

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT (UNAUDITED)**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

## INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To: The Shareholders of Bidaya Home Finance Company  
(A Saudi Closed Joint Stock Company)

### **Introduction**

We have reviewed the accompanying interim statement of financial position of Bidaya Home Finance Company ("the Company") as of June 30, 2022, and the related interim statement of profit or loss and other comprehensive income for the three month and six month periods then ended and the related interim statements of changes in equity and cash flows for the six month period then ended, and other explanatory notes (collectively referred to as "the interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed 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 interim condensed 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" 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 the 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

### **Other matter**

The financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 6, 2022.

**Deloitte and Touche & Co.**

**Chartered Accountants**

P.O. Box 213

Riyadh 11411

Kingdom of Saudi Arabia



Mohammed Abdulrazzaq Morya

License No. 494

Muharram 4, 1444H

August 2, 2022



**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**  
(Expressed in '000 Saudi Riyals)

		30 June 2022	31 December 2021
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b><u>ASSETS</u></b>			
Cash at banks		385,759	50,084
Investments held at fair value through other comprehensive income ("FVOCI")		893	893
Ijara receivables, net	4	2,380,467	2,482,124
Deposits, prepayments and other receivables, net	5	79,900	81,953
Right-of-use asset, net		5,527	6,349
Intangible assets, net		9,208	8,776
Property and equipment, net		4,359	4,873
<b>Total assets</b>		<b>2,866,113</b>	<b>2,635,052</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
Financing facilities – secured	7	1,243,278	1,040,528
Sukuk	8	552,351	552,351
Lease liability		5,014	5,904
Accrued expenses and other liabilities	6	151,806	129,707
Zakat payable	9	-	948
Provision for employees' end of service benefits		4,220	4,400
<b>Total liabilities</b>		<b>1,956,669</b>	<b>1,733,838</b>
Share capital	10	900,000	900,000
Statutory reserves		7,409	6,586
Retained earnings / (accumulated losses)		2,035	(5,372)
<b>Total shareholders' equity</b>		<b>909,444</b>	<b>901,214</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,866,113</b>	<b>2,635,052</b>

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

		For the three-month period ended	For the three-month period ended	For the six-month period ended	For the six-month period ended
	<i>Notes</i>	<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
<b>REVENUE</b>					
Ijara income		40,328	36,087	79,585	71,204
Fee income		2,257	1,952	3,716	3,966
Servicing income		2,729	2,868	5,624	5,539
Gain on sale of portfolio		1,745	3,247	1,745	11,173
<b>Total revenue</b>		<u>47,059</u>	<u>44,154</u>	<u>90,670</u>	<u>91,882</u>
<b>OPERATING EXPENSES</b>					
General and administrative expenses	11	(19,055)	(16,831)	(36,170)	(33,596)
Selling and marketing expenses	12	(5,664)	(3,445)	(9,642)	(7,194)
Depreciation		(824)	(810)	(1,665)	(1,626)
Amortization		(539)	(585)	(1,041)	(1,173)
Finance charges		(15,164)	(11,302)	(28,636)	(23,447)
<b>Total operating expenses for the period</b>		<u>(41,246)</u>	<u>(32,973)</u>	<u>(77,154)</u>	<u>(67,036)</u>
<b>Operating profit for the period</b>		<u>5,813</u>	<u>11,181</u>	<u>13,516</u>	<u>24,846</u>
Charge for expected credit losses	4	(825)	(3,689)	(3,036)	(5,676)
Other income		-	1	-	7
Gains arising on modification of terms of financing facilities		-	-	-	1,052
<b>Profit before Zakat for the period</b>		<u>4,988</u>	<u>7,493</u>	<u>10,480</u>	<u>20,229</u>
Zakat charge for the period	9	(950)	(1,538)	(2,250)	(4,115)
<b>Profit after Zakat for the period</b>		<u>4,038</u>	<u>5,955</u>	<u>8,230</u>	<u>16,114</u>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>4,038</u>	<u>5,955</u>	<u>8,230</u>	<u>16,114</u>
<b>Earnings per share</b>	14	<u>0.04</u>	<u>0.07</u>	<u>0.09</u>	<u>0.18</u>

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
(Expressed in '000 Saudi Riyals)

	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Retained earnings/ (Accumulated losses)</b>	<b>Total</b>
Balance as at 1 January 2022	900,000	6,586	(5,372)	901,214
Profit for the period after Zakat	-	-	8,230	8,230
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	8,230	8,230
Transfer to statutory reserve	-	823	(823)	-
<b>Balance at 30 June 2022</b>	<b>900,000</b>	<b>7,409</b>	<b>2,035</b>	<b>909,444</b>
Balance at 1 January 2021	900,000	3,588	(32,356)	871,232
Profit for the period after zakat	-	-	16,114	16,114
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	16,114	16,114
Transfer to statutory reserve	-	1,611	(1,611)	-
<b>Balance at 30 June 2021</b>	<b>900,000</b>	<b>5,199</b>	<b>(17,853)</b>	<b>887,346</b>

