



الفا العربية للتمويل
Alpha Arabia Finance

Annual Report

Alpha Arabia
Finance

Annual Report 2023

Annual Report

Chairman's Message:

On behalf of my Board members of Alpha Arabia Finance Company, I would like to present to you the first annual board of director report for the financial year 2023, which reflects the details of the company's financial performance during the last year.

On Ramdan 20, 1444H (corresponding to April 11, 2023) the Company received an initial approval from the Saudi Central Bank (“SAMA”) to practice consumer financing, financial leasing, and financing small and medium enterprises. The Finance Companies Control Law was issued by the Saudi Council of Ministers through its publication No. 259 dated Sha’ban 12, 1433 H (corresponding to July 2, 2012) and the Royal Decree No. 51 dated Sha’ban 13, 1433 H (corresponding to July 3, 2012) and its implementing regulations were issued by SAMA for conducting lease financing business in the Kingdom of Saudi Arabia.

Alhamdulillah, subsequent to year end on 23 Rajab 1445 (corresponding to February 04, 2024) the Company received license to start the normal operations of company in respective of consumer finance, financial leasing and financing small and medium enterprises in the Kingdom. In the coming year, we are looking forward to having business growth and development, strengthening our position as one of the prominent finance company in the Saudi market and contributing to the development of country by meeting the aspirations and financial needs of our customers and the financial empowerment of individuals and SMEs.

We look to the future with optimism and confidence, and we are committed that we will continue to serve our customers efficiently, professionally and with a commitment to achieving our strategic goals and promoting our values on which are the core pillars of Alpha Arabia Finance .

Sincerely thanks

Fahad Al Musabhi

Chairman of the Board of Directors

About Alpha Arabia Finance Company:

- **Overview:**

The year 2023 was the beginning of the launch of Alpha Arabia Finance Company and the completion of the incorporation procedures in Riyadh with a capital of 100 million Saudi riyals, to obtain a license from the Saudi Central Bank to provide financing solutions for individuals and small and medium enterprises in the Kingdom of Saudi Arabia and to work in financing activities that comply with the following provisions of Islamic Sharia:

- Consumer finance.
- Financing small and medium enterprises.
- Financial leasing.

- **Vision:**

To be the ultimate stop for innovative financing solutions.

