8. Recommending to the Board of Directors the appointment of external auditors and internal and external consultants and determining their compensation and professional fees, in addition to determining the scope of their work and the duration of their assignment.

Audit Committee Members

| Before end of the term of the Board and committees | | After Board and Committee reconstitution | |
|--|--------------------|--|--------------------|
| Name | Membership | Name | Membership |
| Yasser Al-Nafisah | Committee Chairman | Essam bin Abdulaziz Al-Segair | Committee Chairman |
| Majed bin Abdulrahman Al-Qassim | Member | Abdulkarim bin Abdulaziz Aldoiiji | Member |
| Mohammed Al-Bukhari | Member | Ghaleb bin Jamal Jarar | Member |
| Abdulkarim bin Abdulaziz Aldoiiji | Member | — | |

Audit Committee Meetings

The Audit Committee shall meet at least four times a year. The dates of the meetings shall coincide after the issuance of the quarterly and annual financial statements and the external auditors’ reports. Its meetings shall also be held prior to the Board of Directors’ meetings.

| Audit Committee (Meeting Dates for 2024 Before Reconstitution) | | | | Audit Committee (Meeting Dates for 2024 After Reconstitution) | | | | | |
|--|--------------------|-------|-------|---|--------------------|-------|-------|-------|-------|
| Name | Membership | 13/02 | 29/04 | Name | Membership | 01/10 | 17/10 | 23/10 | 05/12 |
| Yasser Al-Nafisah | Committee Chairman | ✓ | ✓ | Essam bin Abdulaziz Al-Segair | Committee Chairman | ✓ | ✓ | ✓ | ✓ |
| Majed bin Abdulrahman Al-Qassim | Member | ✓ | ✓ | Abdulkarim bin Abdulaziz Aldoiiji | Member | ✓ | ✓ | ✓ | ✓ |
| Mohammed Al-Bukhari | Member | ✓ | ✓ | Ghaleb bin Jamal Jarrar | Member | ✓ | ✓ | ✓ | ✓ |
| Abdulkarim bin Abdulaziz Aldoiiji | Member | ✓ | ✓ | — | | | | | |

03 Nominations and Remuneration Committee

The Nominations and Remuneration Committee aims to make recommendations to the Board of Directors regarding the nomination of candidates for vacancies in the Board of Directors and its committees, as well as nominations for vacancies in executive roles, and to develop clear policies and mechanisms for remuneration and incentives for employees, members of the Board and its committees, and senior executives. The Nominations and Remuneration Committee shall consist of at least three members and no more than five members.

Roles and Responsibilities

1. Approving the incentive and payment plans for senior executives.
2. Approving the proposed human resources policies and procedures and any changes thereto.
3. Reviewing the company’s organizational structure and recommending it to the Board of Directors.
4. Recommending to the Board of Directors the level of compensation to be paid to the members of the Board of Directors, members of its committees, external members and the Managing Director.
5. Reviewing and evaluating the structure of the Board of Directors and its committees, ensuring independence and making recommendations regarding the changes that can be made.
6. Annually reviewing the requirements for appropriate skills for membership of the Board of Directors and preparing a description of the capabilities and qualifications required for membership of the Board of Directors.

Members of the Nominations and Remuneration Committee

| Before end of the term of the Board and Committees | | After Board and Committee reconstitution | |
|--|--------------------|--|--------------------|
| Name | Membership | Name | Membership |
| Abdulrahman bin Abdulaziz AlMisned | Committee Chairman | Essam bin Abdulaziz Al-Segair | Committee Chairman |
| Majed bin Abdulrahman Al-Qassim | Member | Abdulkarim bin Abdulaziz Aldoaiji | Member |
| Tariq bin Mohammed Al Jarallah | Member | Ghalib bin Jamal Jarrar | Member |

Nominations and Remuneration Committee meetings

| Nominations and Remuneration Committee (Meeting Dates for 2024 Before Reconstitution) | | | | Nominations and Remuneration Committee (Meeting Dates for 2024 After Reconstitution) | | |
|--|--------------------|-------|-------|---|--------------------|-------|
| Name | Membership | 29/02 | 05/05 | Name | Membership | 05/12 |
| Abdulrahman bin Abdulaziz AlMisned | Committee Chairman | ✓ | ✓ | Essam bin Abdulaziz Al- Segair | Committee Chairman | ✓ |
| Majed bin Abdulrahman Al-Qassim | Member | ✓ | ✓ | Abdulkarim bin Abdulaziz Aldoaiji | Member | ✓ |
| Tariq bin Mohammed . Al Jarallah | Member | ✓ | ✓ | Ghaleb bin Jamal Jarrar | Member | ✓ |

04 Risk and Credit Management Committee

The Risk and Credit Management Committee develops and recommends to the Board of Directors oversight processes relating to the Company's credit and risk management practices. It also oversees credit and risk policies, provides feedback on all policies, monitors the performance of the loan portfolio and reviews the risk management framework, including policies, procedures and practices applied within the Company to manage risks. The Risk and Credit Committee consists of at least three members and no more than five members.