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

  
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Chief Executive Officer

  
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Chief Financial Officer

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CASH FLOWS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
(Expressed in '000 Saudi Riyals)

	<b>For the six-month period ended 30 June 2022</b>	<b>For the six-month period ended 30 June 2021</b>
<b>Cash flows from operating activities:</b>		
Net profit before Zakat for the period	<b>10,480</b>	20,229
<i>Non-cash adjustments to reconcile net profit for the period before Zakat to net cash used in operating activities:</i>		
Depreciation	<b>1,665</b>	1,626
Amortization	<b>1,041</b>	1,173
Finance charges	<b>28,636</b>	23,447
Provision for employees' end of service benefits	<b>705</b>	690
Charge for expected credit losses	<b>3,036</b>	5,676
Profit on murabaha deposits	<b>-</b>	(7)
Gain on sale of portfolio	<b>(1,745)</b>	(11,173)
Gain arising on modification of terms of financing facilities	<b>-</b>	(1,052)
	<b>43,818</b>	40,609
<i>(Increase) / decrease in operating assets</i>		
Ijara receivables	<b>(250,279)</b>	(188,552)
Deposits, prepayments and other receivables	<b>2,328</b>	(109,227)
<i>Increase / (decrease) in operating liabilities</i>		
Accrued expenses and other liabilities	<b>22,099</b>	(179,032)
	<b>(182,034)</b>	(436,202)
Employees' end of service benefits paid	<b>(885)</b>	-
Finance charges paid	<b>(20,719)</b>	(20,359)
Zakat paid	<b>(3,473)</b>	(3,678)
<b>Net cash used in operating activities</b>	<b>(207,111)</b>	(460,195)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<b>(329)</b>	(1,246)
Purchase of intangible assets	<b>(1,473)</b>	(492)
Investment in murabaha deposits	<b>-</b>	(376,000)
Proceeds from maturity of murabaha deposits	<b>-</b>	376,007
<b>Net cash used in investing activities</b>	<b>(1,802)</b>	(1,731)
<b>Cash flows from financing activities</b>		
Proceeds from sale of Ijara receivables portfolio	<b>350,645</b>	387,808
Payment of lease liabilities	<b>(907)</b>	(907)
Proceeds from financing facilities – secured	<b>609,000</b>	638,000
Repayment of financing facilities - secured	<b>(414,150)</b>	(653,000)
Proceeds from issuance of sukuk	<b>-</b>	150,000
<b>Net cash generated from financing activities</b>	<b>544,588</b>	521,901
<b>Net increase in cash and cash equivalents</b>	<b>335,675</b>	59,931
Cash and cash equivalents at beginning of the period	<b>50,084</b>	25,667
<b>Cash and cash equivalents at end of the period</b>	<b>385,759</b>	85,598

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.

Chief Executive Officer

Chief Financial Officer

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

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**1. GENERAL INFORMATION**

Bidaya Home Finance Company (the "Company") is a Saudi closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration number 7009175717 issued in Riyadh on 25 Jumada II 1436H (corresponding to 14 April 2015). The Company was granted a full license by the Saudi Central Bank ("SAMA") to operate as a mortgage finance company vide license number 41/ش.ع /201512 dated 3 Rabi I 1437H (corresponding to 14 December 2015).

The objectives of the Company are to provide home financing to consumers for the purchase of homes (new homes, ready homes and off plan construction homes) and providing finance to home owners against security of their homes.

The registered office of the Company with its postal address is as follows:

Bidaya Home Finance Company  
20<sup>th</sup> Floor of Al Ebdaa Tower  
King Fahad Road  
P.O. Box 93898  
Riyadh 11683  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

**2.1 *Statement of compliance***

The interim condensed financial statements of the Company as at and for the period ended 30 June 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

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 annual financial statements as at and for the year ended 31 December 2021.

**2.2 *Basis of measurement***

These interim condensed financial statements have been prepared under the historical cost convention, except for equity investments which are measured at fair value through other comprehensive income (FVOCI).

**2.3 *Functional and presentation currency***

These interim condensed financial statements have been presented in Saudi Arabian Riyals (SAR), as it is the functional currency of the Company. Except as indicated, the financial information presented in SAR has been rounded-off to the nearest thousand.

**2.4 *New standards, interpretations and amendments adopted by the Company***

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 for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. 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 an impact on the interim condensed financial statements of the Company.

- *Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient:*  
As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession

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**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

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**2.4** *New standards, interpretations and amendments adopted by the Company (Continued)*  
as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. Effective annual periods beginning on or after 1 April 2021.

- *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 IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. Effective annual periods beginning on or after 1 January 2022.

**Accounting standards issued but not yet effective**

- *Amendments to IAS 1, Presentation of financial statements' on classification of liabilities:* These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment. Effective date is deferred until accounting periods starting not earlier than 1 January 2024.
- *Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8:* The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. Effective annual periods beginning on or after 1 January 2023.
- *Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction:* These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective annual periods beginning on or after 1 January 2023.
- *IFRS 17, 'Insurance contracts', as amended in June 2020:* This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. Effective annual periods beginning on or after 1 January 2023.
- *A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts:* The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. Effective annual periods beginning on or after January 1, 2023.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022 as disclosed in note 2 above.