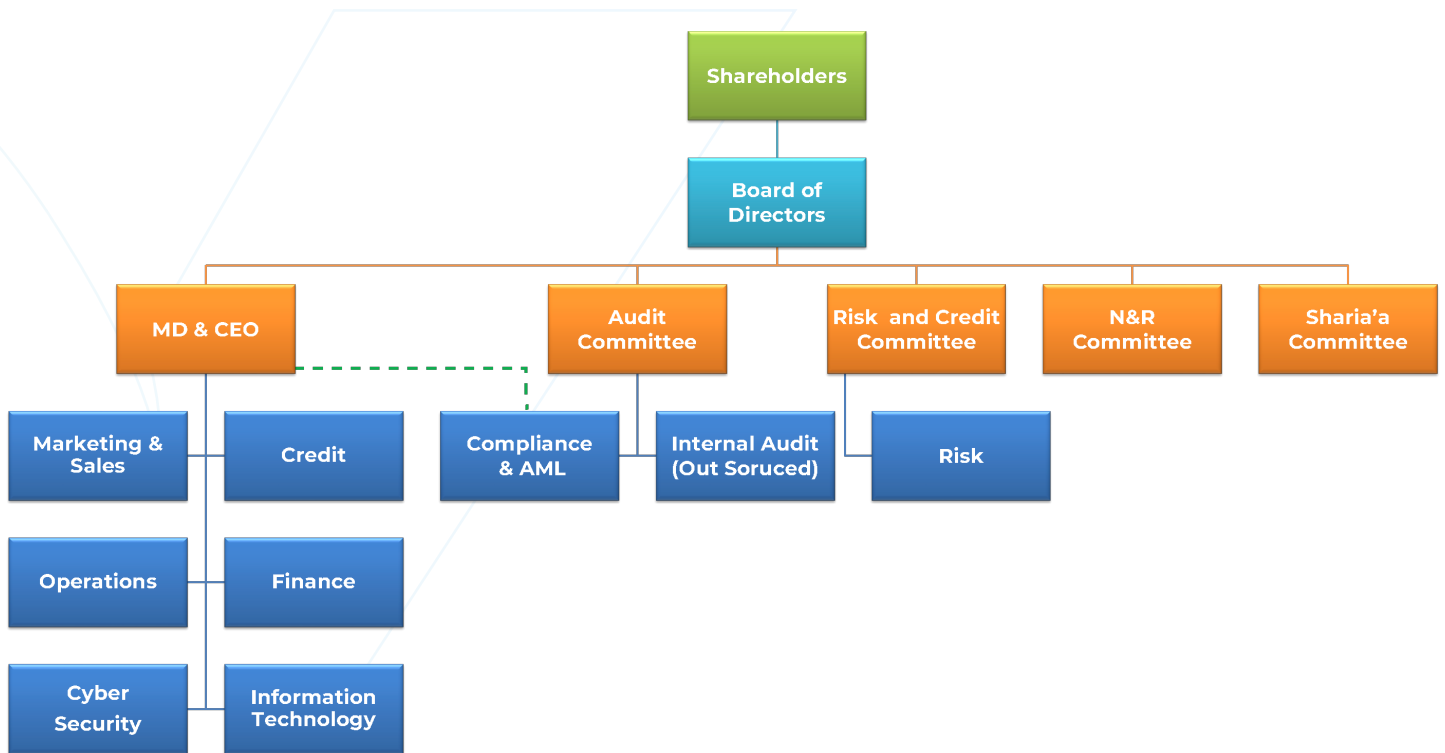
- **Mission:**

To offer a range of diversified sharia complaint financing solutions with lean and transparent process that meets our customers, partners and communities financial needs.

- **Objectives:**

Engage in financing activities in accordance with the Companies Law, the Finance Companies Control Law, and Implementing Regulations, to pursue the Consumer & SME financing activities, following the principles of Sharia.

- **Company Organizational Structure:**



- **General Assembly Meetings:**

Shareholder Name	General Assembly Meeting (First Meeting) 19-06-2023	Extraordinary General Assembly Meeting (First Meeting) 05-11-2023	Total
Alpha United Investment	✓	✓	2
National Trust Investment	✓	✓	2
Mr. Abdulmohsen Al Sowailem	✓	✓	2
Mr. Sultan Al Musabhi	✓	✓	2
Mr. Fahad Al Musabhi	✓	✓	2

- **Board of Directors and Committee:**
- Board Members and Classification of Member

Name	Position	Independence
Mr. Fahad Al Musabhi	Chairman of the Board of Directors	Non-independent member
Mr. Abdullah bin Ahmed Bahwan	Board Member (Vice Chairman)	Non-independent member
Mr. Abdulmohsen Al Sowailem	Board Member (Managing Director)	Executive
Mr. Mohammed bin Saad Bahwan	Board Member	Non-independent member
Mr. Omar Suhail Bilani	Board Member	Independent Member
Mr. Ahmed Ibrahim AlShabanh	Board Member	Independent Member

- **Board of Directors Meeting:**

Name	Membership and classification	First meeting (02-11-2023)	Second Meeting (10-12-2023)	Attendance %
Mr. Fahad Al Musabhi	Chairman of the Board of Directors	✓	✓	100%
Mr. Abdullah bin Ahmed Bahwan	Board Member (Vice Chairman)	✓	✓	100%
Mr. Abdulmohsen Al Sowailem	Board Member (Managing Director)	✓	✓	100%
Mr. Mohammed bin Saad Bahwan	Board Member	✓	✓	100%
Mr. Omar Suhail Bilani	Board Member	✓	✓	100%
Mr. Ahmed Ibrahim AlShabanh	Board Member	✓	✓	100%

- **Audit Committee**

The primary role of the Audit Committee is to monitor the Company's business and affairs and assist the Board of Directors in overseeing the:

- Overseeing the Company's Internal Audit Function to ensure efficiency in performing its activities and tasks assigned by General Assembly:
- The company's compliance with legal and regulatory rules and requirements.
- Recommending the appointment or termination of the External Auditors and determining their fees, taking into consideration their independence upon recommendation.
- Performance, safety and effectiveness of the company's internal control and audit systems and financial reports.

