

AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT

AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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Report on review of condensed interim consolidated financial statements

To the Shareholders of Amlak International Finance Company (formerly Amlak International for Real Estate Finance Company) (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Amlak International Finance Company (formerly Amlak International for Real Estate Finance Company) (the "Company") and its subsidiary (collectively referred to as the "Group") as at 31 March 2023 and the related condensed interim consolidated statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and other explanatory notes (the "condensed interim consolidated financial statements").

Board of directors is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

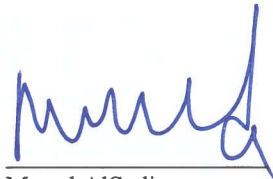
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Khalid A. Mahdhar
License Number 368

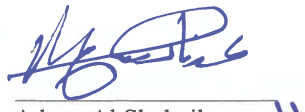
May 2, 2023

AMLAK INTERNATIONAL FINANCE COMPANY
(Formerly Amlak International for Real Estate Finance Company)
(A Saudi Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023
(SR '000)

		31 March 2023	31 December 2022
	<i>Notes</i>	(Unaudited)	(Audited)
<u>ASSETS</u>			
Cash and cash equivalents	5	108,636	38,226
Investments		893	998
Positive fair value of derivatives		16,104	20,515
Murabaha receivables, net	6	701,603	480,193
Ijara receivables, net	7	2,395,097	2,713,499
Ijara mawsofa fi athemmah receivables, net	8	90,485	89,558
Prepayments and other assets		55,130	102,727
Property, equipment and right of use assets, net		40,053	41,422
Total assets		3,408,001	3,487,138
<u>LIABILITIES AND EQUITY</u>			
Account payables and other accruals	9	61,082	99,857
Negative fair value of derivatives		2,053	1,483
Zakat and income tax payable	10	21,555	19,599
Borrowings	11	1,807,830	1,759,216
SAMA deposit, net		258,066	355,863
Employees' end of service benefits		16,359	16,122
Total liabilities		2,166,945	2,252,140
Share capital	12	906,000	906,000
Statutory reserve		98,753	98,753
Cash flow hedge reserve		14,051	19,032
Retained earnings		222,252	211,213
Total equity		1,241,056	1,234,998
Total liabilities and equity		3,408,001	3,487,138



Murad AlSadiq
Chief Finance Officer



Adnan Al Shubaily
Chief Executive Officer



Abdullah Al Howaish
Chairman


The attached notes 1 to 21 form part of these condensed interim consolidated financial statements.

AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

	For the three-month period ended 31 March		
	<u>Notes</u>	<u>2023</u>	<u>2022</u>
INCOME			
Income from Murabaha contracts		15,406	4,489
Income from Ijara contracts		48,855	58,422
Income from Ijara mawsofa fi athemmah contracts		2,092	1,979
Loss on sale of portfolio and revaluation of servicing rights asset		(1,093)	(861)
Fees and commission income		3,658	3,369
Total income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		68,918	67,398
EXPENSES			
Finance cost		(25,897)	(14,112)
Fee expense		(656)	(809)
Net income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		42,365	52,477
Other income / (loss)		145	(212)
		42,510	52,265
OPERATING EXPENSES			
Depreciation		(2,351)	(2,330)
General and administrative expenses	15	(22,712)	(20,780)
Selling and marketing expenses	16	(3,271)	(2,818)
(Impairment charge) / reversal of impairment charge for expected credit losses, net		(1,182)	4,713
Net income for the period before zakat and income tax		12,994	31,050
Zakat and income tax expense	10	(1,955)	(3,926)
Net income for the period		11,039	27,124
Basic and diluted earnings per share (SAR)	14	0.12	0.30



 Murad AlSadiq
 Chief Finance Officer



 Adnan Al Shubaily
 Chief Executive Officer



 Abdullah Al Howaish
 Chairman


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AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

