

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



## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No. 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

# Independent auditor's report on review of the condensed interim financial statements

To the Shareholders of Amlak International for Real Estate Finance Company

## Introduction

We have reviewed the accompanying 31 March 2022 condensed interim financial statements of Amlak International for Real Estate Finance Company ("the Company"), which comprises:

- the condensed interim statement of financial position as at 31 March 2022;
- the condensed interim statement of profit or loss for the three-month period ended 31 March 2022;
- the condensed interim statement of comprehensive income for the three-month period ended 31 March 2022;
- the condensed interim statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2022; and
- the notes to the condensed interim financial statements.

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 condensed interim financial statements of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

  
**Fahad Mubark Al Dossari**  
License No: 469

Al Riyadh, 25 Ramadan 1443H  
Corresponding to: 26 April 2022



**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2022  
(SAR '000)

		31 March 2022	31 December 2021
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents		14,619	8,818
Investments		9,878	9,878
Murabaha receivables, net	5	211,177	143,573
Ijara receivables, net	6	3,229,363	3,181,997
Ijara mawsofa fi athemmah receivables, net	7	85,471	83,129
Prepayments and other assets		64,219	93,838
Positive fair value of derivatives		7,847	-
Property, equipment and right of use assets, net		45,267	46,238
<b>Total assets</b>		<b>3,667,841</b>	<b>3,567,471</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
Account payables and other accruals	8	82,513	73,614
Negative fair value of derivatives		-	4,253
Zakat and income tax payable	9	29,370	25,272
Borrowings	10	2,019,750	2,039,876
SAMA deposit, net		289,761	217,592
Employees' end of service benefits		16,202	15,843
<b>Total liabilities</b>		<b>2,437,596</b>	<b>2,376,450</b>
Share capital	11	906,000	906,000
Statutory reserve		89,081	89,081
Cash flow hedge reserve		7,847	(4,253)
Retained earnings		227,317	200,193
<b>Total equity</b>		<b>1,230,245</b>	<b>1,191,021</b>
<b>Total liabilities and equity</b>		<b>3,667,841</b>	<b>3,567,471</b>

  
\_\_\_\_\_  
Murad Alsadiq  
Chief Finance Officer

  
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Abdullah Al Sudairy  
Chief Executive Officer

  
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Abdullah Al Howaish  
Chairman

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

**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
For the three-month period ended 31 March 2022  
(SAR '000)

	<b>For the three-month period ended 31 March</b>	
<i>Notes</i>	<u>2022</u>	<u>2021</u>
<b>INCOME</b>		
Income from Murabaha contracts	4,489	2,806
Income from Ijara contracts	58,422	58,727
Income from Ijara mawsofa fi athemmah contracts	1,979	1,940
(Loss) / Gain on sale of portfolio	(861)	4,052
Fees and commission income	3,369	4,441
<b>Total income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah</b>	<b>67,398</b>	<b>71,966</b>
<b>EXPENSES</b>		
Finance cost	(14,112)	(15,290)
Fee expense	(809)	(737)
<b>Net income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah</b>	<b>52,477</b>	<b>55,939</b>
<b>Other operating (loss) / income</b>		
Other operating (loss) / income	(212)	4
	<b>52,265</b>	<b>55,943</b>
<b>OPERATING EXPENSES</b>		
Depreciation	(2,330)	(2,052)
General and administrative expenses	14 (20,780)	(21,299)
Selling and marketing expenses	15 (2,818)	(3,468)
Reversal of expected credit loss allowance, net	4,713	274
<b>Net income for the period before zakat and income tax</b>	<b>31,050</b>	<b>29,398</b>
Zakat and income tax expense	9 (3,926)	(4,199)
<b>Net income for the period</b>	<b>27,124</b>	<b>25,199</b>
Basic and diluted earnings per share (SAR)	13 0.30	0.28

  
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Murad Alsadiq  
Chief Finance Officer

