

**SAUDI FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022 AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**SAUDI FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS****TO THE SHAREHOLDERS OF SAUDI FINANCE COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)****INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of Saudi Finance Company (the "Company") as at 31 March 2022 and the related interim statement of comprehensive income for the three-month period then ended, and the interim statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**SCOPE OF REVIEW**

We conducted our review in accordance with International Standard on Review Engagement 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 condensed financial statements 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



**Ahmed A. Mohandis**  
Certified Public Accountant  
License No. 477

Riyadh, Kingdom of Saudi Arabia  
27 Ramadan 1443H  
28 April, 2022



**SAUDI FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents		43,407,738	37,761,086
Prepayments and other receivables		3,256,774	2,639,736
Due from related party	6	200,812	38,453
Net investment in Islamic financings	7,13	1,143,938,629	1,144,882,979
Investment carried at FVOCI		892,850	892,850
Assets repossessed held for sale	8	5,897,514	5,897,514
Restricted cash deposit		4,113,636	5,895,513
Property and equipment		7,248,885	7,440,631
Intangible assets		6,356,694	5,632,906
Right-of-use assets		4,623,900	6,252,263
<b>TOTAL ASSETS</b>		<u>1,219,937,432</u>	<u>1,217,333,931</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	9	100,000,000	100,000,000
Statutory reserve		13,357,581	13,357,581
Retained earnings		136,480,449	123,733,277
Actuarial reserve on end of service indemnities		(188,080)	(188,080)
<b>TOTAL EQUITY</b>		<u>249,649,950</u>	<u>236,902,778</u>
<b>LIABILITIES</b>			
Due to a related party	6	-	30,080
Trade payables		5,634,323	776,863
Other payables and accruals		16,470,452	14,594,853
Lease liabilities		4,280,351	6,436,255
Provision for zakat	10	16,401,279	14,201,279
Shari'a alternatives for financial derivative instruments		21,373	168,230
Financial facilities	11,6	923,718,977	940,585,153
End of service indemnities		3,760,727	3,638,440
<b>TOTAL LIABILITIES</b>		<u>970,287,482</u>	<u>980,431,153</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,219,937,432</u>	<u>1,217,333,931</u>

The accompanying notes 1 to 17 form part of these interim condensed financial statements

**SAUDI FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH ENDED 31 MARCH 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Notes	For the three-month period ended	
		31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
<b>INCOME FROM ISLAMIC FINANCING</b>		38,091,415	32,878,896
<b>OPERATING (EXPENSES) / INCOME</b>			
Finance cost	12	(10,259,053)	(8,078,150)
General and administrative expenses		(10,397,249)	(9,902,915)
Selling and marketing expenses		(3,268,755)	(2,791,566)
Reversal / (impairment) on Islamic financing, net	13	1,823,504	(441,437)
Unrealized gain on shari'a alternatives for financial derivative instruments		146,857	165,580
Write-off of financial asset	7.5	(1,860,000)	-
Other income / (expenses), net	14	670,453	(440,630)
<b>INCOME BEFORE ZAKAT</b>		14,947,172	11,389,778
Zakat	10	(2,200,000)	(1,177,588)
<b>INCOME FOR THE PERIOD</b>		12,747,172	10,212,190
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		12,747,172	10,212,190

The accompanying notes 1 to 17 form part of these interim condensed financial statements

**SAUDI FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**For the three-month period ended**

<b><u>31 March 2021</u></b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Retained Earnings</b>	<b>Actuarial reserve on end of service indemnities</b>	<b>Total equity</b>
<b>Balance as at 1 January 2021 – (Audited)</b>	100,000,000	9,352,352	87,686,215	51,278	197,089,845
Comprehensive income for the period	-	-	10,212,190	-	10,212,190
<b>Balance as at 31 March 2021 (Unaudited)</b>	<u>100,000,000</u>	<u>9,352,352</u>	<u>97,898,405</u>	<u>51,278</u>	<u>207,302,035</u>

<b><u>31 March 2022</u></b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Retained Earnings</b>	<b>Actuarial reserve on end of service indemnities</b>	<b>Total equity</b>
<b>Balance as at 1 January 2022 (Audited)</b>	100,000,000	13,357,581	123,733,277	(188,080)	236,902,778
Comprehensive income for the period	-	-	12,747,172	-	12,747,172
<b>Balance as at 31 March 2022 (Unaudited)</b>	<u>100,000,000</u>	<u>13,357,581</u>	<u>136,480,449</u>	<u>(188,080)</u>	<u>249,649,950</u>

The accompanying notes 1 to 17 form part of these interim condensed financial statements

