

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



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 30 June 2023 and the related condensed interim consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and the related condensed interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes (the "condensed interim consolidated financial statements").

The 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

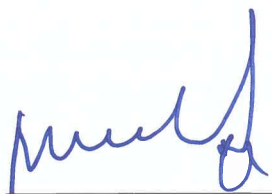
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Khalid A. Mahdhar
License Number 368

27 July 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
(UNAUDITED)
AS AT 30 JUNE 2023
(SAR '000)

		30 June 2023	31 December 2022
	<i>Notes</i>	(Unaudited)	(Audited)
<u>ASSETS</u>			
Cash and cash equivalents	5	91,792	38,226
Investments		893	998
Positive fair value of derivatives	10	21,413	20,515
Murabaha receivables, net	6	976,307	480,193
Ijara receivables, net	7	2,269,262	2,713,499
Ijara Mawsofa Fi Athemmah receivables, net	8	93,952	89,558
Prepayments and other assets		59,316	102,727
Property, equipment and right of use assets, net		41,977	41,422
Total assets		3,554,912	3,487,138
<u>LIABILITIES AND EQUITY</u>			
Accounts payable and other accruals	9	56,811	99,857
Negative fair value of derivatives	10	-	1,483
Zakat and income tax payable	11	9,585	19,599
Borrowings	12	2,030,675	1,759,216
SAMA deposit, net		258,881	355,863
Employees' end of service benefits		16,710	16,122
Total liabilities		2,372,662	2,252,140
<u>EQUITY</u>			
Share capital	13	906,000	906,000
Statutory reserve		98,753	98,753
Cash flow hedge reserve		21,413	19,032
Retained earnings		156,084	211,213
Total equity		1,182,250	1,234,998
Total liabilities and equity		3,554,912	3,487,138



Murad Alsadiq
Chief Finance Officer



Adnan Al Shubaili
Chief Executive Officer




Abdullah Al Howaish
Chairman

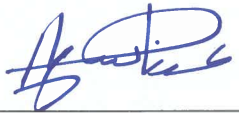


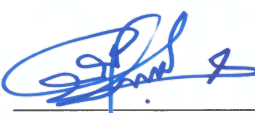
The attached notes 1 to 22 form part of these condensed interim consolidated financial statements.

AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAR '000)

		For the three-month period ended 30 June		For the six-month period ended 30 June	
	<i>Notes</i>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
INCOME					
Income from Murabaha contracts		18,957	4,634	34,363	9,123
Income from Ijara contracts		48,576	59,279	97,431	117,701
Income from Ijara Mawsofa Fi Athemmah contracts		2,264	1,912	4,356	3,891
Gain/(loss) on sale of portfolio and revaluation of servicing rights asset		45	(2,468)	(1,048)	(3,329)
Fees and commission income		2,991	6,465	6,649	9,834
Total income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		72,833	69,822	141,751	137,220
EXPENSES					
Finance cost		(30,451)	(17,865)	(56,348)	(31,977)
Fee expense		(740)	(821)	(1,396)	(1,630)
Net income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		41,642	51,136	84,007	103,613
Other income		444	3,646	589	3,434
		42,086	54,782	84,596	107,047
OPERATING EXPENSES					
Depreciation		(2,367)	(2,338)	(4,718)	(4,668)
General and administrative expenses	16	(23,908)	(24,364)	(46,620)	(45,144)
Selling and marketing expenses	17	(4,470)	(4,014)	(7,741)	(6,832)
(Impairment charges)/Impairment allowance reversal for expected credit losses, net		(3,450)	7,875	(4,632)	12,588
Net income for the period before zakat and income tax		7,891	31,941	20,885	62,991
Zakat and income tax expense	11	(1,578)	(3,381)	(3,533)	(7,307)
Net income for the period		6,313	28,560	17,352	55,684
Basic and diluted earnings per share (SAR)	15	0.07	0.32	0.19	0.61


Murad Alsadiq
Chief Finance Officer


Adnan Al Shubaily
Chief Executive Officer


Abdullah Al Howaish
Chairman

The attached notes 1 to 22 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)
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAR '000)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income for the period	<u>6,313</u>	<u>28,560</u>	<u>17,352</u>	<u>55,684</u>
Other comprehensive income				
<i>Items that may be reclassified to statement of income in subsequent periods:</i>				
Net movement in cash flow hedges	<u>7,362</u>	<u>5,392</u>	<u>2,381</u>	<u>17,492</u>
Total other comprehensive income	<u>7,362</u>	<u>5,392</u>	<u>2,381</u>	<u>17,492</u>
Total comprehensive income for the period	<u><u>13,675</u></u>	<u><u>33,952</u></u>	<u><u>19,733</u></u>	<u><u>73,176</u></u>