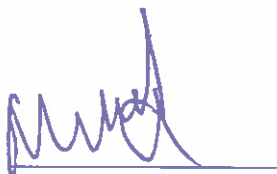
  
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**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
For the three-month period ended 31 March 2022  
(SAR '000)

	<b>For the three-month period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
<b>Net income for the period</b>	27,124	25,199
<b>Other comprehensive (loss) / income</b>		
<i>Items that may be reclassified to statement of profit or loss in subsequent periods:</i>		
Net movement in cash flow hedges	12,100	892
<b>Total comprehensive income</b>	<b>39,224</b>	<b>26,091</b>

  
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Abdullah Al Sudairy  
Chief Executive Officer

  
Abdullah Al Howaish  
Chairman


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**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the three-month period ended 31 March 2022  
(SAR '000)

	<u>Share Capital</u>	<u>Statutory reserve</u>	<u>Cash flow hedge reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<b><u>For the period ended 31 March 2022</u></b>					
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	--	--	12,100	--	12,100
<b>Balance at 31 March 2022</b>	<b>906,000</b>	<b>89,081</b>	<b>7,847</b>	<b>227,317</b>	<b>1,230,245</b>
<b><u>For the period ended 31 March 2021</u></b>					
Balance at 1 January 2021	906,000	78,306	(11,255)	175,376	1,148,427
Net income for the period	--	--	--	25,199	25,199
Other comprehensive income	--	--	892	--	892
<b>Balance at 31 March 2021</b>	<b>906,000</b>	<b>78,306</b>	<b>(10,363)</b>	<b>200,575</b>	<b>1,174,518</b>

  
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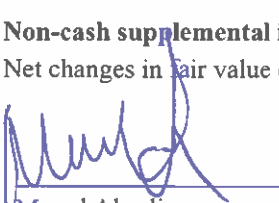
  
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Chief Executive Officer

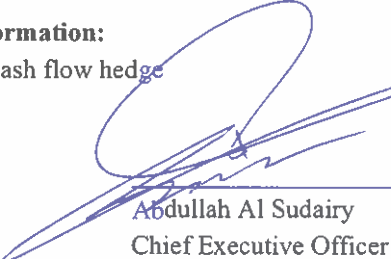
  
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Abdullah Al Howaish  
Chairman

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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 period ended 31 March 2022  
(SAR '000)

	<b>For the three-month</b>	
<i>Notes</i>	<b>period ended 31 March</b>	
	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Net income for the period before zakat and income tax	31,050	29,398
<i>Non-cash adjustment to reconcile net income before zakat and income tax for the period to net cash from operating activities</i>		
Depreciation	2,330	2,052
Finance cost	15,007	16,875
Employees' end of service benefits	635	728
Impairment allowance for expected credit losses	(5,046)	(274)
Write off expense	333	--
Modification loss on Murabaha and Ijara receivables, net	20 645	3,271
Gain on SAMA deposit, net	(895)	(1,585)
Loss / (Gain) on sale of portfolio	861	(4,052)
Other Loss / (Gain)	--	(393)
	<u>44,920</u>	<u>46,020</u>
<i>Decrease / (increase) in operating assets</i>		
Murabaha receivables	(67,769)	(10,294)
Ijara receivables	(44,077)	56,653
Ijara mawsofa fi athemmah receivables	(2,258)	(7,458)
Prepayments and other assets	29,619	(107,535)
<i>Increase in operating liabilities</i>		
Account payables and other accruals	11,659	50,523
	<u>(27,906)</u>	<u>27,909</u>
Finance cost paid	(13,811)	(14,656)
Employees' end of service benefits paid	(276)	(251)
<b>Net cash generated (used in) / from operating activities</b>	<u>(41,993)</u>	<u>13,002</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,359)	(532)
<b>Net cash used in investing activities</b>	<u>(1,359)</u>	<u>(532)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(335,961)	(410,660)
Proceeds from borrowings	315,000	304,000
SAMA deposit, net	73,064	99,163
Payment of lease liabilities	(2,950)	(372)
<b>Net cash generated from / (used in) financing activities</b>	<u>49,153</u>	<u>(7,869)</u>
<b>Net increase in cash and cash equivalents</b>	5,801	4,601
Cash and cash equivalents at beginning of the period	8,818	25,051
<b>Cash and cash equivalents at end of the period</b>	<u>14,619</u>	<u>29,652</u>
<b>Non-cash supplemental information:</b>		
Net changes in fair value of cash flow hedge	12,100	892