• **Audit Committee Membership:**

Name	Position
Mr. Omar Suhail Bilani	Chairman of the Committee
Mr. Hussam Al-Bayouk	Member of the Committee
Mr. Tom Cyriac	Member of the Committee

- The meeting of the Audit Committee was held on 11-12-2023

Name	Membership and classification	First meeting 11-12-2023	Attendance %
Mr. Omar Suhail Bilani	Chairman of the Committee	✓	100%
Mr. Hussam Al-Bayouk	Member of the Committee	✓	100%
Mr. Tom Cyriac	Member of the Committee	✓	100%

- **Risk and Credit Committee:**

The main role of the Risk and Credit Committee is to ensure that there is effective monitoring of the company to ensure the prudent practice of credit activities, avoid risks taken by the company, review and approve policies and procedures related to granting credit to individuals, small and medium enterprises and financial leasing.

- **Membership of the Risk and Credit Committee:**
- The Risk and Credit Committee commenced its work on 03-12-2023

Name	Position
Mr. Fahad Al Musabhi	Chairman of the Committee
Mr. Abdullah bin Ahmed Bahwan	Member of the Committee
Mr. Abdulmohsen Al Sowailem	Member of the Committee
Mr. Mohammed Faisal Idais	Member of the Committee

- The meeting of the Risk and Credit Committee was held on 06-12-2023

Name	Membership and classification	First meeting 06-12-2023	Attendance %
Mr. Fahad Al Musabhi	Chairman of the Committee	✓	100%
Mr. Abdullah bin Ahmed Bahwan	Member of the Committee	✓	100%
Mr. Abdulmohsen Al Sowailem	Member of the Committee	✓	100%
Mr. Mohammed Faisal Idais	Member of the Committee	✓	100%

- **Nomination and Remuneration Committee:**

- The main role of the Nomination and Remuneration Committee is to recommend to the Board of Directors nomination for membership of the Board or committees to fill vacant positions in accordance with the approved policies and procedures.
- Annual review of the required skills requirements suitable for board membership.
- Review the structure of the Board of Directors, identify weaknesses and strengths, and make recommendations thereon.
- Setting policies for the compensation and remuneration of the members of the Board of Directors and senior executives in the company and submitting recommendations to the Board of Directors on the annual budget for remuneration and incentives.

- **Membership of the Nomination and Reward Committee:**

The Nomination and Remuneration Committee started its work on 03-12-2023

Name	Position
Mr. Omar Suhail Bilani	Chairman of the Committee
Mr. Fahad Al Musabhi	Member of the Committee
Mr. Mohammed bin Saad Bahwan	Member of the Committee
Mr. Ahmed Ibrahim AlShabanh	Member of the Committee

- The meeting of the Nomination and Remuneration Committee was held on 06-12-2023

Name	Membership and classification	First meeting 04-12-2023	Attendance %
Mr. Omar Suhail Bilani	Chairman of the Committee	✓	100%
Mr. Fahad Al Musabhi	Committee Member	✓	100%
Mr. Mohammed bin Saad Bahwan	Committee Member	✓	100%
Mr. Ahmed Ibrahim AlShabanh	Committee Member	✓	100%

- **Sharia Committee:**

The Sharia Committee shall supervise the company's business from a legal point of view and shall have the following competencies:

- Study and review the company's objectives and policies to ensure their compliance with the provisions of Sharia.
- Review new products, contracts and agreements concluded by the company.
- Issuing fatwas and decisions to the company's management regarding matters related to work in accordance with the provisions of Islamic Sharia.
- Periodic monitoring of all the company's business through the Internal Sharia Supervisory Department.
- Submit an annual Sharia report on the company's business and the extent of its commitment to Sharia controls.

