

**AMLAK INTERNATIONAL FOR REAL ESTATE
FINANCE COMPANY**
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended
30 September 2022
together with the
Independent Auditor's Review Report



Report on review of condensed interim financial statements

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Amlak International for Real Estate Finance Company (A Saudi Joint Stock Company) (the "Company") as at September 30, 2022 and the related condensed interim statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related condensed interim statements of changes in equity and cash flows for the nine-month period then ended, and other explanatory notes (the "condensed interim financial statements").


Management is responsible for the preparation and presentation of these condensed interim 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 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 financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

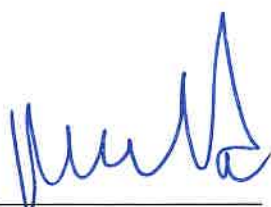

Khalid A. Mahdhar
License Number 368

October 25, 2022



AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 September 2022
(SR '000)

		30 September 2022	31 December 2021
	<i>Notes</i>	(Unaudited)	(Audited)
<u>ASSETS</u>			
Cash and cash equivalents	20	25,508	8,818
Investments		998	9,878
Positive fair value of derivatives		18,749	-
Murabaha receivables, net	5	320,418	143,573
Ijara receivables, net	6	2,871,699	3,181,997
Ijara mawsofa fi athemmah receivables, net	7	88,987	83,129
Prepayments and other assets		65,741	93,838
Property, equipment and right of use assets, net		41,575	46,238
Total assets		3,433,675	3,567,471
<u>LIABILITIES AND EQUITY</u>			
Accounts payable and other accruals	8	104,359	73,614
Negative fair value of derivatives		-	4,253
Zakat and income tax payable	9	21,939	25,272
Borrowings	10	1,711,299	2,039,876
SAMA deposit, net		361,009	217,592
Employees' end of service benefits		17,320	15,843
Total liabilities		2,215,926	2,376,450
<u>EQUITY</u>			
Share capital	11	906,000	906,000
Statutory reserve		89,081	89,081
Cash flow hedge reserve		18,749	(4,253)
Retained earnings		203,919	200,193
Total equity		1,217,749	1,191,021
Total liabilities and equity		3,433,675	3,567,471



Murad AlSadiq
Chief Finance Officer



Abdullah Al Sudairy
MD & CEO

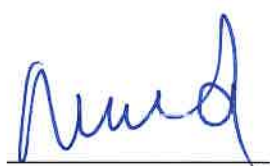


Abdullah Al Howaish
Chairman

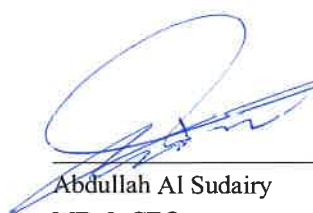
The attached notes 1 to 22 form part of these condensed interim financial statements.

AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF INCOME (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR '000)

		For the three-month period ended 30 September		For the nine-month period ended 30 September	
	Notes	2022	2021	2022	2021
INCOME					
Income from Murabaha contracts		5,551	3,817	14,674	9,707
Income from Ijara contracts		57,618	60,832	175,319	179,462
Income from Ijara mawsofa fi athemmah contracts		1,924	2,007	5,815	5,937
Gain on sale of Ijara receivables portfolio and revaluation of servicing rights, net		11,891	329	8,562	3,904
Fees and commission income		5,245	5,522	15,079	16,072
Total income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		82,229	72,507	219,449	215,082
EXPENSES					
Finance and other related costs, net		(18,395)	(7,924)	(50,372)	(38,740)
Fee expense		(827)	(726)	(2,457)	(2,172)
Net income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		63,007	63,857	166,620	174,170
Other operating income					
Other income		1,307	666	4,741	1,637
		64,314	64,523	171,361	175,807
OPERATING EXPENSES					
Depreciation		(2,320)	(2,202)	(6,988)	(6,335)
General and administrative expenses	14	(21,276)	(22,378)	(66,420)	(64,037)
Selling and marketing expenses	15	(3,695)	(3,234)	(10,527)	(10,372)
(Charge) / impairment reversal for expected credit losses, net		(8,444)	(1,085)	4,144	952
Net income for the period before zakat and income tax		28,579	35,624	91,570	96,015
Zakat and income tax expense	9	(3,527)	(6,125)	(10,834)	(13,100)
Net income for the period		25,052	29,499	80,736	82,915
Basic and diluted earnings per share (SR)	13	0.28	0.33	0.89	0.92