**SAUDI FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Notes	For the three-month period ended	
		31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income before zakat		14,947,172	11,389,778
Adjustments for:			
Depreciation of right of use assets		383,286	825,738
Depreciation of property and equipment		568,001	534,734
Amortization of intangible assets		489,646	511,397
Finance cost	12	10,259,053	8,078,150
(Reversal) / impairment on Islamic financing	13	(500,000)	2,100,000
Net loss on modification of financial instruments	7.3	300,478	1,936,629
Loss on the fair value of financial assets	7.4	5,709,799	3,227,543
Government grant for SAMA funding for lending program	11.3,11.4	(5,283,983)	(4,124,413)
Unrealized gain on shari'a alternatives for financial derivative instruments		(146,857)	(165,580)
Write-off of financial asset	7.5	1,860,000	-
Income on contract termination	14	(953,802)	-
Provision for end of service indemnities		270,000	271,000
<b>(Increase) / decrease in operating assets</b>			
Prepayments and other receivables		(617,038)	(819,836)
Due from a related party		(162,359)	-
Net investment in Islamic financing		(6,425,927)	(28,678,164)
Restricted cash deposit		1,781,877	(30,699)
<b>(Decrease)/ increase in operating liabilities</b>			
Trade payables		4,857,460	(10,823,241)
Other payables and accruals		1,875,599	(770,302)
Due to a related party		(30,080)	1,740
<b>Cash generated from / (used in) operations</b>		<u>29,182,325</u>	<u>(16,535,526)</u>
End of service indemnities paid		(147,713)	(445,324)
<b>Net cash generated from / (used in) operating activities</b>		<u>29,034,612</u>	<u>(16,980,850)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(376,255)	(174,111)
Purchase of intangible assets		(1,213,434)	(276,930)
<b>Net cash used in investing activities</b>		<u>(1,589,689)</u>	<u>(451,041)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from financial facilities		125,194,495	122,404,168
Repayment of financial facilities		(144,819,305)	(100,873,700)
Finance cost paid		(2,173,461)	(2,359,589)
Lease liabilities paid		-	(100,000)
<b>Net cash (used in) / generated from financing activities</b>		<u>(21,798,271)</u>	<u>19,070,879</u>
<b>Net increase in cash and cash equivalents</b>		<u>5,646,652</u>	<u>1,638,988</u>
Cash and cash equivalents at beginning of the period		<u>37,761,086</u>	<u>30,714,105</u>
<b>Cash and cash equivalents at end of the period</b>		<u>43,407,738</u>	<u>32,353,093</u>
<b>Supplemental non-cash information</b>			
Termination of right of use asset		1,245,077	-
Termination of lease liability		(2,198,879)	-

The accompanying notes 1 to 17 form part of these interim condensed financial statements

**SAUDI FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**1. LEGAL STATUS AND OPERATIONS**

Saudi Finance Company (the “Company”) is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010078374 and unified number 7001351779 dated 23 Muharram 1411H (corresponding to 14 August 1990).

The Company is engaged in leasing, commercial financing, small and medium business financing, and retail financing in accordance with the Saudi Central Bank (“SAMA”) approval number 351000071328 dated 3 Jumad Thani 1435H and license number 114102 dated 27 Muharram 1436H.

The activities of the Company are conducted in accordance with Islamic Shari’a, which prohibits usury as determined by the Shari’a Supervisory Board of the Company. The Company carries out financing activities through various Shari’a-compliant instruments.

The Company’s Head Office is located at the following address:

Saudi Finance Company  
Sultan Center, Prince Sultan St, Alma’athar  
P.O. Box 18331  
Riyadh 11415  
Kingdom of Saudi Arabia

The Company has the following branches

<b>S. No</b>	<b>Branch</b>	<b>C.R. No.</b>	<b>Date</b>
1	Khurais, Riyadh	7006384437	17 Rabi Thani 1416H
2	Buraidah	7012640483	26 Dhul-Hijjah 1417H
3	Dammam	7011934028	24 Rabi Awal 1423H
4	Jeddah	7006393552	23 Rabi Thani 1434H
5	Al-Ahsa	7007700193	16 Jumad Awal 1435H
6	Medina	7006257864	11 Sha’aban 1435H

**2. BASIS OF PREPARATION**

**2.1. STATEMENT OF COMPLIANCE**

These interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

Assets and liabilities in the interim statement of financial position are presented in the order of liquidity.