Murad Alsadiq
Chief Finance Officer



Adnan Al Shubaily
Chief Executive Officer



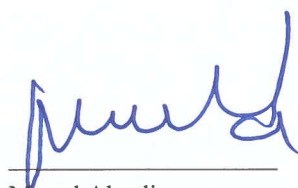
Abdullah Al Howaish
Chairman

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AMLAK INTERNATIONAL FINANCE COMPANY
(FORMERLY AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(SAR '000)

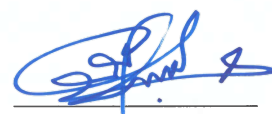
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Cash flow hedge reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<u>For the period ended 30 June 2023</u>					
Balance at 1 January 2023	906,000	98,753	19,032	211,213	1,234,998
Net income for the period	-	-	-	17,352	17,352
Other comprehensive income	-	-	2,381	-	2,381
Dividends (note 14)	-	-	-	(72,481)	(72,481)
Balance at 30 June 2023	906,000	98,753	21,413	156,084	1,182,250
<u>For the period ended 30 June 2022</u>					
Balance at 1 January 2022	906,000	89,081	(4,253)	200,193	1,191,021
Net income for the period	-	-	-	55,684	55,684
Other comprehensive income	-	-	17,492	-	17,492
Dividends (note 14)	-	-	-	(77,010)	(77,010)
Balance at 30 June 2022	906,000	89,081	13,239	178,867	1,187,187



Murad Alsadiq
Chief Finance Officer



Adnan Al Shubaily
Chief Executive Officer

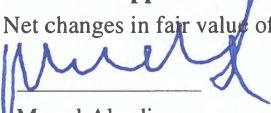
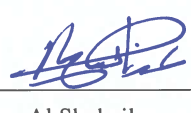
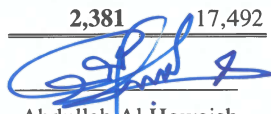


Abdullah Al Howaish
Chairman



The attached notes 1 to 22 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)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(SAR '000)

	<u>Notes</u>	For the six-month period ended 30 June	2023	2022
Cash flows from operating activities:				
Net income for the period before zakat and income tax		20,885	62,991	
<i>Non-cash adjustment to reconcile net income before zakat and income tax for the period to net cash (used in)/generated from operating activities</i>				
Depreciation		4,718	4,668	
Finance cost		54,298	31,713	
Employees' end of service benefits		1,234	1,266	
Impairment charges/(Impairment allowance reversal)		4,632	(12,588)	
Modification gain on Murabaha and Ijara receivables, net		-	(1,345)	
Finance cost on SAMA deposit, net		2,050	264	
Loss on sale of property and equipment		-	205	
Loss on sale of portfolio and revaluation of servicing rights asset		1,048	3,329	
Other (income)/loss		(589)	196	
		88,276	90,699	
<i>(Increase)/decrease in operating assets</i>				
Murabaha receivables		(540,331)	(88,435)	
Ijara receivables		482,861	217,140	
Ijara mawsofa fi athemmah receivables		(4,481)	(1,792)	
Prepayments and other assets		43,605	48,099	
<i>Increase/(decrease) in operating liabilities</i>				
Accounts payable and other accruals		(40,214)	12,672	
		29,716	278,383	
Finance cost paid		(49,104)	(31,182)	
Employees' end of service benefits paid		(646)	(361)	
Zakat and income tax paid	11	(13,547)	(14,877)	
Net cash (used in)/generated from operating activities		(33,581)	231,963	
Cash flows from investing activities				
Purchase of property and equipment		(5,273)	(2,301)	
Rental income received from property under possession		500	-	
Net cash used in investing activities		(4,773)	(2,301)	
Cash flows from financing activities				
Repayment against borrowings		(603,379)	(858,975)	
Proceeds from borrowings		870,000	530,000	
Dividend paid	14	(72,481)	(77,010)	
SAMA deposit received		-	264,390	
SAMA deposit repaid		(99,032)	(85,980)	
Payment of lease liabilities		(3,188)	(3,045)	
Net cash generated from/(used in) financing activities		91,920	(230,620)	
Net change in cash and cash equivalents		53,566	(958)	
Cash and cash equivalents at beginning of the period		38,226	8,818	
Cash and cash equivalents at end of the period	5	91,792	7,860	
Non-cash supplemental information:				
Net changes in fair value of cash flow hedge		2,381	17,492	
 Murad Alsadiq Chief Finance Officer	 Adnan Al Shubaily Chief Executive Officer	 Abdullah Al Howaish Chairman		