Murad AlSadiq
Chief Finance Officer



Abdullah Al Sudairy
MD & CEO



Abdullah Al Howaish
Chairman

The attached notes 1 to 22 form part of these condensed interim financial statements.

AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR '000)

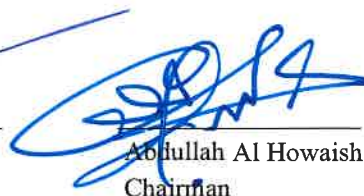
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income for the period	25,052	29,499	80,736	82,915
Other comprehensive income				
<i>Items that may be reclassified to statement of income in subsequent periods:</i>				
Net movement in cash flow hedges	5,510	1,505	23,002	4,330
Total comprehensive income	30,562	31,004	103,738	87,245



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MD & CEO



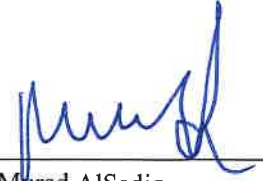
Abdullah Al Howaish
Chairman



The attached notes 1 to 22 form part of these condensed interim financial statements

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine-month period ended 30 September 2022
(SR '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 30 September 2022</u>					
Balance at 1 January 2022	906,000	89,081	(4,253)	200,193	1,191,021
Net income for the period	-	-	-	80,736	80,736
Other comprehensive income	-	-	23,002	-	23,002
Dividends (note 12)	-	-	-	(77,010)	(77,010)
Balance at 30 September 2022	906,000	89,081	18,749	203,919	1,217,749
<u>For the period ended 30 September 2021</u>					
Balance at 1 January 2021	906,000	78,306	(11,255)	175,376	1,148,427
Net income for the period	-	-	-	82,915	82,915
Other comprehensive income	-	-	4,330	-	4,330
Dividends (note 12)	-	-	-	(72,481)	(72,481)
Balance at 30 September 2021	906,000	78,306	(6,925)	185,810	1,163,191


Murad AlSadiq
Chief Finance Officer


Abdullah Al Sudairy
MD & CEO


Abdullah Al Howaish
Chairman



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AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR '000)