**SAUDI FINANCE COMPANY**  
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**2. BASIS OF PREPARATION (Continued)**

**2.2. BASIS OF MEASUREMENT**

These interim condensed financial statements are prepared under the historical cost method except for the following:

- a) Shari'a alternatives for financial derivative instruments measured at fair value;
- b) Investment in equity instruments measured at fair value;
- c) Assets repossessed held for sale measured at lower of carrying value and fair value less cost to sell.

**2.3. FUNCTIONAL AND PRESENTATION CURRENCY**

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 31 December 2021.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**5. NEW AMENDED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE:**

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and the details of the same has been explained in annual Financial Statements for the year ended 31 December 2021, but they do not have a material effect on the Company's interim condensed financial statements.

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**(All amounts in Saudi Riyals unless otherwise stated)**

**6. RELATED PARTY TRANSACTIONS AND BALANCES**

<b><u>Transactions during the period</u></b>			<b>For the three-month period ended</b>	
<b>Names of Related Party</b>	<b>Nature of Relationship</b>	<b>Nature of transactions</b>	<b>31 March 2022 (Unaudited)</b>	<b>31 March 2021 (Unaudited)</b>
Abu Dhabi Islamic Bank (ADIB), UAE	Affiliate	Financial facilities obtained	60,000,000	71,000,000
		Financial facilities repaid	(56,000,000)	(78,000,000)
		Finance cost	550,615	573,528
		Finance cost repaid	(1,267,083)	(2,163,098)
		Reimbursed for expenses paid on behalf of associates	38,453	46,500
		Expenses paid on behalf of associates	200,812	(46,500)
Abdullah Ibrahim Al Khorayef Sons Company, KSA	Shareholder	Rent expense	-	33,579
		Collection on behalf of a shareholder	-	1,740
		Repaid to shareholder	(30,080)	-

	<b>For the three-month period ended</b>	
	<b>31 March 2022 (Unaudited)</b>	<b>31 March 2021 (Unaudited)</b>
<b><u>Key management personnel</u></b>		
Salaries and other short-term employee benefits	1,724,874	1,619,242

	<b>Balances as at the period-end</b>	
	<b>31 March 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
<b>Due from related party</b>		
Abu Dhabi Islamic Bank (ADIB), UAE	200,812	38,453
<b>Due to a related party</b>		
Abdullah Ibrahim Al Khorayef Sons Company, KSA	-	30,080

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>	
<b><u>Financial Facilities</u></b>				
ADIB, UAE	88,000,000		84,000,000	
Accrued finance cost	490,399		1,206,687	
	<u>88,490,399</u>		<u>85,206,687</u>	

**6.1. Net Investment in Islamic Financings**

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>	
Advance to Staff	55,888		88,987	
	<u>55,888</u>		<u>88,987</u>	

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**7. NET INVESTMENT IN ISLAMIC FINANCINGS**

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross investment in Islamic financings	1,350,087,606	1,360,642,934
Unearned / deferred Islamic financing income	(190,160,888)	(199,271,866)
Net investment in Islamic financings before provision for impairment	1,159,926,718	1,161,371,068
Less: Provision for impairment	(15,988,089)	(16,488,089)
Net investment in Islamic financings	<u>1,143,938,629</u>	<u>1,144,882,979</u>

- 7.1. The Company in the ordinary course of its business holds collateral in respect of Islamic financing (being the title of assets leased out) including real-estate collaterals in order to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults.
- 7.2. The Company has assigned Islamic financing receivables amounting to SR 99.7 million (31 December 2021: SR 117 million) to local commercial banks for obtaining financial facilities. These Islamic financing receivables have not been derecognized from the statement of financial position as the Company retains substantially all the risks and rewards, primarily credit risk.
- 7.3. In response to COVID-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”) as per the definition issued by SAMA. As part of the Deferred Payment Program (“DPP”), the Company deferred payments for 6 months to contracts that qualify as MSME with extending the tenure of the facility.

During March 2022, SAMA further extended the same for additional 3 months for qualifying MSME. The accounting impact of these changes in terms of the net investment in Islamic Financing has been assessed and accounted for as per the requirements of IFRS 9 as a modification in terms of the arrangements. Modification loss has been recognized under other income / (expenses) in the statement of profit or loss.

- 7.4. During the period, the Company has provided financing amounting to SR 70.84 million to Small and Medium-Sized Entities (SMEs) that qualify for the facility under SAMA funding for financing program on profit rates below-market. These facilities are 95% secured under the Kafala program and these facilities are repayable in 30 monthly installments with the first installment is due after 6 months’ grace period from the date of the contract, which is discounted using average market prevailing profit rates for similar financing facilities to determine the fair value. The difference between financing provided and its fair value is recorded in the statement of profit or loss as per the requirements of IFRS 9.
- 7.5. During the period, the Board of Directors of the Company approved a write-off of net investment in Islamic financing receivable amounting to SR 1.86 million.