  
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Chairman

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**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three-month period ended 31 March 2022**  
**(SAR ‘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 objectives 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, 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 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 a wholly owned subsidiary, Amlak International For Real Estate Development Company (the “Subsidiary”), which has a share capital of SAR 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 to the Company.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed interim financial statements of the Company as at and for the period ended 31 March 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 Organization 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.

**2.2 Basis of measurement**

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 future obligations using the Projected Unit Credit Method.

**2.3 Functional and presentation currency**

These condensed interim 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. IMPACT OF NEW STANDARDS**

***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. Several amendments apply for the first time in 2022, but do not have a material impact on the condensed interim financial statements of the Company.

***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.



**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three-month period ended 31 March 2022**  
**(SAR '000)**

**3. IMPACT OF NEW STANDARDS (Continued)**

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

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient
- 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;
- Amendments to IAS 1 Presentation of financial statements', on classification of liabilities; and
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8.

**4. SUMMARY OF 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.

**5. MURABAHA RECEIVABLES, NET**

	<b>31 March 2022 (Unaudited)</b>	31 December 2021 (Audited)
Gross Murabaha receivables	211,859	144,423
Less: Allowance for expected credit losses	(682)	(850)
Murabaha receivables, net	211,177	143,573

**6. IJARA RECEIVABLES, NET**

	<b>31 March 2022 (Unaudited)</b>	31 December 2021 (Audited)
Gross Ijara receivables	4,335,825	4,294,125
Less: Unearned income	(1,023,028)	(1,023,899)
	3,312,797	3,270,226
Less: Allowance for expected credit losses	(83,434)	(88,229)
Ijara receivables, net	3,229,363	3,181,997

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

	<b>31 March 2022 (Unaudited)</b>			
	<b>Not later than one year</b>	<b>Later than one year but not later than five years</b>	<b>Later than five years</b>	<b>Total</b>
Ijara receivables	973,147	2,172,716	1,189,962	4,335,825
Less: Unearned income	(223,589)	(516,931)	(282,508)	(1,023,028)
	749,558	1,655,785	907,454	3,312,797
Less: Allowance for expected credit losses				(83,434)
Ijara receivables, net				3,229,363

**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three-month period ended 31 March 2022**  
**(SAR '000)**

**6. IJARA RECEIVABLES, NET (CONTINUED)**

	31 December 2021 (Audited)			<u>Total</u>
	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>	
Ijara receivables	946,945	2,169,878	1,177,302	4,294,125
Less: Unearned income	<u>(224,632)</u>	<u>(524,616)</u>	<u>(274,651)</u>	<u>(1,023,899)</u>
	<u>722,313</u>	<u>1,645,262</u>	<u>902,651</u>	<u>3,270,226</u>
Less: Allowance for expected credit losses				<u>(88,229)</u>
Ijara receivables, net				<u><u>3,181,997</u></u>

**7. IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET**

	<b>31 March 2022 (Unaudited)</b>	31 December 2021 (Audited)
Gross Ijara mawsofa fi athemmah receivables	<b>132,566</b>	130,253
Less: Unearned income	<u>(47,053)</u>	<u>(46,998)</u>
	<b>85,513</b>	83,255
Less: Allowance for expected credit losses	<u>(42)</u>	<u>(126)</u>
Ijara mawsofa fi athemmah receivables, net	<u><b>85,471</b></u>	<u>83,129</u>