Roles and Responsibilities

1. Supervising the risk reports submitted to the Saudi Central Bank on a quarterly basis.
2. Approving the company's risk management framework.
3. Reviewing the implementation of risk management strategies and business continuity strategies through the risk management framework and policies and procedures related to business continuity.
4. Reviewing and recommending to the Board of Directors approval of the risk measurement methodology to identify, analyze and assess risks within the company.
5. Reviewing risks and their impact on the company and verifying the existence of the necessary policies and controls to mitigate these risks.
6. Reviewing and evaluating the different types of risks and any changes to them including market risks, operational risks, credit risks, investment risks, liquidity risks and provide specific recommendations regarding capital management if necessary.

Members of the Risk and Credit Management Committee

| Before end of the term of the Board and committees | | After Board and Committee reconstitution | |
|--|--------------------|--|--------------------|
| Name | Membership | Name | Membership |
| Anand Sudarshan Raheja | Committee Chairman | Anand Sudarshan Raheja | Committee Chairman |
| Abdullah bin Abdulrahman AlShilash | Member | Abdullah bin Abdulrahman AlShilash | Member |
| Amro Taher | Member | Faisal Abdulaziz Al-Fouzan | Member |

Risk and Credit Management Committee Meetings

| Risk and Credit Management Committee (Meeting Dates for 2024 Before Reconstitution) | | | | Risk and Credit Management Committee (Meeting Dates for 2024 After Reconstitution) | | | |
|--|--------------------|-------|-------|---|--------------------|-------|-------|
| Name | Membership | 08/02 | 28/04 | Name | Membership | 30/12 | 31/12 |
| Anand Sudarshan Raheja | Committee Chairman | ✓ | ✓ | Anand Sudarshan Raheja | Committee Chairman | ✓ | ✓ |
| . Abdullah bin Abdulrahman AlShilash | Member | ✓ | ✓ | Abdullah bin Abdulrahman AlShilash | Member | ✓ | ✓ |
| . Amro Taher | Member | ✓ | ✓ | Faisal bin Abdulaziz Al-Fouzan | Member | ✓ | ✓ |

05 Sharia Committee

It is an independent body of jurists specialized in Islamic financial transactions jurisprudence. Its existence aims to direct, monitor and supervise the company’s activities and ensure their compliance with the provisions and principles of Islamic Sharia. The company’s board of directors appoints the committee members upon nomination by the Remuneration and Nominations Committee, provided that their number is not less than two members who are specialized and knowledgeable in Sharia provisions in the field of financial transactions and doe not exceed five members, after notifying the Saudi Central Bank.

Roles and Responsibilities

- 1. Approving the legal aspects of the Articles of Association, bylaws, regulations, forms and policies followed in the company’s work and approving any amendments thereto.
- 2. Approving standard and non-standard agreements and contracts related to the financial transactions conducted by the company and participating in amending and developing the aforementioned forms when necessary.
- 3. Following up on the company’s operations, reviewing its activities from a Sharia perspective during the periods determined in coordination with the company’s management, and verifying that the transactions concluded were for products and contracts approved by the committee by regularly reviewing the practical steps and

auditing the documents from a Sharia perspective to ensure that Sharia requirements are not violated. This review includes the issue of correction to repeat the process or settle obligations and rights in accordance with the provisions of Sharia.

- 4. Providing guidance and advice to employees concerned with implementing Islamic financial transactions to help them achieve compliance with the provisions and principles of Islamic Sharia.
- 5. Answering customers’ questions and inquiries regarding the legality of some procedures or transactions.
- 6. Expressing the legal opinion on the company’s financial statements during the specified periods in coordination between the committee and the management.
- 7. Ensuring that the distribution of profits and the allocation of losses were in accordance with the Sharia controls and standards.
- 8. Ensuring that the company’s Zakat is calculated in accordance with the Sharia controls and standards.