- **Sharia Committee Members:**

* The Sharia Committee started its work on 26-10-2023

Name	Position
Dr. Abdulaziz Al-Nafisa	Chairman of the Committee
Dr. Mohamed Hafez AbuBakr	Member of the Committee

- The Sharia Committee meeting was held on 31-10-2023

Name	Membership and classification	First meeting 31-10-2023	Attendance %
Dr. Abdulaziz Al-Nafisa	Chairman of the Committee	✓	100%
Dr. Mohamed Hafez AbuBakr	Member of the Committee	✓	100%

- Shareholders' Register and Percentage of Ownership of each of them in the Company's shares as at 31-12-2023:

Shareholder Name	Number of shares	Value of shares	Percentage of ownership
Alpha United Investment Company	3,000,000	30,000,000	30%
National Trust Investment Company	3,000,000	30,000,000	30%
Mr. Abdulmohsen Al Sowailem	3,000,000	30,000,000	30%
Mr. Sultan Al Musabhi	600,000	6,000,000	6%
Mr. Fahad Al Musabhi	400,000	4,000,000	4%

- Description of transactions between the Company and a related party or any business or contracts to which the Company is a party.

#	Purpose	Related party	Vendor Name	Amount in SAR with VAT
1	Web site and corporate identity including 1- Design UI and UX 8 pages 2- Design landing page (Lead generation page) 3- Arabic and English content 4- Coding technology 5- Speed blogs for performance and integration 6- Support and updates for 3 months 7- Testing and launch 8- X official pages and verification for one year 9- Subscription of domain and name on IOS and Android for mobile application 10- Social Media Marketing for 6 months	الأستاذ/ فهد المسبحي الأستاذ/ عبدالمحسن السويلم	Alpha Creative	1,500,000
2	Email hosting at Nour net Annually due to SAMA cyber-Security requirements. Additional MS 365 license, Calling center hosting on cloud, integration of CRM with Azentio, Oracle application license.	الأستاذ/ فهد المسبحي	Information Technology Integrated Solutions	4,030,000
3	Supply & Install Electronic Equipment	الأستاذ/ فهد المسبحي	Integrated International Power Co	11,000
4	إيجار المقر الرئيسي للشركة بإيجار سنوي يعقد لمدة أربع سنوات	شركة الفا المتحدة للإستثمار الأستاذ/ عبدالمحسن السويلم		1,600,000

- **Financial Highlights**

Summary of financial highlights for the year ended 31 December 2023 are as follows:

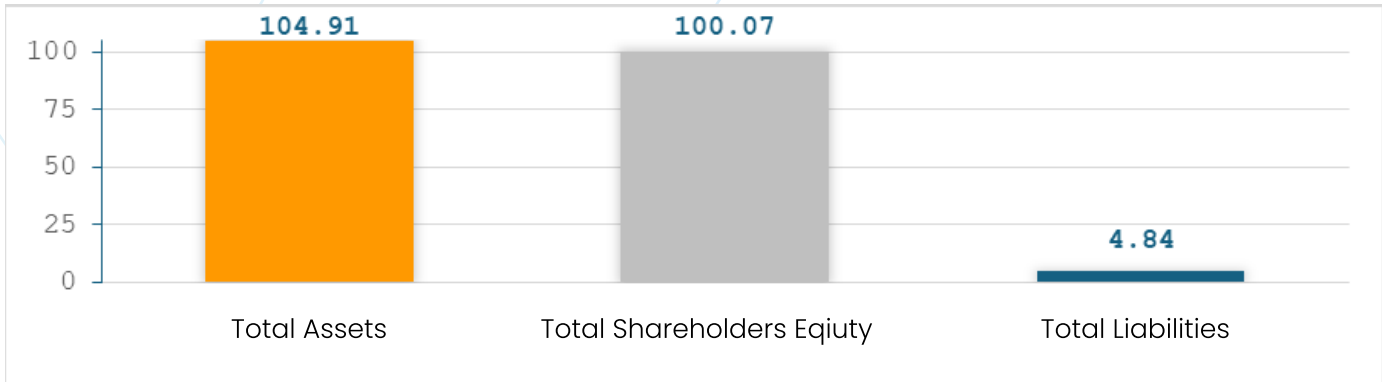
- **Financial Reporting Standards**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement approved by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and the applicable requirements of the Regulations for Companies and the Company’s By-Laws. The Company’s financial statements for the period from June 8, 2023 (the date of issuing commercial register) to December 31, 2023, are the first annual statements issued by the management of the company in accordance with the By-Laws, which is from June 8, 2023, to December 31, 2023, therefore no comparative figures have been presented.