The attached notes 1 to 22 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 AND SIX-MONTH PERIODS ENDED 30 JUNE 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 Resolution No. 132/S dated 25/05/1428H (corresponding to 11/06/2007G) the Saudi Central Bank (“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 Company 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 title deeds 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 herein 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 30 June 2023 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 30 June 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 consolidated 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)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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 and the presentation currency of the Group. All financial information presented has been rounded-off to the SAR in thousand unless otherwise stated.

3. 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 standards, interpretations or amendments that have been issued but are 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 Group.

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 consolidated financial statements.

- 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;
- IFRS 17 Insurance Contracts.

5. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 <u>(Unaudited)</u>	As at 31 December 2022 <u>(Audited)</u>
Cash in hand	35	35
Cash at bank – current accounts	91,757	38,191
	<u>91,792</u>	<u>38,226</u>

AMLAK INTERNATIONAL FINANCE COMPANY
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAR ‘000)

6. MURABAHA RECEIVABLES, NET

	As at 30 June 2023 <u>(Unaudited)</u>	As at 31 December 2022 <u>(Audited)</u>
Gross Murabaha receivables	1,268,546	603,390
Less: Unearned income	<u>(291,576)</u>	<u>(122,682)</u>
	976,970	480,708
Less: Impairment allowance for expected credit losses	<u>(663)</u>	<u>(515)</u>
Murabaha receivables, net	<u>976,307</u>	<u>480,193</u>

The maturity profiles of Murabaha receivables as at 30 June 2023 and 31 December 2022 are as follows:

	<u>As at 30 June 2023 (Unaudited)</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>	<u>Total</u>
Gross investment in Murabaha receivables	182,373	937,476	148,697	1,268,546
Less: Unearned income	<u>(75,309)</u>	<u>(192,726)</u>	<u>(23,541)</u>	<u>(291,576)</u>
Net investment in Murabaha receivables	<u>107,064</u>	<u>744,749</u>	<u>125,157</u>	976,970
Less: Impairment allowance for expected credit losses				<u>(663)</u>
Murabaha receivables, net				<u>976,307</u>

	<u>As at 31 December 2022 (Audited)</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>	<u>Total</u>
Gross investment in Murabaha receivables	80,329	479,757	43,304	603,390
Less: Unearned income	<u>(35,599)</u>	<u>(82,239)</u>	<u>(4,844)</u>	<u>(122,682)</u>
Net investment in Murabaha receivables	<u>44,730</u>	<u>397,517</u>	<u>38,460</u>	480,708
Less: Impairment allowance for expected credit losses				<u>(515)</u>
Murabaha receivables, net				<u>480,193</u>

7. IJARA RECEIVABLES, NET

	As at 30 June 2023 <u>(Unaudited)</u>	As at 31 December 2022 <u>(Audited)</u>
Gross investment in Ijara receivables	3,092,901	3,707,939
Less: Unearned income	<u>(788,231)</u>	<u>(919,360)</u>
Net investment in Ijara receivables	2,304,670	2,788,579
Less: Impairment allowance for expected credit losses	<u>(35,408)</u>	<u>(75,080)</u>
Ijara receivables, net	<u>2,269,262</u>	<u>2,713,499</u>

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(UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAR '000)

7. IJARA RECEIVABLES, NET (CONTINUED)

- 7.1 The maturity profiles of Ijara receivables as at 30 June 2023 and 31 December 2022 are as follows:

As at 30 June 2023 (Unaudited)				
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Gross investment in Ijara receivables	686,096	1,487,351	919,454	3,092,901
Less: Unearned income	(166,015)	(369,691)	(252,525)	(788,231)
Net investment in Ijara receivables	520,081	1,117,660	666,929	2,304,670
Less: Impairment allowance for expected credit losses				(35,408)
Ijara receivables, net				<u>2,269,262</u>

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

8. IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Gross investment in Ijara mawsofa fi athemmah receivables	165,893	148,713
Less: Unearned income	(71,829)	(59,130)
Net investment in Ijara mawsofa fi athemmah receivables	94,064	89,583
Less: Impairment allowance for expected credit losses	(112)	(25)
Ijara mawsofa fi athemmah receivables, net	<u>93,952</u>	<u>89,558</u>