Members of the Sharia Committee

| Name | Membership |
|--------------------------------|--------------------|
| Mohammed bin Abdullah Boutiban | Committee Chairman |
| Mansour bin Ali Al-Qudah | Member |

Committee meetings

The Sharia Committee shall hold periodic meetings as required by the Company’s work needs, at least once every six months. It may hold emergency sessions if the interest of work so requires, at the request of the management, the Committee Chairman, or two of its members.

| Name | Membership | Sharia Committee Meeting Dates for 2024 | |
|--------------------------------|--------------------|---|-------|
| | | 05/10 | 31/12 |
| Mohammed bin Abdullah Boutiban | Committee Chairman | ✓ | ✓ |
| Mansour bin Ali Al-Qudah | Member | ✓ | ✓ |

Biographies of the members of Board of Directors, its committees and the Executive Management



Abdullah bin Abdulrahman AlShilash

Position

- Chairman of the Board of Directors
- Chairman of the Executive Committee
- Member of the Risk and Credit Management Committee

Practical Experiences

- Al Khair Capital Company – CEO.
- Abdullah Al Othaim Investment –Board Member.
- Leader Investment Company –Board Member.

Academic Qualifications

- Master's – Columbia University (USA).
- Master's in business administration – Thunderbird University.
- Bachelor's in finance – Arizona State University (USA).



Abdulkarim bin Abdulaziz Aldoaiji

Position

- Deputy Chairman of the Board of Directors
- Member of the Audit Committee
- Member of the Nominations and Remuneration Committee

Practical Experiences

- Al Khair Capital Saudi Arabia – Board Member.
- Capital Market Authority – Advisor.
- Investment Capital Company – CEO.
- Bank Al Bilad – CEO Advisor.
- Gulf International Bank – CEO Advisor.
- Dar Al Arkan Real Estate Company – Board Member.

Academic Qualifications

- Master of Computer Science - West Coast University (USA).
- Bachelor of Computer Science - University of California (USA).



Abdulrahman bin Abdulaziz AlMisned

Position

- Board Member

Practical Experiences

- Al Khair Capital Company – Member of the Board of Directors.
- KPMG Al Fozan & Partners – Director of the Consulting Department.
- Alia Group – Head of Real Estate and Assets Department.
- Alia United Company – General Manager.
- Alia United Company – Project Manager.

Academic Qualifications

- Bachelor of Administrative Sciences (Accounting) – King Saud University (Saudi Arabia)



Khaled Bin Mohammed Fageeh

Position

- Member of the Board of Directors.

Practical Experiences

- Red Sea International Company – CEO – Managing Director.
- Samba Financial Group – General Manager of Corporate Finance Group.
- Saudi Investment Bank – Corporate Finance Officer.
- Saudi United Bank – Corporate Finance Officer.
- Arab National Bank – Corporate Finance Officer.

Academic Qualifications

- Business Administration Course (Finance and Business) – Stanford University
- Leadership Course (Business Administration) – Harvard University
- Bachelor of Computer Science and Statistics – King Abdulaziz University



Mohammed bin Musfer Al-Malki

Position

- Member of the Board of Directors.

Practical Experiences

- Madar Investment Company – CEO.
- Capital Market Authority – Director of Inspection.
- Kasb Financial Company – CEO.
- Najith for Financial Consulting – CEO.
- General Authority for Small and Medium Enterprises – Deputy Governor for Finance.
- Al Anson Trading Company – Member of the Board of Directors, Member of the Nominations and Audit Committee.
- Arab Sea Information Systems Company – Member of Audit Committee.
- Kafalah Program – Member of the Board of Directors, Member of Executive Committee, Chairman of the Audit Committee.
- Indirect Lending Initiative (Private Sector Stimulation) – Steering Committee Chairman and Credit Committee.
- Jada – Member of the Board of Directors.
- Zar Amwal Company – Member of the Board of Directors.
- Thakher Development Company – Member of the Board of Directors.
- Oil Parks Development Company – Member of Audit Committee.
- Riyadh Health Cluster 1 – Member of Internal Audit Committee.
- Yaqeen Capital Company – Member of the Board of Directors Investment Funds.
- Bayan Credit Information Company – Member of the Board of Directors, Member of Executive Committee.
- Saudi Bangladeshi Industrial and Agricultural Investment Company (SABINCO) – Member of the Board of Directors, Member of Executive Committee, Member of Internal Audit Committee.
- Saudi Real Estate Company – Member of the Board of Directors, Member of Nominations and Remuneration Committee.

Academic Qualifications

- Master of Business Administration – Alfaisal University



Anand Sudarshan Raheja

Position

- Chairman of Risk and Credit Committee
- Member of the Board of Directors.