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**(All amounts in Saudi Riyals unless otherwise stated)**

**7. NET INVESTMENT IN ISLAMIC FINANCINGS (CONTINUED)**

7.6. The movement in the provision for impairment of Islamic financings during the period is as follows:

	<b>For the three-month period ended 31 March 2022 (Unaudited)</b>	<b>For the year ended 31 December 2021 (Audited)</b>
Balance at beginning of the period / year	16,488,089	16,053,055
(Reversal) / provided during the period / year	(500,000)	4,729,558
Written off during the period / year	-	(4,294,524)
Balance at the end of the period / year	<u>15,988,089</u>	<u>16,488,089</u>

**8. ASSET REPOSSESSED HELD FOR SALE**

During 2016, the Company acquired certain real estate properties in the satisfaction of a claim in order to achieve an orderly realization of a Murabaha receivable. The Company filed a legal case against the erstwhile owner for possession of the properties.

As of 31 March 2022, the case is still waiting for the final decision by the court and are expected to be sold immediately once the final decision is provided by the court.

**9. SHARE CAPITAL**

The Company's subscribed and paid-up share capital of SR. 100,000,000 is divided into 10,000,000 equity shares of SR. 10 each fully subscribed and paid, and distributed among shareholders as follows:

<b>Shareholders</b>	<b>31 March 2022 and 31 December 2021</b>		
	<b>Holding %</b>	<b>No. of Shares</b>	<b>Amount</b>
ADIB Two Financial Invest LLC, UAE	51%	5,100,000	51,000,000
Abdullah Ibrahim Al Khorayef Sons Company, KSA	46%	4,600,000	46,000,000
Mohamed Abdullah Al Khorayef	1%	100,000	1,000,000
Saad Abdullah Al Khorayef	1%	100,000	1,000,000
Hamad Abdullah Al Khorayef	1%	100,000	1,000,000
	<b><u>100%</u></b>	<b><u>10,000,000</u></b>	<b><u>100,000,000</u></b>

**10. PROVISION FOR ZAKAT**

The movement in the provision for zakat is as follows:

	<b>For the three-month period ended 31 March 2022 (Unaudited)</b>	<b>For the year ended 31 December 2021 (Audited)</b>
Balance at the beginning of the period / year	14,201,279	8,975,505
Provided during the period / year	2,200,000	8,226,673
Payment during the period / year	-	(3,000,899)
Balance at the end of the period / year	<u>16,401,279</u>	<u>14,201,279</u>

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**(All amounts in Saudi Riyals unless otherwise stated)**

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**10. PROVISION FOR ZAKAT (CONTINUED)**

**STATUS OF ASSESSMENTS (CONTINUED)**

During 2016, zakat assessments have been raised by the ZATCA for the years 2005 to 2007 assessing additional zakat of SR 2,621,509 against which the Company has filed an appeal. No provision has been recorded in these financial statements in this respect, as the Company is confident of a favorable outcome on this matter. During 2018 the Company received certain queries related to appeal filed for 2005 to 2007 and the response was submitted to ZATCA.

During 2019, ZATCA provided a settlement assessment for the year 2014 to 2017 with zakat liability of SR 3,256,349 based on the methodology of 10% zakat calculated on the net profit before zakat. This resulted in the reversal of the excess zakat provision of SR 12,382,326 held by the Company for these years. During the year the Company has paid an installment amount of SR 521,016. As of 31 December 2021, the remaining installments amounted SR 1,042,031 (2 installments of SR 521,016 each).

Currently, there are open assessments from the years 2008 to 2013 by ZATCA, for which the Company has provided for additional provision amounting to SR 4,939,350 (2020: SR 4,939,350). No demand from the ZATCA has been received till the date of these financial statements.

The Company has submitted its Zakat declaration to ZATCA for the year ended 31 December 2020 and has obtained the certificate valid until 29 Ramadan 1443H corresponding to 30 April 2022.

**11. FINANCIAL FACILITIES**

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Short-term financial facilities	6	88,000,000	84,000,000
Long-term financial facilities	11.1	786,972,311	815,305,807
Finance Cost payable		48,746,666	41,279,346
		923,718,977	940,585,153

**11.1. Long-term financial facilities**

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<b>Current portion</b>		
Long-term financial facilities	383,582,453	351,313,680
<b>Non-current portion</b>		
Long-term financial facilities	403,389,858	463,992,127
	786,972,311	815,305,807

**11.2.** The Company has obtained bank financial facilities from local Islamic banks for the purpose of financing working capital needs. These bank facilities bear finance costs at market prevailing rates and also have restricted cash deposits.