	For the three-month period ended 31 March	
	2023	2022
Net income for the period	11,039	27,124
Other comprehensive (loss) / income		
<i>Items that may be reclassified to statement of profit or loss in subsequent periods:</i>		
Net movement in cash flow hedges	(4,981)	12,100
Total comprehensive income	6,058	39,224



 Murad AlSadiq
 Chief Finance Officer



 Adnan Al Shubaily
 Chief Executive Officer



 Abdullah Al Howaish
 Chairman

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AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Cash flow hedge reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<u>For the period ended 31 March 2023</u>					
Balance at 1 January 2023	906,000	98,753	19,032	211,213	1,234,998
Net income for the period	-	-	-	11,039	11,039
Other comprehensive loss for the period	-	-	(4,981)	-	(4,981)
Total comprehensive (loss) / income for the period	-	-	(4,981)	11,039	6,058
Balance at 31 March 2023	906,000	98,753	14,051	222,252	1,241,056
<u>For the period ended 31 March 2022</u>					
Balance at 1 January 2022	906,000	89,081	(4,253)	200,193	1,191,021
Net income for the period	-	-	-	27,124	27,124
Other comprehensive income for the period	-	-	12,100	-	12,100
Total comprehensive income for the period	-	-	12,100	27,124	39,224
Balance at 31 March 2022	906,000	89,081	7,847	227,317	1,230,245



Murad AlSadiq
Chief Finance Officer



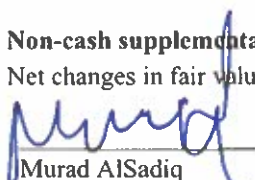

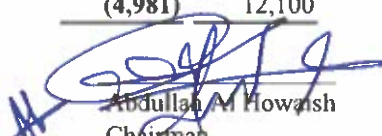
Adnan Al Shubaily
Chief Executive Officer



Abdullah Al Howaish
Chairman

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AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

	For the three-month	
	<i>Notes</i>	period ended 31 March
	2023	2022
Cash flows from operating activities:		
Net income for the period before zakat and income tax	12,994	31,050
<i>Non-cash adjustment to reconcile net income before zakat and income tax for the period to net cash from operating activities</i>		
Depreciation	2,351	2,330
Finance cost	24,662	15,007
Employees' end of service benefits	617	635
Impairment charge for expected credit losses	(2,462)	(5,046)
Write off expense	3,644	333
Modification loss on Murabaha and Ijara receivables, net	-	645
Gain on SAMA deposit, net	1,235	(895)
Loss on sale of portfolio and revaluation of servicing rights asset	1,093	861
Other (income) / loss	(145)	-
	<u>43,989</u>	<u>44,920</u>
<i>Decrease / (increase) in operating assets</i>		
Murabaha receivables	(225,048)	(67,769)
Ijara receivables	319,876	(44,077)
Ijara mawsofa fi athemmah receivables	(1,039)	(2,258)
Prepayments and other assets	47,597	29,619
<i>Increase / (decrease) in operating liabilities</i>		
Account payables and other accruals	(38,651)	11,659
	<u>146,724</u>	<u>(27,906)</u>
Finance cost paid	(22,269)	(13,811)
Employees' end of service benefits paid	(380)	(276)
	<u>124,075</u>	<u>(41,993)</u>
Net cash generated from / (used in) operating activities		
Cash flows from investing activity		
Purchase of property and equipment	(982)	(1,359)
Rental income received from property under possession	250	-
	<u>(732)</u>	<u>(1,359)</u>
Net cash used in investing activity		
Cash flows from financing activities		
Repayment of borrowings	(418,587)	(335,961)
Proceeds from borrowings	465,000	315,000
SAMA deposit, net	(99,032)	73,064
Payment of lease liabilities	(314)	(2,950)
	<u>(52,933)</u>	<u>49,153</u>
Net cash (used in) / generated from financing activities		
Net change in cash and cash equivalents	70,410	5,801
Cash and cash equivalents at the beginning of the period	<u>38,226</u>	<u>8,818</u>
Cash and cash equivalents at the end of the period	108,636	14,619
Non-cash supplemental information:		
Net changes in fair value of cash flow hedge	(4,981)	12,100
 Murad AlSadiq Chief Finance Officer	 Adnan Al Shubaily Chief Executive Officer	 Abdullah Al Howaish Chairman

The attached notes 1 to 21 form part of these condensed interim consolidated financial statements.

AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

1. THE GROUP AND THE NATURE OF OPERATIONS

Amlak International Finance Company (formerly Amlak International for Real Estate Finance Company) (the “Company”) is a Saudi Joint Stock Company established and registered in the Kingdom of Saudi Arabia under commercial registration number 1010234356 in Riyadh dated 27/05/1428H (corresponding to 13/06/2007G) and Ministry of Commerce and Industry Resolution No. 132/S dated 25/05/1428H (corresponding to 11/06/2007G) SAMA License No. 2/ PU/201312 dated 21/02/1435H (corresponding to 24/12/2013G). The Company operates through branches in Riyadh, Jeddah and Khobar. With effect from 22 December 2022, the name of the Company was changed from Amlak International for Real Estate Finance Company to Amlak International Finance Company.

As per the revised commercial registration certificate of the Group dated 28 Jamada Al Awwal 1444 H (corresponding to 22 Dec 2022), the objectives of the Group have been updated to provide real estate financing, SMEs financing, and personal financing as per Saudi Central Bank (“SAMA”) approval dated 20 Rabea Awwal 1444H (corresponding to 16 Oct 2022).

The registered office of the Company is located at Thumamah Road, Kingdom of Saudi Arabia. A Corporate Office has been established in Jeddah by the Company in 2019. The Company has the following branches in the Kingdom of Saudi Arabia:

<u>Branch</u>	<u>Commercial Registration Number</u>	<u>Date of issuance</u>	<u>Location</u>
	2050057816	30/12/1428	Khobar
	4030171680	24/07/1428	Jeddah

The Company has the following subsidiary:

<i>Name of the subsidiary</i>	<i>Registration number</i>	<i>Country of incorporation</i>	<i>Ownership</i>	<i>Principal business activity</i>
Amlak International For Real Estate Development Company	1010317413	Saudi Arabia	100%	Hold titles of real estate properties financed by Amlak International Finance Company

These condensed interim consolidated financial statements comprise the financial statements of the Company and the subsidiary (Amlak International for Real Estate Development Company) together here in after referred to as the Group. The Company started consolidating its subsidiary from year ended 31 December 2022. The impact of consolidation on the comparative numbers as at 31 March 2022 and for the period then ended is not material.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim consolidated financial statements of the Group as at and for the period ended 31 March 2023, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended 31 December 2022.

AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

These condensed interim consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement of investments and derivatives, which are carried at fair value. Further, employees' end of service benefits are measured at present value of future retirement benefit obligations using the Projected Unit Credit Method.

2.3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Arabian Riyals (SAR), as it is the functional currency of the Company. All financial information presented has been rounded-off to the SAR in thousand unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended 31 December 2022.

4. IMPACT OF NEW STANDARDS

Accounting standards issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have a material impact on the condensed interim consolidated financial statements of the Company.

New standards, interpretations and amendments adopted by the Group

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2023. The management has assessed that the amendments have no significant impact on the Group's condensed interim financial statements.

- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities;
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities;
- Amendments to IFRS 10 and IAS 28; and
- IFRS 17 Insurance Contracts

5. CASH AND CASH EQUIVALENTS

	As at 31 March 2023 <u>(Unaudited)</u>	As at 31 December 2022 <u>(Audited)</u>
Cash in hand	35	35
Cash at bank – current accounts	108,601	38,191
	<u>108,636</u>	<u>38,226</u>

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(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

6. MURABAHA RECEIVABLES, NET

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Gross Murabaha receivables	910,701	603,390
Less: Unearned income	(208,589)	(122,682)
	702,112	480,708
Less: Allowance for expected credit losses	(509)	(515)
Murabaha receivables, net	701,603	480,193

6.1 The maturity profile of Murabaha receivables as at 31 March 2023 and 31 December 2022 is as follows:

	As at 31 March 2023 (Unaudited)			
	Not later than <u>one year</u>	Later than one year but not later than <u>five years</u>	Later than <u>five years</u>	<u>Total</u>
Gross Murabaha receivables	64,744	543,739	93,629	702,112
Less: Impairment allowance for credit losses				(509)
Murabaha receivables, net				701,603
	As at 31 December 2022 (Audited)			
	Not later than <u>one year</u>	Later than one year but not later than <u>five years</u>	Later than <u>five years</u>	<u>Total</u>
Gross Murabaha receivables	44,730	397,517	38,460	480,708
Less: Impairment allowance for credit losses				(515)
Murabaha receivables, net				480,193

7. IJARA RECEIVABLES, NET

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Gross investment in Ijara receivables	3,305,625	3,707,939
Less: Unearned income	(838,015)	(919,360)
Net investment in Ijara receivables	2,467,610	2,788,579
Less: Allowance for expected credit losses	(72,513)	(75,080)
Ijara receivables, net	2,395,097	2,713,499

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

7. IJARA RECEIVABLES, NET (CONTINUED)

7.1 The maturity profile of Ijara receivables as at 31 March 2023 and 31 December 2022 is as follows:

	As at 31 March 2023 (Unaudited)			
	Not later	Later than	Later than	<u>Total</u>
	than	one year but	five years	
	one year	not later than	five years	
<u>one year</u>	<u>five years</u>	<u>five years</u>		
Gross investment in Ijara receivables	723,452	1,621,002	961,171	3,305,625
Less: Unearned income	<u>(176,649)</u>	<u>(400,777)</u>	<u>(260,589)</u>	<u>(838,015)</u>
Net investment in Ijara receivables	546,803	1,220,225	700,582	2,467,610
Less: Allowance for expected credit losses				<u>(72,513)</u>
Ijara receivables, net				<u><u>2,395,097</u></u>

	As at 31 December 2022 (Audited)			
	Not later	Later than	Later than	<u>Total</u>
	than	one year but	five years	
	one year	not later than	five years	
<u>one year</u>	<u>five years</u>	<u>five years</u>		
Gross investment in Ijara receivables	805,348	1,879,729	1,022,862	3,707,939
Less: Unearned income	<u>(197,090)</u>	<u>(452,656)</u>	<u>(269,614)</u>	<u>(919,360)</u>
Net investment in Ijara receivables	608,258	1,427,073	753,248	2,788,579
Less: Allowance for expected credit losses				<u>(75,080)</u>
Ijara receivables, net				<u><u>2,713,499</u></u>

8. IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET

	As at 31 March 2023 <u>(Unaudited)</u>	As at 31 December 2022 <u>(Audited)</u>
Gross investment in Ijara mawsofa fi athemmah receivables	160,234	148,713
Less: Unearned income	<u>(69,612)</u>	<u>(59,130)</u>
Net investment in Ijara mawsofa fi athemmah receivables	90,622	89,583
Less: Allowance for expected credit losses	<u>(137)</u>	<u>(25)</u>
Ijara mawsofa fi athemmah receivables, net	<u><u>90,485</u></u>	<u><u>89,558</u></u>

8.1 The maturity profile of Ijara mawsofa fi athemmah receivables as at 31 March 2023 and 31 December 2022 is as follows:

	As at 31 March 2023 (Unaudited)			
	Not later	Later than	Later than	<u>Total</u>
	than	one year but	five years	
	one year	not later than	five years	
<u>one year</u>	<u>five years</u>	<u>five years</u>		
Gross investment in Ijara mawsofa fi athemmah receivables	11,886	42,623	105,725	160,234
Less: Unearned income	<u>(7,051)</u>	<u>(24,869)</u>	<u>(37,692)</u>	<u>(69,612)</u>
Net investment in Ijara mawsofa fi athemmah receivables	4,835	17,754	68,033	90,622
Less: Allowance for expected credit losses				<u>(137)</u>
Ijara mawsofa fi athemmah receivables, net				<u><u>90,485</u></u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR '000)

8. IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET (CONTINUED)

	As at 31 December 2022 (Audited)			<u>Total</u>
	<u>Not later than one year</u>	<u>Later than one year but not later than five years</u>	<u>Later than five years</u>	
Gross investment in Ijara mawsofa fi athemmah receivables	11,464	39,566	97,683	148,713
Less: Unearned income	(6,074)	(20,972)	(32,084)	(59,130)
Net investment in Ijara mawsofa fi athemmah receivables	<u>5,390</u>	<u>18,594</u>	<u>65,599</u>	<u>89,583</u>
Less: Allowance for expected credit losses Ijara mawsofa fi athemmah receivables, net			<u>(25)</u>	<u>89,558</u>

9. ACCOUNT PAYABLES AND OTHER ACCRUALS

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Lease liabilities	19,890	20,014
Advance from customers	20,409	11,753
Salaries and employee related expenses	5,165	11,793
Accrued expenses	9,303	14,846
Amount received from customers (note 9.1)	214	1,595
Servicing contract payables	795	33,895
Others	5,306	5,961
	<u>61,082</u>	<u>99,857</u>

9.1 This majorly represents down payment received from the customers, which is not paid to the seller of the property as at the reporting date.

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(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(SAR ‘000)

10. ZAKAT AND INCOME TAX

(a) The movement in zakat and income tax is as follow:

	For the three-month period ended 31 March 2023 (Unaudited)	
	<u>Zakat</u>	<u>Total</u>
Balance at the beginning of the period	19,599	19,599
Charge for the period	1,955	1,955
Payments made during the period	-	-
Balance at end of the period	<u>21,555</u>	<u>21,555</u>
	For the year ended 31 December 2022 (Audited)	
	<u>Zakat</u>	<u>Total</u>
Balance at the beginning of the year	25,272	25,272
Charge for the year	14,211	14,211
Charge for the prior period	196	196
Unwinding of discount	187	187
Payments made during the year	(20,267)	(20,267)
Balance as at end of the year	<u>19,599</u>	<u>19,599</u>
	For the three-month period ended 31 March 2022 (Unaudited)	
	<u>Zakat</u>	<u>Total</u>
Balance at the beginning of the period	25,272	25,272
Charge for the period	3,926	3,926
Unwinding of discount	172	172
Balance as at end of the period	<u>29,370</u>	<u>29,370</u>

11. BORROWINGS

These represent amounts borrowed from local banks and Saudi Real Estate Re-finance Company (“SRC”) under Islamic borrowings approved by the Sharia Committee. These facilities carry borrowing costs at profit rates ranging from 3 months to 1 years Saudi Inter Bank Offer rates (“SIBOR”) plus spread with maturity periods ranging from 1 month to 5 years and are secured by the assignment of proceeds from the Group’s receivables.

12. SHARE CAPITAL

As at 31 March 2023, the Group’s authorised, issued and paid-up share capital was SAR 906 million (31 December 2022: SAR 906 million) divided into 90.6 million shares (31 December 2022: 90.6 million shares) with a nominal value of SAR 10 each.

13. DIVIDEND

During the three-month period ended 31 March 2023, the Board of Directors of the Group has announced a recommendation of distribution of dividend of SAR 72.48 million for the year ended 31 December 2022.

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14. EARNINGS PER SHARE

The basic and diluted earnings per share have been computed by dividing net income after zakat and income tax for the period by the weighted average numbers of share outstanding during the period.