Practical Experiences

- Dar Al Arkan Real Estate Development Company – CEO.
- Dar Al Arkan Real Estate Development Company – CFO.
- Faber Finance – Executive Director.

Academic Qualifications

- MBA (Finance) – New York University (USA)
- Bachelor of Commerce – University of Delhi (India)



Tarek Bin Sami Zeitoun

Position

- Member of the Board of Directors.
- Member of the Executive Committee.

Practical Experiences

- Wasalt Real Estate Services Company – Board Member.
- Themar Arabia Company – General Manager of Digital Solutions.
- Al-Baheth Al-Maaloumi Company – Executive Director.

Academic Qualifications

- Bachelor of Information Systems Engineering – University of Manchester (UK).



Essam bin Abdulaziz Al-Segair

Position

- Chairman of the Audit Committee.
- Chairman of the Nominations and Remuneration Committee.

Practical Experiences

- Afaq Food Company – Member of Audit Committee.
- Al-Babtain Power and Telecommunications Company – Member of Audit Committee and Board Member.
- Al-Soudah Development – Head of Governance, Risk and Compliance.
- Al-Ahlia Cooperative Insurance Company – Member of Audit Committee.
- Nama Chemicals Company – Board Member.
- King Abdullah Economic City (KAFD) – Acting Head of Risk Management.
- Kafala Program – Head of Risk Management.
- General Authority of Zakat and Income – Head of Risk Strategy.
- Bank Saudi Fransi – Head of Banking Audit Department.

Academic Qualifications

- Bachelor of Accounting – King Saud University.
- Master of Business Administration – Johnson & Wales University (USA).



Ghalib Bin Jamal Jarrar

Position

- Member of Nominations and Remuneration Committee
- Member of Audit Committee
- Member of Executive Committee

Practical Experiences

- Public Investment Fund Projects - Chief Financial Officer.
- Quara Holding Company - Chief Financial Officer.
- Dar Al Arkan Real Estate Company - Chief Financial Officer.
- Aljazira Capital Company - Senior Financial Manager.
- Sport Clubs Company - Accounts Manager.
- Al-Fanar Company - Accountant.
- National Electricity Company Jordan - Accountant.
- Atta Consulting and Tax Company Jordan - Accountant.

Academic Qualifications

- Bachelor of Accounting - Al-Balqa University (Jordan)



Faisal bin Abdulaziz Al-Fouzan

Position

- Member of the Risk and Credit Management Committee

Practical Experiences

- Saudi Data and Artificial Intelligence Authority (SDAIA) Director of Cybersecurity.
- Naif Arab University for Security Sciences – Associate Professor, Head of Information Security Department, General Consultant in Strategic Planning and Partnership.
- Yamamah University – Associate Professor.
- Ministry of Education – Lecturer.

Academic Qualifications

- Bachelor of Computer Science – Hail University
- Master of Network Security – Glasgow Caledonia University (UK)
- PhD in Cybersecurity and Networks – Glasgow Caledonia University (UK)



Mohammed bin Abdullah Boutiban

Position

- Sharia Committee Chairman

Practical Experiences

- Raso for Character Building - Vice President.
- Mutab bin Abdulaziz Al Saud Charitable Foundation Partnerships Supervisor.
- Chamber of Commerce - Chairman of the Endowments Committee.
- Baqa Endowment Foundation - Executive Director

Academic Qualifications

- Bachelor of Sharia - Imam Mohammed bin Saud Islamic University
- Master of Comparative Jurisprudence - Higher Institute of Judiciary
- PhD in Comparative Jurisprudence - Higher Institute of Judiciary
- Fellowship of Sharia Advisor - Scientific Association of Judiciary.



Mansour bin Ali Al-Qudah

Position

- Member of the Sharia Committee

Practical Experiences

- Bank Nizwa - Muscat, Sultanate of Oman - Director of Sharia Department / Internal Sharia Auditor.
- Alinma Bank - Riyadh, Kingdom of Saudi Arabia - Assistant Manager of Sharia Group - and Manager of Policies and Procedures Control in the Sharia Department.
- Jordan Islamic Bank - Jordan - Dallah Al Baraka Banking.