7.1 The maturity profile of Ijara mawsofa fi athemmah receivables as at 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022 (Unaudited)			<u>Total</u>
	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>	
Ijara mawsofa fi athemmah receivables	<b>10,194</b>	<b>35,417</b>	<b>86,955</b>	<b>132,566</b>
Less: Unearned income	<u>(4,909)</u>	<u>(16,599)</u>	<u>(25,545)</u>	<u>(47,053)</u>
	<u>5,285</u>	<u>18,818</u>	<u>61,410</u>	<u>85,513</u>
Less: Allowance for expected credit losses				<u>(42)</u>
<b>Ijara mawsofa fi athemmah receivables, net</b>				<u><b>85,471</b></u>

	31 December 2021 (Audited)			<u>Total</u>
	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>	
Ijara mawsofa fi athemmah 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>
	<u>4,743</u>	<u>18,013</u>	<u>60,499</u>	<u>83,255</u>
Less: Allowance for expected credit losses				<u>(126)</u>
Ijara mawsofa fi athemmah receivables, net				<u><u>83,129</u></u>

**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three-month period ended 31 March 2022**  
**(SAR '000)**

**8. ACCOUNT PAYABLES AND OTHER ACCRUALS**

	<b>31 March 2022 (Unaudited)</b>	31 December 2021 (Audited)
Financing to customers (note 8.1)	<b>33,478</b>	20,505
Lease liabilities	<b>19,347</b>	22,107
Salaries and employee related expenses	<b>8,126</b>	16,054
Accrued expenses	<b>8,857</b>	9,725
Amount received from customers (note 8.2)	<b>1,831</b>	2,659
Payable to the Ministry of Housing	<b>380</b>	380
Others (notes 8.3)	<b>10,494</b>	2,184
	<b>82,513</b>	73,614

**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.

**8.3** This includes amount pertaining to late payment charges accrued from customers equal to SAR 1.7 million (31 December 2021: SAR 1.8 million). In accordance with the Shari'a advisor, late payment charges collected are recognized as other liabilities in the statement of financial position and are to be paid out as charity.

**9. ZAKAT AND INCOME TAX**

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

	<b>For the three-month period ended 31 March 2022 (Unaudited)</b>	
	<b>Zakat</b>	<b>Total</b>
Balance at the beginning of the period	<b>25,272</b>	<b>25,272</b>
Charge for the period	<b>3,926</b>	<b>3,926</b>
Unwinding of discount	<b>172</b>	<b>172</b>
Balance at end of the period (note 9.1)	<b>29,370</b>	<b>29,370</b>
	<b>For the three-month period ended 31 March 2021 (Unaudited)</b>	
	<b>Zakat</b>	<b>Total</b>
Balance at the beginning of the period	31,847	31,847
Charge for the period	4,199	4,199
Unwinding of discount	172	172
Balance as at end of the period	36,218	36,218
	<b>For the year ended 31 December 2021 (Audited)</b>	
	<b>Zakat</b>	<b>Total</b>
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	25,272	25,272

**AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three-month period ended 31 March 2022**  
**(SAR ‘000)**

**9. ZAKAT AND INCOME TAX (CONTINUED)**

9.1 This includes SAR 10.229 million (31 December 2021: 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.

Subsequent to the period ended 31 March 2022 and before issuance of these interim condensed financial statements, the Company received final Zakat assessments for the years ended 31 December 2019 and 31 December 2020. The assessments led to increase in Zakat liability by SR 331,798 for the year ended 31 December 2019 and reduction in Zakat liability by SR 57,842 for the year ended 31 December 2020. The Company does not intend to challenge the assessments raised by ZATCA.

**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 month 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 31 March 2022, the Company’s authorised, issued and paid-up share capital was SAR 906 million (31 December 2021: SAR 906 million) divided into 90.6 million shares (31 December 2021: 90.6 million shares) with a nominal value of SAR 10 each.