	For the three-month period ended 31 March	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	
Net income for the period	<u>11,039</u>	<u>27,124</u>
Weighted average number of ordinary shares (in thousands)	<u>90,600</u>	<u>90,600</u>
Basic and diluted earnings per share (SAR)	<u>0.12</u>	<u>0.30</u>

15. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 31 March	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	
Salaries and employee related cost	15,386	14,512
Board fee and expenses	1,350	1,188
Information technology expenses	1,585	1,331
Professional fee	1,282	633
VAT expenses	951	1,420
Communication	342	310
Maintenance expenses	310	62
Bank charges	255	261
Rent and other expenses	140	54
Travelling expenses	62	162
Other expenses	1,049	847
	<u>22,712</u>	<u>20,780</u>

16. SELLING AND MARKETING EXPENSES

	For the three-month period ended 31 March	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	
Salaries and outsourcing costs	920	1,552
Insurance	941	641
Marketing expenses	1,410	625
	<u>3,271</u>	<u>2,818</u>

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17. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group include its shareholders and their affiliated entities, the subsidiary, members of the Board and its committees and key management personnel. In the ordinary course of its activities, the Group transacts business with its related parties on mutually agreed terms. Key management personnel represent Chief Executive Officer and his direct reportees.

Significant transactions and balances arising from transactions with related parties are as follows:

<u>Nature of transaction</u>	<u>Name of related party and relationship</u>	For the three-month period ended 31 March (Unaudited)	
		Income/ (expense)	
		<u>2023</u>	<u>2022</u>
Financing income	Key management personnel	39	32
Finance cost	The Saudi Investment Bank (shareholder)	(8,793)	(3,293)
Salaries and benefits	Key management personnel	(8,822)	(8,247)
Board meeting fees and other expenses	Board members	(1,350)	(1,188)
Insurance	Walaa Cooperative Insurance Company* (SABB Takaful Company)	(414)	-
<u>Nature of balances and names of related parties</u>	<u>Relationship</u>	<u>Balances</u>	
		<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Bank balances:			
The Saudi Investment Bank	Shareholder	16,125	10,002
Bank borrowings:			
The Saudi Investment Bank	Shareholder	527,781	595,637
Negative fair value of derivatives:			
The Saudi Investment Bank	Shareholder	1,375	1,483
Financing and advances:			
Key management personnel	Key management personnel	2,289	832
Investment at FVTPL:			
SAIB Saraya Tower Real Estate Development Fund	Affiliate	-	105
Board meeting and other expenses payable			
Board members	Board members	1,276	4,428

*The shareholders of Walaa Cooperative Insurance Company in the EGM held on September 15, 2022 approved the merger of SABB Takaful Company into the Company.

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18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The principal or the most advantageous market must be accessible to the Group.

Financial instruments comprise financial assets, financial liabilities and derivatives.

Financial assets consist of cash and cash equivalents, investments, derivatives, Murabaha, Ijara and Ijara Mawsofa Fi Athemmah receivables and other receivables. Financial liabilities consist of borrowings, payables and derivatives.

Fair value hierarchy

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

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

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

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

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

	Carrying value	Fair Value			Total
		Level 1	Level 2	Level 3	
31 March 2023 (Unaudited)					
<u>Financial assets at amortised cost:</u>					
Murabaha receivables, net	701,603	-	-	687,130	687,130
Ijara receivables, net	2,395,097	-	-	2,131,965	2,131,965
Ijara mawsofa fi athemmah receivables, net	90,485	-	-	82,026	82,026
Other receivables	4,330	-	-	4,330	4,330
<u>Financial assets at fair value:</u>					
Investments	893	-	-	893	893
Positive fair value of derivatives	16,104	-	16,104	-	16,104
<u>Financial liabilities:</u>					
Negative fair value of derivatives	2,053	-	2,053	-	2,053