Academic Qualifications

- Bachelor of Islamic Jurisprudence and Studies - Yarmouk University
- Master of Islamic Economics - Yarmouk University
- Professional Diploma in Accounting and Auditing - Arab Academy for Banking and Financial Sciences (Jordan)
- PhD in Islamic Economics and Banking - Yarmouk University

Biographies of Executive Management Members

The executive management of Quara Finance Company includes executive Managers as shown below:



Faisal bin Abdulrahman Al-Sheikh

Position

- CEO of Quara Finance. He was appointed on 01/05/2022G.

Practical Experiences

- Head of Investment Banking at Mizuho Saudi Arabia, a public joint stock company operating in the financial sector.
- Structured Finance Manager - Project Finance and Syndicated Loans at Al Rajhi Bank, a public joint stock company operating in the financial sector.
- Senior Transaction Officer - Structured Finance Department at Banque Saudi Fransi, a public joint stock company operating in the financial sector.
- Financial Institutions Relationship Manager at Saudi British Bank, a public joint stock company operating in the financial sector.
- Product Manager at SABB Takaful, a public joint stock company operating in the financial sector.

Academic Qualifications

- Bachelor's degree in financial management from King Saud University.



Amrish Shah

Position

- CFO at Quara Finance. He was appointed on 02/09/2020G.

Practical Experiences

- Chief Financial Officer of Themar Arabia, a limited liability company operating in the construction sector.
- CFO and COO of Karvy Financial Services Limited, India - a limited liability company operating in the financial services sector.
- CFO of Reliance Commercial and Real Estate Finance, India - a public joint stock company operating in the finance sector.

Academic Qualifications

- Institute of Chartered Accountants of India.



Salma Abdullah Al-Faeem

Position

- Head of Governance and Legal Affairs at Quara Finance. She was appointed on 07/02/2021G and resigned on 21/11/2024G..

Practical Experiences

- Legal representative at Quara Finance, a closed joint stock company operating in the finance sector.
- Legal advisor at Makman Solutions for Electronic Marketing, a limited liability company operating in the electronic and technical sector.
- Trainee lawyer (cooperative training) - Abdulrahman Al-Rumaih Law and Documentation Group, a private law group operating in the legal sector.

Academic Qualifications

- Bachelor's degree in systems (Law) from Princess Nourah bint Abdulrahman University.



Al Batoul Ali Asiri

Position

- Head of Cyber Security at Quara Finance. She was appointed on 11/08/2024G

Practical Experiences

- Assistant Manager of Cyber Security at Arabia Insurance Cooperative Company
- Senior Cyber Security Engineer at Arab National Bank
- Network Engineer at Sultan Bin Abdulaziz City for Humanitarian Services Company

Academic Qualifications

- Bachelor's degree in communications networks and systems from Princess Nourah Bint Abdulrahman University.



Nawaf bin Nasser Al Saleh

Position

- Head of Human Resources at Quara Finance Company, appointed on 27-02-2023.

Practical Experiences

- Teaching Assistant, King Saud University, a government entity working in the education sector.

Academic Qualifications

- Master of Human Resources Management and Organization, University of Nottingham, 2012:
- Bachelor of Business Administration, King Saud University.



Mousa bin Mohammed Al-Osus

Position

- Head of Internal Audit at Quara Finance Company. He was appointed on 30/07/2023G.

Practical Experiences

- Manager of Internal Audit at Food Development Company.
- Senior Internal Auditor at the General Authority for the Guardianship of Minors' Funds and those in their Care.
- Senior Internal Auditor at the Mediterranean and Gulf Insurance Company (MedGulf).
- Internal Auditor at Fawaz Alhokair Group.
- Operations Manager at Al Rajhi Takaful Company.

Academic Qualifications

- Master's degree in Human Resource Management and Organization, University of Nottingham
- Bachelor's degree in Business Administration, King Saud University.



Bandar bin Abdulqader Morished

Position

- Head of IT Department at Quara Finance. He was appointed on 07/02/2021G.

Practical Experiences

- Technical Support Manager at Quara Finance.
- Technical Support Officer at Saudi Finance Company.
- Samba Center for e-phone Banking Services – Information Technology Department at the Saudi American Bank.
- Maintenance and Technical Support Engineer at Saudi Research and Media Company.
- Maintenance and Technical Support Engineer at Horizon Information Technology Company.

Academic Qualifications

- Diploma in Business Administration



Sami bin Mohammed Al Shamimri

Position

- Head of Retail and Business Development Department at Quara Finance Company. He was appointed on 01/11/2022G.

Practical Experiences

- Sales Manager at Saudi Finance Company, a closed joint stock company operating in the finance sector.
- Sales Team Manager at Samba Financial Group, a public joint stock company operating in the banking and financial sector.