**12. DIVIDEND**

During the three-month period ended 31 March 2022, the Board of Directors of the Company have announced a recommendation of distribution of dividend of SAR 77.01 million for the year ended 31 December 2021.

**13. EARNINGS PER SHARE**

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

	<b>For the three-month period ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	
Profit for the period	<b>27,124</b>	25,199
Weighted average number of ordinary shares (in thousands)	<b>90,600</b>	90,600
Basic and diluted earnings per share (SAR)	<b>0.30</b>	0.28

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**14. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the three-month period ended 31 March</b>	
	<u>2022</u>	<u>2021</u>
	<b>(Unaudited)</b>	
Salaries and employees related cost	<b>14,512</b>	13,411
Information technology expenses	<b>1,331</b>	1,926
Board fee and expenses	<b>1,188</b>	1,175
Professional fee	<b>633</b>	753
Communication	<b>310</b>	284
Travelling expenses	<b>162</b>	122
Maintenance expenses	<b>62</b>	143
Rent and other expenses	<b>54</b>	132
Others	<b>2,528</b>	3,353
	<b>20,780</b>	21,299

**15. SELLING AND MARKETING EXPENSES**

	<b>For the three-month period ended 31 March</b>	
	<u>2022</u>	<u>2021</u>
	<b>(Unaudited)</b>	
Salaries and outsourcing costs	<b>1,552</b>	1,761
Insurance	<b>641</b>	957
Marketing expenses	<b>625</b>	750
	<b>2,818</b>	3,468

**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:

<u>Nature of transaction</u>	<u>Name of related party and relationship</u>	<b>For the three-month period ended 31 March</b>	
		<b>(Unaudited)</b>	
		<u>2022</u>	<u>2021</u>
Financing income	Key management personnel	<b>32</b>	51
Finance cost	The Saudi Investment Bank (shareholder)	<b>3,293</b>	2,842
Salaries and benefits	Key management personnel	<b>8,247</b>	5,528
Board meeting fees and other expenses	Board members	<b>1,188</b>	1,175

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**16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

<u>Nature of balances and names of related parties</u>	<u>Relationship</u>	<u>Balances</u>	
		<u>31 March 2022</u> <u>(Unaudited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
<b>Bank balances:</b>			
The Saudi Investment Bank	Shareholder	<b>3,746</b>	1,805
<b>Prepayments and other assets:</b>			
Alistithmar Capital	Affiliate	--	1,774
<b>Bank borrowings:</b>			
The Saudi Investment Bank	Shareholder	<b>596,304</b>	450,446
<b>Financing and advances:</b>			
Key management personnel	Key management personnel	<b>871</b>	628
<b>Investment at FVTPL:</b>			
SAIB Saraya Tower Real Estate Development Fund	Affiliate	<b>8,985</b>	8,985
<b>Board meeting and other expenses payable</b>			
Board bonus and meeting expenses	Board members	<b>3,412</b>	3,900
<b>Other receivables:</b>			
Amlak International For Real Estate Development	Subsidiary	<b>305</b>	305
<b>Other payable:</b>			
Amlak International For Real Estate Development	Subsidiary	<b>305</b>	305

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

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

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

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

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**17. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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.

31 March 2022 (Unaudited)	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>					
Investments	9,878	--	--	9,878	9,878
Murabaha receivables, net	211,177	--	--	213,071	213,071
Ijara receivables, net	3,229,363	--	--	3,319,964	3,319,964
Ijara mawsofa fi athemmah receivables, net	85,471	--	--	85,753	85,753
Positive fair value of derivatives	7,847	--	--	7,847	7,847

31 December 2021 (Audited)	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>					
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
<i>Financial liabilities:</i>					
Negative fair value of derivatives	4,253	--	--	4,253	4,253

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.