	<u>Notes</u>	For the nine-month period ended 30 September	2022	2021
Cash flows from operating activities:				
Net income for the period before zakat and income tax		91,570	96,015	
<i>Non-cash adjustment to reconcile net income before zakat and income tax for the period to net cash from operating activities</i>				
Depreciation		6,988	6,335	
Finance cost		48,671	46,738	
Employees' end of service benefits		1,998	2,187	
Impairment allowance for expected credit losses, net		(4,144)	(952)	
Modification gain on Murabaha and Ijara receivables, net		(1,345)	(2,426)	
Modification loss on borrowings, net		-	888	
Loss / (gain) on SAMA deposit, net		1,701	(2,391)	
Loss on disposal of property and equipment		205	-	
Gain on sale of Ijara receivables portfolio		(8,562)	(372)	
Other income		(404)	(361)	
		<u>136,678</u>	<u>145,661</u>	
<i>(Increase) / decrease in operating assets</i>				
Murabaha receivables		(189,222)	(13,595)	
Ijara receivables		336,630	(67,554)	
Ijara mawsofa fi athemmah receivables		(5,760)	(3,527)	
Prepayments and other assets		28,097	26,874	
<i>Increase / (decrease) in operating liabilities</i>				
Accounts payable and other accruals		33,223	(20,726)	
		<u>339,646</u>	<u>67,133</u>	
Finance cost paid		(48,103)	(43,001)	
Employees' end of service benefits paid		(521)	(1,740)	
Zakat and income tax paid	9	(14,878)	(16,926)	
Net cash generated from operating activities		<u>276,144</u>	<u>5,466</u>	
Cash flows from investing activity				
Purchase of property and equipment		(2,530)	(2,311)	
Proceeds from disposal of investment		9,480	-	
Net cash generated from / (used in) investing activity		<u>6,950</u>	<u>(2,311)</u>	
Cash flows from financing activities				
Repayment against borrowings		(1,103,066)	(977,882)	
Proceeds from borrowings		775,000	1,022,000	
Dividend paid	12	(77,010)	(72,481)	
SAMA deposit received		264,390	204,973	
SAMA deposit repaid		(122,674)	(83,875)	
Payment of lease liabilities		(3,044)	(3,265)	
Net cash (used in) / generated from financing activities		<u>(266,404)</u>	<u>89,470</u>	
Net change in cash and cash equivalents		<u>16,690</u>	<u>92,625</u>	
Cash and cash equivalents at the beginning of the period		8,818	25,051	
Cash and cash equivalents at the end of the period	20	<u>25,508</u>	<u>117,676</u>	
Non-cash supplemental information:				
Net changes in fair value of cash flow hedge		<u>23,002</u>	<u>4,330</u>	

Murad AlSadiq

Chief Finance Officer

Abdullah Al Sudairy

MD & CEO

Abdullah Al Howaish

Chairman

The attached notes 1 to 22 form part of these condensed interim financial statements

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR ‘000)

1. THE COMPANY AND THE NATURE OF OPERATIONS

Amlak International for Real Estate Finance Company (“Amlak” or 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 25 Jumada Awwal 1428H (corresponding to 11 June 2007).

As per the revised commercial registration certificate of the Company dated 11 Ramadan 1435H (corresponding to 8 July 2014), the objective of the Company is to provide real estate finance as per Saudi Central Bank (“SAMA”) license dated 21 Safar 1435H (corresponding to 24 December 2013).

The registered office of the Company is located at Thumamah Road, Riyadh, Kingdom of Saudi Arabia. A Corporate Office was established in Jeddah by the Company during the year 2019. The Company has 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	30/12/1428H	Khobar
	4030171680	24/07/1428H	Jeddah

The Company has a wholly owned entity, Amlak International For Real Estate Development Company (the “Subsidiary”), which has a share capital of SR 500,000. The objective of the Subsidiary is to hold titles of real estate properties financed by the Company. The Company has not consolidated the Subsidiary as assets and liabilities of the Subsidiary are not considered material.

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

The condensed interim financial statements of the Company as at and for the period ended 30 September 2022 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 Organisation for Chartered and Professional Accountants (“SOCPA”).

These condensed interim 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 financial statements for the year ended 31 December 2021.

The Company does not present current and non-current assets and liabilities separately in the interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

2.2 *Basis of measurement and preparation*

These condensed interim 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 defined benefit obligations using the Projected Unit Credit Method.

In preparing these condensed interim financial statements, significant judgements and estimate made by the management in applying the Company’s accounting policies and the key sources of estimation were consistent with those that were applied in the preparation of the condensed interim financial statements as at and for the year ended 31 December 2021 except for:

- During the three-month period ended 30 September 2022, the Company enhanced the calculation of the servicing rights under the agency agreements. The change relates to refinements and enhancements made in the cost allocation methodology used to calculate costs under the servicing agreements. Had this change in accounting estimate not made, the net income for the three-month and nine-month periods ended September 30, 2022, would have been lower by SR 12.2 million.

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR '000)

2. BASIS OF PREPARATION (Continued)

2.2 Basis of measurement and preparation (continued)

- During the three-month period ended 31 March 2022, the Company enhanced the ECL model in line with the guidelines shared by SAMA. The impact of this change is not material to the condensed interim financial statements.