Academic Qualifications

- Bachelor's degree in business administration from King Faisal University.



Yousef bin Mohammed Al-Tasan

Position

- Head of Operations at Quara Finance. He was appointed on 21/05/2023G.

Academic Qualifications

- Diploma in Business Administration.

Practical Experiences

- Head of Collections at Quara Finance.
- Advisor to the Head of Collections at Saudi Finance Company.
- Head of Collections at ARCO Human Resources Company.
- Head of Collections at Riyadh Bank.
- Credit Manager at Riyadh Bank.
- Head of Applications at Riyadh Bank.
- Credit Officer at Saudi American Bank.



Mohammed bin Eid Al Shammari

Position

- Head of Compliance and Anti-Money Laundering at Quara Finance Company. He was appointed on 18/02/2024G.

Academic Qualifications

- MBA from Saudi Electronic University
- Bachelor of Business Administration from King Faisal University

Practical Experiences

- Head of Compliance and AML at Lindo Finance
- Compliance Manager at Amlak International Finance Company
- Compliance and Anti-Money Laundering Supervisor at Ahlia Insurance Company
- Compliance Officer at Tokio Marine Development Company



Mohammed bin Jassim Al Suwaid

Position

- Head of Customer Care Department, Quara Finance Company. He was appointed on 22/06/2022G.

Academic Qualifications

- Diploma in Computer Networks from Teachers College, Dammam.

Practical Experiences

- Customer Care Manager at Saudi Comprehensive Care Company, a limited liability company operating in the insurance claims settlement sector.
- Customer Service Supervisor, SABB Bank, a company operating in the financial sector.



Anwar Meteb AlMurshed

Position

- Chief Risk Officer at Quara Finance at Quara Finance. She was appointed on 04/08/2024G

Academic Qualifications

- Bachelor of English Language.

Practical Experiences

- Head of Operational Risk at Quara Finance
- Vice President of Credit at First Abu Dhabi Bank
- Acting Operational Risk Manager at Deutsche Gulf Finance
- Credit Support Manager at Deutsche Gulf Finance
- Credit Control Manager at Deutsche Gulf Finance
- Senior Credit Risk Analyst at Deutsche Gulf Finance

Waiver of Interests by Board Members, Senior Executives or Shareholder

There are no arrangements or agreements under which any member of the Board of Directors, any of the Senior Executives or the Company's shareholders waives his interests or waives his rights to profits.

The Audit Committee's Opinion on the Adequacy of the Company's Internal Control, Financial and Risk Management Systems

The Committee confirms that the Executive Management assumes its responsibilities in designing, implementing and maintaining an effective internal control system, including all policies, procedures and processes developed under the supervision of the Committee and approved by the Board of Directors, with the aim of achieving the Company's strategic objectives and ensuring compliance with regulatory and supervisory requirements. The internal control system is designed in accordance with the best practices recommended by regulatory and supervisory bodies and is evaluated by the relevant departments and supervised and followed up by the Committee, to ensure the achievement of its objectives, efficiency and effectiveness.

Based on the periodic reports issued by the Internal Audit Department and the Compliance and Anti-Money Laundering and Combating Terrorism Financing Department, in addition to the reports of the external auditor and the annual confirmations and disclosures submitted by the Executive Management, the Committee confirms that the internal control, financial and risk management systems in the company operate efficiently and effectively and provide an appropriate level of assurance to achieve the control objectives and protect the interests of the company and its shareholders.

Remuneration Distribution Policy

The Central Bank confirms, when determining and disbursing the remuneration of the members of the Board of Directors and its committees, adherence to the following controls:

01

Remunerations shall be consistent with the long-term objectives of the financial institution and in line with prevailing local customs, and the financial institution's risk policy.

02

Board members may not vote on the item "Board members' remuneration" in the General Assembly meeting.

03

The Central Bank shall be provided with a report on "Total remuneration of Board members and its committees" at the end of March of each year.