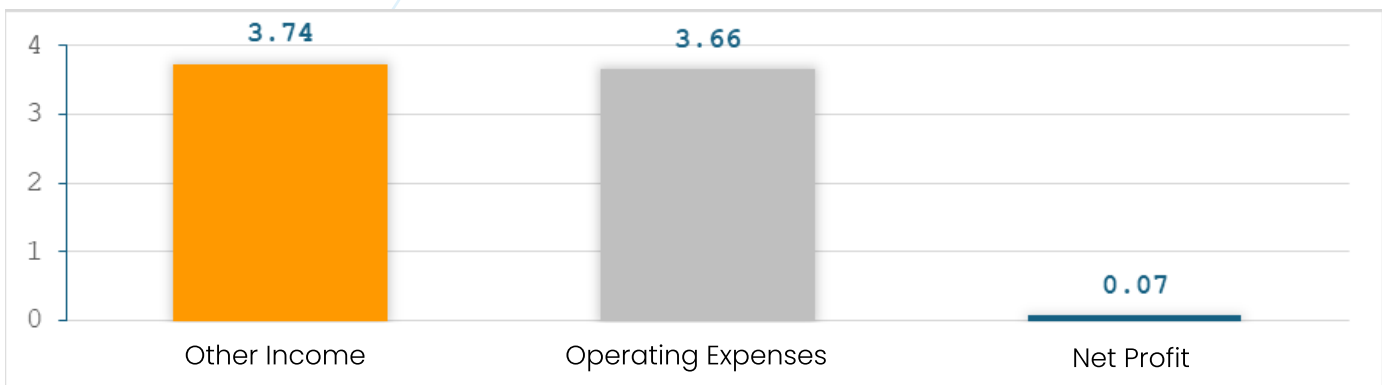
- **Zakat Provision**

Zakat provision is calculated at the year end of each year in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). The zakat provision shall be recorded at the end of the financial year within the items of comprehensive income and the differences resulting from the final assessment are recognized within the same item in the year in which the zakat assessment is approved. This is the first financial statements of Company since the issuance of commercial registration hence there is no zakat assessment as of period end.

Statement of Financial Position – Amounts are in SAR millions



Statement Of Comprehensive Income – Amounts are in SAR millions



Statement Of Changes in Shareholders Equity – Amounts are in SAR millions



- Violation(s) if any:

Subject of the violation	Current Fiscal Year 2023
Violations of the Saudi Central Bank's supervisory and supervisory instructions	None
Violations of the Central Bank's instructions on customer protection	None
Violations of the instructions of the Saudi Central Bank regarding the exercise of due diligence in combating money laundering and terrorist financing	None

- Disclosure of Rewards

The members of the Board of Directors and committees did not receive remuneration or compensation during the year 2023. Further, top five senior executives remuneration, including the Managing Director / Chief Executive Officer and Chief Financial Officer, was around SAR 1.6 million for the financial year 2023.

- Other Declaration and Acknowledgments

The Board of Directors confirms the following:

- Approving all policies and procedures of Alpha Arabia Finance Company.
- Approving the company's organizational structure.
- Appointment of the External Auditor (RSM)) to examine, review and audit the financial statements.
- Approving the formation of the Board of Directors and the Committees
- Amendment to the Company's Articles of Association to make the number of members of the Board of Directors 6 members
- Voting on the transactions concluded with related parties.
- The Account records have been set up correctly.
- The internal control system was prepared on sound foundations and effectively implemented.
- There is no doubt whatsoever about the Company's ability to continue its activity.
- here are no competing works related to any of the members of the Board of Directors.

- **Conclusion**

At the conclusion of the annual report for 2023, we would like to express our deep thanks and gratitude to all individuals and efforts that contributed to the success of Alpha Arabia Finance Company, and we look forward with optimism to the future and commitment that we will continue to serve you efficiently and professionally.

Thank you all for your support and trust.