- 8.1 The maturity profiles of Ijara mawsofa fi athemmah receivables as at 30 June 2023 and 31 December 2022 are as follows:

As at 30 June 2023 (Unaudited)				
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Gross investment in Ijara mawsofa fi athemmah receivables	13,001	44,540	108,352	165,893
Less: Unearned income	(7,428)	(25,880)	(38,521)	(71,829)
Net investment in Ijara mawsofa fi athemmah receivables	5,573	18,660	69,831	94,064
Less: Impairment allowance for expected credit losses				(112)
Ijara mawsofa fi athemmah receivables, net				<u>93,952</u>

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(UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAR ‘000)

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

	As at 31 December 2022 (Audited)			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
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	5,390	18,594	65,599	89,583
Less: Impairment allowance for expected credit losses				(25)
Ijara mawsofa fi athemmah receivables, net				89,558

9. ACCOUNTS PAYABLE AND OTHER ACCRUALS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Lease liabilities	17,181	20,014
Advance from customers	14,351	11,753
Salaries and employee related expenses	5,308	11,793
Accrued expenses	12,612	14,846
Amount received from customers (note 9.1)	214	1,595
Servicing contract payables	-	33,895
Others	7,145	5,961
	56,811	99,857

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

10. DERIVATIVES

As at 30 June 2023, the Group held profit rate swaps (“PRS”) of a notional value of SR 600 million (2022: SR 660 million) in order to hedge its exposure to commission rate risks related to its borrowings.

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Positive fair value of PRSs	21,413	20,515
Negative fair value of PRSs	-	(1,483)

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11. ZAKAT AND INCOME TAX

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

	For the six-month period ended 30 June 2023 (Unaudited)	
	<u>Zakat</u>	<u>Total</u>
Balance at the beginning of the period	19,599	19,599
Charge for the period	3,533	3,533
Payments made during the period	(13,547)	(13,547)
Balance at end of the period	<u>9,585</u>	<u>9,585</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 period	14,211	14,211
Charge for the prior period	196	196
Unwinding of discount	187	187
Payments made during the period	(20,267)	(20,267)
Balance as at end of the year	<u>19,599</u>	<u>19,599</u>
	For the six-month period ended 30 June 2022 (Unaudited)	
	<u>Zakat</u>	<u>Total</u>
Balance at the beginning of the period	25,272	25,272
Charge for the period	7,307	7,307
Charge for the prior period	196	196
Unwinding of discount	343	343
Payments made during the period	(14,877)	(14,877)
Balance as at end of the period	<u>18,241</u>	<u>18,241</u>

12. 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 year 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.

13. SHARE CAPITAL

As at 30 June 2023, the Company’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.

14. DIVIDEND

During the six-month period ended 30 June 2023, the shareholders have approved, declared and paid a dividend of SAR 72.48 million for the year 2022 (30 June 2022: SAR 77.01 million).

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15. EARNINGS PER SHARE

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)		(Unaudited)	
Net income for the period	6,313	28,560	17,352	55,684
Weighted average number of ordinary shares (in thousands)	90,600	90,600	90,600	90,600
Basic and diluted earnings per share (SAR)	0.07	0.32	0.19	0.61

16. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)		(Unaudited)	
Salaries and employees related cost	16,235	15,040	31,621	29,552
Board fees	1,200	1,187	2,550	2,375
Information technology expenses	1,723	1,331	3,308	2,662
Professional fee	1,441	1,415	2,723	2,048
VAT expenses	1,344	1,597	2,295	3,017
Bank charges	237	735	492	996
Communication	341	312	683	622
Rent and other expenses	146	186	286	240
Travelling expenses	256	207	318	369
Maintenance expenses	192	70	502	132
Others	793	2,284	1,842	3,131
	23,908	24,364	46,620	45,144

17. SELLING AND MARKETING EXPENSES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)		(Unaudited)	
Salaries and outsourcing costs	1,562	1,282	2,482	2,834
Insurance	1,403	2,107	2,344	2,748
Marketing expenses	1,505	625	2,915	1,250
	4,470	4,014	7,741	6,832

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18. 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:

Nature of transaction	Name of related party and relationship	For the three-month period ended 30 June		For the six-month period ended 30 June	
		Income/(Expense)		Income/(Expense)	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		(Unaudited)		(Unaudited)	
Financing income	Key management personnel	28	34	57	66
Finance cost	The Saudi Investment Bank (shareholder)	(9,035)	(4,794)	(17,828)	(8,087)
Salaries and benefits	Key management personnel	(3,727)	(2,867)	(12,549)	(11,114)
Board fees	Board members	(1,200)	(1,187)	(2,550)	(2,375)
Insurance	Walaa Cooperative Insurance Company* (SABB Takaful Company)	-	(83)	(414)	(83)