2.3 Functional and presentation currency

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

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

(a) Accounting standards issued but not yet effective

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company is assessing the impact of these standards and expects that the impact will not be material.

(b) New standards, interpretations and amendments adopted by the Company

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2022. The management has assessed that the amendments have no significant impact on the Company's condensed interim financial statements.

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended 31 December 2021. The financial risk management policies are consistent with those disclosed in the Company's financial statements for the year ended 31 December 2021.

5. MURABAHA RECEIVABLES, NET

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Gross Murabaha receivables	320,819	144,423
Less: Impairment allowance for expected credit losses	(401)	(850)
Murabaha receivables, net	<u>320,418</u>	<u>143,573</u>

- 5.1 The maturity profile of Murabaha receivables as at 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022 (Unaudited)			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Gross Murabaha receivables	42,364	239,978	38,477	320,819
Less: Impairment allowance for expected credit losses				(401)

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR '000)

5. MURABAHA RECEIVABLES, NET (Continued)

	31 December 2021 (Audited)			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Gross Murabaha receivables	39,774	101,987	2,662	144,243
Less: Impairment allowance for expected credit losses				(850)
Murabaha receivables, net				143,573

6. IJARA RECEIVABLES, NET

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Gross Ijara receivables	3,912,699	4,294,125
Less: Unearned income	(969,196)	(1,023,899)
	2,943,503	3,270,226
Less: Impairment allowance for expected credit losses	(71,804)	(88,229)
Ijara receivables, net	2,871,699	3,181,997

6.1 The maturity profile of Ijara receivables as at 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022 (Unaudited)			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Ijara receivables	811,148	2,017,076	1,084,475	3,912,699
Less: Unearned income	(206,077)	(483,252)	(279,867)	(969,196)
	605,071	1,533,824	804,608	2,943,503
Less: Impairment allowance for expected credit losses				(71,804)
Ijara receivables, net				2,871,699

	31 December 2021 (Audited)			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Ijara receivables	946,945	2,169,878	1,177,302	4,294,125
Less: Unearned income	(224,632)	(524,616)	(274,651)	(1,023,899)
	722,313	1,645,262	902,651	3,270,226
Less: Impairment allowance for expected credit losses				(88,229)
Ijara receivables, net				3,181,997

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR '000)

7. IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Gross Ijara mawsofa fi atthemmah receivables	144,523	130,253
Less: Unearned income	<u>(55,508)</u>	<u>(46,998)</u>
	89,015	83,255
Less: Impairment allowance for expected credit losses	<u>(28)</u>	<u>(126)</u>
Ijara mawsofa fi atthemmah receivables, net	<u>88,987</u>	<u>83,129</u>

7.1 The maturity profile of Ijara mawsofa fi atthemmah receivables as at 30 September 2021 and 31 December 2021 is as follows:

30 September 2022 (Unaudited)				
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Ijara mawsofa fi atthemmah receivables	11,019	38,367	95,137	144,523
Less: Unearned income	<u>(5,711)</u>	<u>(19,708)</u>	<u>(30,089)</u>	<u>(55,508)</u>
	5,308	18,659	65,048	89,015
Less: Impairment allowance for expected credit losses				<u>(28)</u>
Ijara mawsofa fi atthemmah receivables, net				<u>88,987</u>

31 December 2021 (Audited)				
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Ijara mawsofa fi atthemmah receivables	9,594	34,485	86,174	130,253
Less: Unearned income	<u>(4,851)</u>	<u>(16,472)</u>	<u>(25,675)</u>	<u>(46,998)</u>
	4,743	18,013	60,499	83,255
Less: Impairment allowance for credit losses				<u>(126)</u>
Ijara mawsofa fi atthemmah receivables, net				<u>83,129</u>