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18. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2022 (Audited)	Carrying value	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets at amortised cost:</u>					
Murabaha receivables, net	480,193	-	-	466,353	466,353
Ijara receivables, net	2,713,499	-	-	2,445,736	2,445,736
Ijara mawsofa fi athemmah receivables, net	89,558	-	-	82,948	82,948
Other receivables	41,294	-	-	41,294	41,294
<u>Financial assets at fair value:</u>					
Investments	998	-	998	-	998
Positive fair value of derivatives	20,515	-	20,515	-	20,515
<u>Financial liabilities:</u>					
Negative fair value of derivatives	1,483	-	1,483	-	-

The valuation of fixed rate Murabaha receivables, Ijara receivables and Ijara Mowsofa Fi Athemmah receivables are estimated using contractual cash flows discounted at latest yield, which is the contracted profit rate for recent transactions. Input into the discounted cash flow techniques includes recent yields and contractual cash flows.

Management assessed that the carrying amount of other financial instruments largely approximate fair value due to either short-term maturities or re-pricing of the special commission on those instruments and these financial instruments are classified as level 3.

There have been no transfers to and from any levels during the period.

19. COMMITMENTS AND CONTINGENCIES

Financing facilities approved but not utilised:

The Group has facilities approved but not utilised, indicative offers issued which are under consideration of the customers as of the reporting date which have the potential to convert into financing amounting to SAR 95 million (31 December 2022: SAR 265.62 million).

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20. SEGMENT INFORMATION

The Group's objective is to provide real estate financing, SMEs financing and personal financing in the Kingdom of Saudi Arabia. All assets, liabilities and operations as reflected in the statement of financial position, statement of profit or loss and statement of comprehensive income belongs to all financing segments.

For management purposes, the Group is organised into the following primary business segments:

Retail

These represents finance products granted to small and medium sized businesses and individuals.

Corporate

These represents financing products granted to corporate, high net worth individuals and institutional customers.

Head office

Head office is responsible for managing the surplus liquidity of the Group through short term market placements. It also provides support services to the business functions.

The Group's total assets and liabilities as at 31 March 2023 and 31 December 2022 and its total operating income, expenses and net profit for the three-month period ended 31 March 2023 and 31 March 2022 are as follows:

	<u>Retail</u>	<u>Corporate</u>	<u>Head office</u>	<u>Total</u>
For the period ended 31 March 2023 (Unaudited)				
Income	21,347	47,060	-	68,407
Expenses	(16,886)	(38,527)	-	(55,413)
Segment profit	4,461	8,533	-	12,994
For the period ended 31 March 2022 (Unaudited)				
Income	20,245	46,132	-	66,377
Expenses	(12,749)	(22,578)	-	35,327
Segment Profit	7,496	23,554	-	31,050
As at 31 March 2023 (Unaudited)				
Total assets	964,010	2,295,303	148,688	3,408,001
Total liabilities	612,956	1,459,447	94,542	2,166,945
As at 31 December 2022 (Audited)				
Total assets	1,001,989	2,405,501	79,648	3,487,138
Total liabilities	647,127	1,553,572	51,441	2,252,140

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20. SEGMENT INFORMATION (CONTINUED)

Below is the reconciliation of revenue and expenses from condensed interim consolidated financial statements to operating segment note:

	For the three-month period ended 31 March	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	
<u>Income</u>		
Total income from Murabaha, Ijara and Ijara Mawsofa Fi	68,918	67,398
Athemmah receivables		
Fee expenses	(656)	(809)
Other income / (loss)	145	(212)
Total income	<u>68,407</u>	<u>66,377</u>
<u>Expenses</u>		
Finance costs	(25,897)	(14,112)
Depreciation	(2,351)	(2,330)
General and administrative expenses	(22,712)	(20,780)
Selling and marketing expenses	(3,271)	(2,818)
(Impairment charge) / reversal of impairment charge for expected credit losses, net	(1,182)	4,713
Total expense – as per operating segment note	<u>(55,413)</u>	<u>(35,327)</u>

21. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements have been approved by the Board of Directors on 12 Shawwal 1444AH (corresponding to 2 May 2023).