Statement of Remuneration of the Members of the Board and its Committee for 2024

| Name of Board/Committee Member | Membership Type Board/Committee Member Executive, Non-Executive, Independent | Specific amount (total value in Thousand Riyals) | Session Attendance Allowance (Total value in Thousand Riyals) | In-kind benefits (total value in Thousand Riyals) | A percentage of profits (specified with the total value in Thousand Riyals) | Granted Shares (Specify it with the total value in Thousand Riyals) | Remuneration for the Chairman of the Board, the Managing Director, or the Secretary, if he is a member (total value in Thousand Riyals) | Other (Name it and the total value in Thousand Riyals) | Total in Thousand Riyals |
|------------------------------------|--|--|--|---|--|--|---|---|--------------------------------|
| Abdullah bin Abdulrahman AlShilash | •Chairman of the Board of Directors •Chairman of the Executive Committee •Member of the Risk and Credit Management Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdulkarim bin Abdulaziz Aldoaiji | •Deputy Chairman of the Board of Directors •Member of Audit Committee •Member of Nominations and Remuneration Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Anand Sudarshan Raheja | •Member of the Board of Directors •Chairman of the Risk and Credit Management Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tarek bin Sami Zeitoun | •Member of the Board of Directors •Member of Executive Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tarek bin Mohammed Al-Jarallah | •Member of the Board of Directors •Member of Nominations and Remuneration Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdulrahman bin Abdulaziz AlMisned | •Member of the Board of Directors | 50.000 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mohammed bin Musfer Al-Malki | •Member of the Board of Directors | 50.000 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Majid bin Abdulrahman Al Qassim | •Member of the Board of Directors •Member of Audit Committee •Member of Nominations and Remuneration Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Khaled bin Mohammed Faqeeh | •Member of the Board of Directors (in the current Tenure) | 10.000 | 6000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ghalib bin Jamal Jarar | •Member of Audit Committee •Member of Nominations and Remuneration Committee •Member of Executive Committee | 70.000 | 10.000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Joseph Al-Korani | •Member of Executive Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Essam bin Abdulaziz Al-Segair | •Chairman of the Nominations and Remuneration Committee •Chairman of the Audit Committee | 10.000 | 10.000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Faisal bin Abdulaziz Al-Fouzan | •Member of the Risk and Credit Management Committee | 10.000 | 4000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total in Thousands Riyals | | 200.000 | 50.000 | 0 | 0 | 0 | 0 | 0 | 0 |

Statement of Remuneration and Compensation Paid to Senior Executives (Including CEO and CFO)

| Fixed Remuneration | | | | | Variable Remuneration | | | | | | | | |
|--------------------|-----------|------------|---------------------|-----------|-----------------------|---------|------------------------------|-----------------------------|---------------------------|-------|----------------------------|---|-------------|
| | Salaries | Allowances | In-kind Benefits | Total | Periodic bonuses | Profits | short term incentive plan | Long term incentive plan | Shares granted (value) | Total | End of service gratuity | Total Executive Remuneration from the Board | Grand Total |
| Total | 4,547,575 | 0 | 0 | 4,547,575 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,547,575 |

General Assembly and Shareholder Relations

The General Assembly held two meetings during the year 2024G, one of which was a meeting of the Ordinary General Assembly, and the other was a meeting of the Extraordinary Assembly, according to the following:

| Ordinary General Assembly Meeting Wednesday, September 11, 2024 | | |
|--|-----------------|-------------------|
| Name | Membership | Attendance Status |
| Abdullah bin Abdulrahman AlShilash | Board Chairman | Attended |
| Abdulkarim bin Abdulaziz Aldoiiji | Deputy Chairman | Attended |
| Tarek bin Mohammed Al-Jarallah | Board Member | Attended |
| Majid bin Abdulrahman Al Qassim | Board Member | Attended |
| Abdulrahman bin Abdulaziz AlMisned | Board Member | Attended |
| Mohammed bin Musfer Al-Malki | Board Member | Attended |
| Tarek bin Sami Zeitoun | Board Member | Attended |
| Anand Sudarshan Raheja | Board Member | Attended |

| Extraordinary General Assembly Meeting Wednesday, October 16, 2024 | | |
|---|-----------------|-------------------|
| Name | Membership | Attendance Status |
| Abdullah bin Abdulrahman AlShilash | Board Chairman | Attended |
| Abdulkarim bin Abdulaziz Aldoiiji | Deputy Chairman | Attended |
| Tarek bin Mohammed Al-Jarallah | Board Member | Attended |
| Khaled bin Mohammed Faqeeh | Board Member | Attended |
| Abdulrahman bin Abdulaziz AlMisned | Board Member | Attended |
| Mohammed bin Musfer Al-Malki | Board Member | Attended |
| Tarek bin Sami Zeitoun | Board Member | Attended |
| Anand Sudarshan Raheja | Board Member | Attended |

Dividend Distribution Policy

The distribution of profits is subject to specific restrictions in accordance with the laws, regulations, and the company's Articles of Association. Article Twenty-Six (26) of the Implementing Regulations of the Finance Companies Control Law stipulates that the finance company must obtain a letter from the Saudi Central Bank including its non-objection before approving, recommending or announcing any distribution of profits or any other distributions, after ensuring that the following conditions are met:

- 01
- The distribution shall not lead to a decrease in the level of capital adequacy and liquidity below the established levels.
- 02
- The total distribution in the fiscal year shall not exceed the profits achieved during the previous fiscal year.
- 03
- Any other conditions specified by the Saudi Central Bank.