**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 SAR 146 million (31 December 2021: SAR 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 statement of financial position, statement of profit or loss and statement of comprehensive income belongs to the real estate financing segment.

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

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**19. SEGMENT INFORMATION (CONTINUED)**

**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 31 March 2022 and 31 December 2021 and its total operating income, expenses and net profit for the three-month period ended 31 March 2022 and 31 March 2021 are as follows:

	<u>Retail</u>	<u>Corporate</u>	<u>Head office</u>	<u>Total</u>
<b>For the period ended 31 March 2022 (Unaudited)</b>				
Total income (refer note a)	20,245	46,132	--	66,377
Total expenses (refer note a)	12,749	22,578	--	35,327
Net income for the period	7,496	23,554	--	31,050
<b>For the period ended 31 March 2021 (Unaudited)</b>				
Total income	21,993	49,240	--	71,233
Total expenses	11,525	30,310	--	41,835
Net income for the period	10,468	18,930	--	29,398
<b>As at 31 March 2022 (Unaudited)</b>				
Total assets	1,034,126	2,565,982	67,733	3,667,841
Total liabilities	651,153	1,651,018	135,425	2,437,596
<b>As at 31 December 2021 (Audited)</b>				
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

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

a) Reconciliation of income and expense included in segment information to statement of profit or loss

	<b>For the three-month period ended 31 March</b>	
	<u>2022</u>	<u>2021</u>
	<b>(Unaudited)</b>	
<b>Income</b>		
Total income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah receivables	67,398	71,966
Fee expenses	(809)	(737)
Other (loss) / income	(212)	4
<b>Total income</b>	<b>66,377</b>	<b>71,233</b>
<b>Expenses</b>		
Finance costs	(14,112)	(15,290)
Depreciation	(2,330)	(2,052)
General and administrative expenses	(20,780)	(21,299)
Selling and marketing expenses	(2,818)	(3,468)
Impairment reversal for expected credit losses, net	4,713	274
<b>Total expense – as per operating segment note</b>	<b>(35,327)</b>	<b>(41,835)</b>



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**20. IMPACT OF COVID-19 ON THE COMPANY’S OPERATIONS AND THE CONDENSED INTERIM FINANCIAL STATEMENTS**

During 2020 and 2021, the Coronavirus (“COVID-19”) pandemic disrupted global markets as many geographies experienced issues due to identification of multiple new variants of this infections. Significant improvement have been witnessed around the world after vaccination of mass population by various countries resulting in the reduction of active cases and relaxation of COVID restrictions.

The Company continues to evaluate the current macroeconomic situation including the impact of the pandemic and resultant government and SAMA support measures to date, such as repayment holidays and other mitigating packages, have had on the financing portfolio along with conducting review of credit exposure concentrations at a more granular level with particular focus on specific economic sectors, regions, counterparties and collateral protection and taking appropriate customer credit rating actions and initiating restructuring of loans, where required.

*Private Sector Financing Support Program (“PSFSP”):*

In response to COVID-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises (“MSME”) as defined by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The payment reliefs were considered as short-term liquidity support to address borrowers’ potential cash flow shortages. The accounting impact of the above changes in terms of the credit facilities were assessed and has been treated as per the requirements of IFRS 9 as modification in terms of arrangement. The PSFSP program has ended on 31 March 2022.

In order to compensate the related cost that the Company had incurred under the SAMA and other public authorities program, during 2020 and 2021, the Company received multiple profit free deposits from SAMA of varying maturities, which qualified as government grants and were accounted for as such.

During the period ended 31 March 2022, SAR 1.82 million (31 March 2021: SAR 3.24 million) has been recognized in the statement of income with respect to the amortization of grant income on related deposits with an aggregate of SAR 6.8 million deferred grant income as at 31 March 2022 (31 December 2021: SAR 5.9 million).

**21. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements have been approved by the Board of Directors on 23 Ramadan 1443H (corresponding to 24 April 2022).