Nature of balances and names of related parties	Relationship	Balances	
		30 June 2023	31 December 2022
		(Unaudited)	(Audited)
Bank balances:			
The Saudi Investment Bank	Shareholder	56,751	10,002
Bank borrowings:			
The Saudi Investment Bank	Shareholder	553,591	595,637
Positive/(Negative) fair value of derivatives:			
The Saudi Investment Bank	Shareholder	103	(1,483)
Financing and advances:			
Key management personnel	Key management personnel	1,883	832
Investment at FVTPL:			
SAIB Saraya Tower Real Estate Development Fund	Affiliate	-	105
Board Fees			
Board members	Board members	853	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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19. 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			
		Level 1	Level 2	Level 3	Total
30 June 2023 (Unaudited)					
<u>Financial assets at amortised cost:</u>					
Murabaha receivables, net	976,307	-	-	946,379	946,379
Ijara receivables, net	2,269,262	-	-	2,004,059	2,004,059
Ijara mawsofa fi athemmah receivables, net	93,952	-	-	82,328	82,328
Cash and cash equivalents	91,792	-	-	91,792	91,792
Other receivables	2,098	-	-	2,098	2,098
<u>Financial assets at fair value:</u>					
Investments	893	-	893	-	893
Positive fair value of derivatives	21,413	-	21,413	-	21,413
<u>Financial liabilities at fair value:</u>					
Negative fair value of derivatives	-	-	-	-	-
<u>Financial liabilities at amortised cost:</u>					
Borrowings	2,030,675	-	-	2,030,675	2,030,675
SAMA deposit, net	258,881	-	-	258,881	258,881
Other payable	42,246	-	-	42,246	42,246

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19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

		Fair Value			
31 December 2022 (Audited)	Carrying value	Level 1	Level 2	Level 3	Total
<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
Cash and cash equivalents	38,226	-	-	38,226	38,226
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 at fair value:</u>					
Negative fair value of derivatives	1,483	-	1,483	-	1,483
<u>Financial liabilities at amortised cost:</u>					
Borrowings	1,759,216	-	-	1,759,216	1,759,216
SAMA deposit, net	353,863	-	-	353,863	353,863
Other payable	86,509	-	-	86,509	86,509

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.

20. 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 104 million (31 December 2022: SAR 265.62 million).

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21. SEGMENT INFORMATION

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 segment.

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

Retail

These represents finance products granted to 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 30 June 2023 and 31 December 2022 and its total operating income, expenses and net profit for the six-month period ended 30 June 2023 and 30 June 2022 are as follows:

	<u>Retail</u>	<u>Corporate</u>	<u>Head office</u>	<u>Total</u>
For the period ended 30 June 2023				
(Unaudited)				
Income	37,354	103,590	-	140,944
Expenses	(35,116)	(84,943)	-	(120,059)
Segment profit before zakat and income tax	2,238	18,647	-	20,885
For the period ended 30 June 2022				
(Unaudited)				
Income	37,769	101,255	-	139,024
Expenses	(29,822)	(46,211)	-	(76,033)
Segment profit before zakat and income tax	7,947	55,044	-	62,991
As at 30 June 2023 (Unaudited)				
Total assets	964,975	2,456,168	133,769	3,554,912
Total liabilities	644,055	1,639,325	89,282	2,372,662
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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21. SEGMENT INFORMATION (CONTINUED)

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

	For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	
<u>Income</u>		
Total income from Murabaha, Ijara and Ijara Mawsofa Fi		
Athemmah receivables	141,751	137,220
Fee expenses	(1,396)	(1,630)
Other income	589	3,434
Total income – as per operating segment note	<u>140,944</u>	<u>139,024</u>
<u>Expenses</u>		
Finance costs	(56,348)	(31,977)
Depreciation	(4,718)	(4,668)
General and administrative expenses	(46,620)	(45,144)
Selling and marketing expenses	(7,741)	(6,832)
(Impairment charges)/Impairment allowance reversal for expected credit losses, net	(4,632)	12,588
Total expense – as per operating segment note	<u>(120,059)</u>	<u>(76,033)</u>

22. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements have been approved by the Board of Directors on 8 Muharram 1445H (corresponding to 26 July 2023).