The shareholder is also entitled to receive his share of the profits in accordance with Article Thirty-Nine (39) of the company's Articles of Association, which states that "The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision shall specify the due date and the date of distribution. The right to profits is for the shareholders registered in the shareholders' records at the end of the day specified for the entitlement. The Board of Directors must implement the decision of the General Assembly regarding the distribution of profits to shareholders."

Statement of the Shareholder Register Applications

| # | Application Date | Reasons of Application |
|---|------------------|------------------------|
| 1 | 20/03/2024 | General Assembly |
| 2 | 31/03/2024 | Corporate Procedures |
| 3 | 30/06/2024 | Corporate Procedures |

A statement of the names, number of shares and percentages of ownership of the company’s Substantial Shareholders

| Shareholder Name | Nationality | Number of Shares Before Offering 2024 | Ownership Percentage | Number of Shares After Offering 2024 | Ownership Percentage |
|-------------------------------------|-------------|---------------------------------------|----------------------|--------------------------------------|----------------------|
| First Resources Real Estate Company | Saudi | 10.000.000 | 33.33 % | 9.116.667 | 30.39 % |
| Awad Financial Company | Saudi | 10.000.000 | 33.33 % | 9.116.667 | 30.39 % |
| Nawaqees Trading Company | Saudi | 10.000.000 | 33.33 % | 9.116.667 | 30.39 % |
| Qualified Investors | - | - | - | 2.650.000 | 8.83 % |
| Total | | 30.000.000 | 100 % | 30.000.000 | 100 % |

Statement of the company’s transactions with related parties in accordance with the provisions of Article (71) of the Companies Law:

| Name | Date | Nature of the Agreement | Duration | Amount |
|-------------------------------|------------|--------------------------------|---------------|--|
| Al Khair Capital Company | 13/10/2022 | IPO Lead Manager & Underwriter | Not specified | Professional fees and expenses related to registration towards the IPO Lead manager and management of the Order Book, which amounted to ﷲ (862,500). |
| Quara AI Tech Private Limited | 01/04/2024 | Service Agreement | Not specified | The value of system software development for the year 2024G amounted to ﷲ (3,133,655) and the end-of-year balance amounted to ﷲ (416,008). |

The company’s shareholders and all of their subsidiaries are classified as related parties. In the ordinary course of business, the company enters into transactions with related parties on the basis of mutually agreed prices and contractual terms approved by the company’s management.

Statement of Penalties and Violations to which the Company was Exposed

| Subject of the Violation | 2023 | | 2024 | |
|--|---------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| | Number of Enforcement Decisions | Total Amount of Fines in Saudi Riyals | Number of Enforcement Decisions | Total Amount of Fines in Saudi Riyals |
| Violation of the Central Bank’s supervisory and regulatory instructions | 3 | 357,500 | 1 | 75,000 |
| Violation of the Central Bank’s instructions for customer protection | - | - | - | - |
| Violation of the Central Bank’s instructions for due diligence in combating money laundering and terrorist financing | - | - | - | - |
| Violation of the Listing Rules and procedures for suspending trading of listed securities issued by the Capital Market Authority | - | - | 2 | - |
| Violation of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority | - | - | 1 | - |

Board Declarations for the year 2024:

The Directors declare that all decisions are issued during the year 2024G were made in accordance with the powers granted to them and in accordance with the approved laws and regulations, as follows:

- The accounting records have been prepared correctly.
- The financial statements have been prepared in accordance with international accounting standards and the directives of the regulatory authorities. The Board of Directors declares that there is no material difference from the accounting standards approved by SOCPA.
- There are no qualifications in the auditor's report on the annual financial statements.
- The internal control system has been prepared on sound foundations and implemented effectively.
- There is no doubt about the company's ability to continue its activities on going-concern basis.
- There are no arrangements or agreements under which a shareholder of the Company waives any rights to profits.
- There are no arrangements or agreements under which a member of the Board of Directors of the Company or a senior executive waives any remuneration.
- There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors with regard to the appointment and dismissal of the Company's auditor, determining its fees and evaluating its performance or appointing the internal auditor.

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