8. ACCOUNTS PAYABLE AND OTHER ACCRUALS

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Financing to customers (note 8.1)	57,143	20,505
Lease liabilities	19,628	22,107
Accrued expenses	12,621	9,725
Salaries and employee related expenses	13,412	16,054
Amount received from customers (note 8.2)	1,497	2,659
Others	<u>58</u>	<u>2,564</u>
	<u>104,359</u>	<u>73,614</u>

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(SR '000)

8. ACCOUNTS PAYABLE AND OTHER ACCRUALS (CONTINUED)

8.1 Financing to customers arise when the financing arrangement has been agreed with the customer and accordingly financing has been recorded, but the amount is not disbursed due to administrative time required for the transfer of legal title of property. It also includes advance installments received from customers.

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

9. ZAKAT AND INCOME TAX

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

For the nine-month period ended 30 September 2022 (Unaudited)			
	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
Balance at the beginning of the period	25,272	-	25,272
Charge for the period	10,834	-	10,834
Charge for prior period	196	-	196
Unwinding of discount	515	-	515
Payments made during the period	(14,878)	-	(14,878)
Balance as at end of the period (<i>note 9.1</i>)	<u>21,939</u>	<u>-</u>	<u>21,939</u>
For the nine-month period ended 30 September 2021 (Unaudited)			
	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
Balance at the beginning of the period	31,847	-	31,847
Charge for the period	13,100	-	13,100
Unwinding of discount	515	-	515
Payments made during the period	(16,926)	-	(16,926)
Balance as at end of the period	<u>28,536</u>	<u>-</u>	<u>28,536</u>
For the year ended 31 December 2021 (Audited)			
	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
Balance at the beginning of the year	31,847	-	31,847
Charge for the year	15,054	-	15,054
Unwinding of discount	686	-	686
Payments made during the year	(22,315)	-	(22,315)
Balance as at end of the year (<i>note 9.1</i>)	<u>25,272</u>	<u>-</u>	<u>25,272</u>

9.1 This includes SR10.401 million (31 Dec 2021: SR 10.057 million) payable against the settlement agreement with Zakat, Tax and Customs Authority ("ZATCA") in respect of zakat assessment years from 2013 to 2017.

b) Zakat and income tax assessment status

Zakat and income tax declarations for all the years up till 2021 have been filed with the ZATCA and acknowledgement certificates have been obtained.

During the nine-month period ended 30 September 2022, the Company received final Zakat assessments for the years ended 31 December 2019 and 31 December 2020. The assessments led to an increase in zakat liability by SR 331,798 for the year ended 31 December 2019 and a decrease reduction in zakat liability by SR 57,842 for the year ended 31 December 2020. The Company has accepted the assessments raised by ZATCA.

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
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10. 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 Company's receivables.

11. SHARE CAPITAL

As at 30 September 2022, the Company's authorised, issued and paid-up share capital was SR 906 million (31 December 2021: SR 906 million) divided into 90.6 million shares (31 December 2021: 90.6 million shares) with a nominal value of SR 10 each.

12. DIVIDEND

During the nine-month period ended 30 September 2022, the shareholders have approved and paid a dividend of SR 77.01 million for the year 2021 (30 September 2021: SR 72.48).

13. 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 30 September		For the nine-month period ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)		(Unaudited)	
Net income for the period	<u>25,052</u>	<u>29,499</u>	<u>80,736</u>	<u>82,915</u>
Weighted average number of ordinary shares (in thousands)	<u>90,600</u>	<u>90,600</u>	<u>90,600</u>	<u>90,600</u>
Basic and diluted earnings per share (SR)	<u>0.28</u>	<u>0.33</u>	<u>0.89</u>	<u>0.92</u>

14. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)		(Unaudited)	
Salaries and employees related cost	<u>15,610</u>	<u>14,818</u>	<u>45,162</u>	<u>42,989</u>
Board fee and expenses	<u>1,187</u>	<u>1,175</u>	<u>3,562</u>	<u>3,525</u>
Information technology expenses	<u>1,300</u>	<u>1,157</u>	<u>3,962</u>	<u>4,075</u>
VAT expenses	<u>934</u>	<u>1,112</u>	<u>3,951</u>	<u>3,405</u>
Professional fee	<u>783</u>	<u>719</u>	<u>2,831</u>	<u>1,990</u>
Communication	<u>311</u>	<u>340</u>	<u>933</u>	<u>920</u>
Rent and other expenses	<u>147</u>	<u>140</u>	<u>387</u>	<u>640</u>
Travelling expenses	<u>213</u>	<u>91</u>	<u>582</u>	<u>401</u>
Maintenance expenses	<u>34</u>	<u>239</u>	<u>166</u>	<u>563</u>
Bank charges	<u>(285)</u>	<u>300</u>	<u>711</u>	<u>756</u>
Others	<u>1,042</u>	<u>2,287</u>	<u>4,173</u>	<u>4,773</u>
	<u>21,276</u>	<u>22,378</u>	<u>66,420</u>	<u>64,037</u>

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15. SELLING AND MARKETING EXPENSES

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)		(Unaudited)	
Salaries and outsourcing costs	1,094	1,324	3,928	4,543
Insurance	1,976	1,174	4,724	3,579
Marketing expenses	625	736	1,875	2,250
	<u>3,695</u>	<u>3,234</u>	<u>10,527</u>	<u>10,372</u>

16. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company 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 Company transacts business with its related parties on mutually agreed terms. Key management personnel represent Chief Executive Officer and his direct reports.

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

Nature of transaction	Name of related party and relationship	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		(Unaudited)		(Unaudited)	
Financing income	Key management personnel	34	33	101	119
Finance cost	The Saudi Investment Bank (shareholder)	4,187	(3,648)	12,274	2,073
Salaries and benefits	Key management personnel	3,009	2,430	14,123	12,246
Board meeting fees and other expenses	Board members	1,187	1,175	3,562	3,525
Insurance	SABB Takaful Company	9	-	92	-

Nature of balances and names of related parties	Relationship	Balances	
		30 September 2022 (Unaudited)	31 December 2021 (Audited)
Bank balances:			
The Saudi Investment Bank	Shareholder	10,019	1,805
Prepayments and other assets:			
Alistithmar Capital	Affiliate	-	1,774
Bank borrowings:			
The Saudi Investment Bank	Shareholder	427,630	450,446
Financing and advances:			
Key management personnel	Key management personnel	698	628

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16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Investment at FVTPL:

SAIB Saraya Tower Real Estate Development Fund	Affiliate	105	8,985
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Other receivables:

Amlak International For Real Estate Development	Subsidiary	305	305
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Board meeting and other expenses payable

Board expenses	Board members	3,510	3,900
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Other payable:

Amlak International For Real Estate Development*	Subsidiary	305	305
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* The balance amounting to SR 0.3 million is recorded as a receivable in standalone financial statements of subsidiary.

17. 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 Company.

Financial instruments comprise financial assets and financial liabilities.

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, SAMA deposits, payables and derivatives.

Fair value hierarchy

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

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

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

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

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.