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**11. FINANCIAL FACILITIES (CONTINUED)**

**11.3.** During the period, the Company has obtained government financing amounting to SR 64.7 million from SAMA at a zero-profit rate to finance the Small and Medium-Sized Entities (SME) under SAMA funding for a financing program. These financings are repayable in 30 monthly installments with the first installment is due after 6 months' grace period from the date of the contract, which is discounted using average market prevailing profit rates for similar financing facilities. The difference between financing received and its present value is recorded as a government grant and has been accounted for as per the requirements of IFRS.

The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As of 31 March 2022, the Company was not in compliance with certain covenants of the financing agreements. However, the management has secured the necessary waiver from the respective bank and accordingly believes that the financiers will not exercise their right to demand accelerated / immediate payment of the outstanding balance from the Company.

**11.4.** During the period, the Company has received government financing amounting to SR 0.46 million from SAMA at a zero-profit rate under SAMA liquidity support program. These financings are repayable at the end of 18 months which is discounted using average market prevailing profit rates for similar financing facilities. The present value of these amounts to SR 0.4 million. The difference between financing received and its present value is recorded as a government grant in other income.

**12. FINANCE COST**

	<b>For the three-month period ended</b>	
	<b>31 March 2022 (Unaudited)</b>	<b>31 March 2021 (Unaudited)</b>
Islamic financial facilities:		
- Non-profit bearing financing	8,783,990	5,856,585
-Tawarruq	775,446	1,395,404
-Murabaha	656,642	750,339
Lease liabilities	42,975	75,822
	<u>10,259,053</u>	<u>8,078,150</u>

**13. IMPAIRMENT ON ISLAMIC FINANCING, NET**

	<b>Note</b>	<b>For the three-month period ended</b>	
		<b>31 March 2022 (Unaudited)</b>	<b>31 March 2021 (Unaudited)</b>
(Reversal) / impairment on Islamic financing	7.6	(500,000)	2,100,000
Write-off recoveries		(1,323,504)	(1,658,563)
		<u>(1,823,504)</u>	<u>441,437</u>

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**14. OTHER INCOME / (EXPENSES), NET**

	Note	For the three-month period ended	
		31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Government grant on SAMA funding for lending program	11.3,11.4	5,283,983	4,124,413
Modification gain on financial liabilities		-	1,354,709
Management fees and other income		442,945	599,129
Income on contract termination		953,802	-
Modification loss on financial assets	7.3	(300,478)	(3,291,338)
Loss on the fair value of financial assets	7.4	(5,709,799)	(3,227,543)
		<u>670,453</u>	<u>(440,630)</u>

**15. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Company's financial assets consist of cash and bank balances, investment, net investment in Islamic financing, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities, due to related party and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI and Shari'a alternatives for financial derivative instruments. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

31 March 2022 (Unaudited)	Fair value Level			Total
	1	2	3	
<b>FINANCIAL ASSET</b>				
<b>FVOCI designated</b>				
Investment carried at FVOCI	-	-	892,850	892,850
<b>FINANCIAL LIABILITIES</b>				
<b>FVTPL mandatorily</b>				
Shari'a alternatives for financial derivative instruments	-	21,373	-	21,373
31 December 2021 (Audited)	Fair value Level			Total
	1	2	3	
<b>FINANCIAL ASSET</b>				
<b>FVOCI designated</b>				
Investment carried at FVOCI	-	-	892,850	892,850
<b>FINANCIAL LIABILITIES</b>				
<b>FVTPL mandatorily</b>				
Shari'a alternatives for financial derivative instruments	-	168,230	-	168,230

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**15. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

<b>Financial assets / financial liabilities</b>	<b>Valuation technique(s) and key input(s)</b>	<b>Significant unobservable input(s)</b>	<b>Relationship and sensitivity of unobservable inputs to fair value</b>
Investment carried at FVOCI	Cost	N/A	N/A

Shari'a alternatives for financial derivative instruments classified as Level 2 comprise profit rate swaps. These derivatives are fair valued using widely recognized valuation models. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.

**16. SUBSEQUENT EVENTS**

There have been no significant subsequent events since the period-ended that would require additional disclosure or adjustment in these interim condensed financial statements.

**17. DATE OF AUTHORIZATION FOR ISSUE**

These interim condensed financial statements were approved and authorized for issue on 26 April 2022G (corresponding to 25 Ramadan 1443H) by the Board of Directors of the Company.