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
30 September 2022 (Unaudited)					
<u><i>Financial assets:</i></u>					
Cash at bank – current accounts	25,478	-	-	25,478	25,478
Investments	998	-	-	998	998
Murabaha receivables, net	320,418	-	-	314,404	314,404
Ijara receivables, net	2,871,699	-	-	2,641,104	2,641,104
Ijara mawsofa fi athemmah receivables, net	88,987	-	-	83,826	83,826
Positive fair value of derivatives	18,749	-	18,749	-	18,749
<u><i>Financial liabilities:</i></u>					
Negative fair value of derivatives	-	-	-	-	-
Borrowings	1,711,299	-	-	1,711,299	1,711,299
SAMA deposit, net	361,009	-	-	361,009	361,009
Accounts payable	57,143	-	-	57,143	57,143
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
31 December 2021 (Audited)					
<u><i>Financial assets:</i></u>					
Cash at bank – current accounts	8,788	-	-	8,788	8,788
Investments	9,878	-	-	9,878	9,878
Murabaha receivables, net	143,573	-	-	144,915	144,915
Ijara receivables, net	3,181,997	-	-	3,286,957	3,286,957
Ijara mawsofa fi athemmah receivables, net	83,129	-	-	83,386	83,386
<u><i>Financial liabilities:</i></u>					
Negative fair value of derivatives	4,253	-	4,253	-	4,253
Borrowings	2,039,876	-	-	2,039,876	2,039,876
SAMA deposit, net	217,592	-	-	217,592	217,592
Accounts payable	20,505	-	-	20,505	20,505

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.

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18. COMMITMENTS AND CONTINGENCIES

Financing facilities approved but not utilised:

The Company 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 SR 187.3 million (31 December 2021: SR 162.2 million).

19. SEGMENT INFORMATION

The Company's objective is to provide financing for real estate leases in the Kingdom of Saudi Arabia. All assets, liabilities and operations as reflected in the condensed statements of financial position, income and comprehensive income belong to the real estate financing segment.

For management purposes, the Company 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 Company through short term market placements. It also provides support services to the business functions.

The Company's total assets and liabilities as at 30 September 2022 and 31 December 2021 and its total operating income, expenses and net profit for the nine-month period ended 30 September 2022 and 30 September 2021 are as follows:

	<u>Retail</u>	<u>Corporate</u>	<u>Head office</u>	<u>Total</u>
For the period ended 30 September 2022 (Unaudited)				
Total income	69,311	152,422	-	221,733
Total expenses	45,451	84,712	-	130,163
Segment income before zakat and income tax	23,860	67,710	-	91,570
For the period ended 30 September 2021 (Unaudited)				
Total income	63,073	151,474		214,547
Total expenses	36,629	81,903		118,532
Segment income before zakat and income tax	26,444	69,571		96,015
As at 30 September 2022 (Unaudited)				
Total assets	1,027,769	2,338,823	67,083	3,433,675
Total liabilities	620,284	1,470,178	125,464	2,215,926
As at 31 December 2021 (Audited)				
Total assets	1,029,331	2,483,084	55,056	3,567,471
Total liabilities	651,353	1,594,440	130,657	2,376,450

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19. SEGMENT INFORMATION (CONTINUED)

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

	For the nine-month period ended 30 September	
	<u>2022</u>	<u>2021</u>
	(Unaudited)	
<u>Income</u>		
Total income from Murabaha, Ijara and Ijara Mawsofa Fi		
Athemmah receivables	219,449	215,082
Fee expenses	(2,457)	(2,172)
Other income / (loss)	4,741	1,637
Total income – as per operating segment note	<u>221,733</u>	<u>214,547</u>
<u>Expenses</u>		
Finance costs	(50,372)	(38,740)
Depreciation	(6,988)	(6,335)
General and administrative expenses	(66,420)	(64,037)
Selling and marketing expenses	(10,527)	(10,372)
Impairment allowance reversal for expected credit losses, net	4,144	952
Total expense – as per operating segment note	<u>(130,163)</u>	<u>(118,532)</u>

20. CASH AND CASH EQUIVALENTS

	30 September 2022	31 December 2021
	<u>(Unaudited)</u>	<u>(Audited)</u>
Cash on hand	30	30
Cash at bank – current accounts	25,478	8,788
	<u>25,508</u>	<u>8,818</u>

21. SUBSEQUENT EVENT

There have been no events subsequent to the reporting date that would require adjustment nor disclosure to the condensed interim financial statements as at and for the nine-month period ended 30 September 2022.

22. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements have been approved by the Board of Directors on 27 Rabi Al-Awwal 1444H (corresponding to 23 October 2022).