**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
(Expressed in '000 Saudi Riyals)

**4. IJARA RECEIVABLES, NET**

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross Ijara receivables	3,825,039	4,073,228
Less: Unearned income	<b>(1,419,140)</b>	<b>(1,568,708)</b>
	2,405,899	2,504,520
Less: allowance for expected credit losses (ECL)	4.1 <b>(25,432)</b>	<b>(22,396)</b>
<b>Ijara receivables, net</b>	<b>2,380,467</b>	<b>2,482,124</b>

4.1 The movement in the allowance for expected credit losses for the period is as follows:

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Beginning balance	22,396	26,997
Charge for the period / year	3,036	2,256
Write-off during the period / year	-	<b>(6,857)</b>
<b>Closing balance</b>	<b>25,432</b>	<b>22,396</b>

The following table shows reconciliations from the opening to the closing balance of gross carrying amount and allowance for expected credit losses of Ijara receivables:

**Gross carrying amount**

	<b>30 June 2022 (Unaudited)</b>			
	<b>12 month ECL</b>	<b>Life time ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
Balance at 1 January 2022	2,246,580	83,647	174,293	2,504,520
Transfer to 12-month ECL	40,036	(40,036)	-	-
Transfer to lifetime ECL not credit impaired	(90,137)	90,137	-	-
Transfer to lifetime ECL-credit impaired	(11,989)	(8,197)	20,186	-
Financial assets derecognized during the period other than write-offs	(367,231)	(43,901)	(13,965)	(425,097)
New financial assets originated during the period	315,692	9,641	1,143	326,476
<b>Balance as at 30 June 2022</b>	<b>2,132,951</b>	<b>91,291</b>	<b>181,657</b>	<b>2,405,899</b>

	<b>31 December 2021 (Audited)</b>			
	<b>12 month ECL</b>	<b>Life time ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
Balance at 1 January 2021	2,195,931	38,269	171,872	2,406,072
Transfer to 12-month ECL	33,873	(6,342)	(27,531)	-
Transfer to lifetime ECL not credit impaired	(51,463)	59,320	(7,857)	-
Transfer to lifetime ECL-credit impaired	(42,116)	(14,801)	56,917	-
Financial assets derecognized during the year other than write-offs	(376,308)	-	(17,930)	(394,238)
New financial assets originated during the year	486,663	7,201	5,679	499,543
Write off during the period	-	-	<b>(6,857)</b>	<b>(6,857)</b>
<b>Balance as at 31 December 2021</b>	<b>2,246,580</b>	<b>83,647</b>	<b>174,293</b>	<b>2,504,520</b>

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

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

**Allowance for expected credit losses**

	30 June 2022 (Unaudited)			
	12 month	Life time	Lifetime	Total
	ECL	ECL not credit impaired	ECL credit impaired	
Balance at 1 January 2022	1,080	1,905	19,411	22,396
Transfer to 12-month ECL	243	(243)	-	-
Transfer to lifetime ECL not credit impaired	(1,331)	1,331	-	-
Transfer to lifetime ECL credit impaired	(960)	(677)	1,637	-
Net charge (reversal) for the period	6,095	(137)	(2,922)	3,036
Balance as at 30 June 2022	5,127	2,179	18,126	25,432
	31 December 2021 (Audited)			
	12 month	Life time	Lifetime	Total
	ECL	ECL not credit impaired	ECL credit impaired	
Balance at 1 January 2021	849	687	25,461	26,997
Transfer to 12-month ECL	75	(3)	(72)	-
Transfer to lifetime ECL not credit impaired	(1,151)	1,362	(211)	-
Transfer to lifetime ECL credit impaired	(2,068)	(534)	2,602	-
Write off during the year	-	-	(6,857)	(6,857)
Net charge (reversal) for the year	3,375	393	(1,512)	2,256
Balance as at 31 December 2021	1,080	1,905	19,411	22,396

**5. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES, NET**

		30 June 2022 (Unaudited)	31 December 2021 (Audited)
VAT rebate and servicing fees receivable from Ministry of Housing, net	<i>5.1</i>	51,565	49,899
Other receivables, net	<i>5.2</i>	13,229	14,664
Deferred sales commission		8,829	9,257
Prepayments		5,912	7,788
Deposits		365	345
		<b>79,900</b>	<b>81,953</b>

5.1 This includes the receivable from Ministry of Housing (MOH) against the VAT paid by the Company on the portion of Ijarah financing originated subject to VAT relief for first home buyers. This includes provision charge for expected credit losses amounting to SAR 4.5 million (31 December 2021: SAR 4.5 million).

5.2 Other receivables are net of allowance for expected credit losses amounting to SAR 3.99 million (31 December 2021: SAR 3.99 million) against costs recoverable from Real Estate Development Fund (REDF).

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

5.3

**6. ACCRUED EXPENSES AND OTHER LIABILITIES**

		30 June 2022	31 December 2021
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
Payable to Ministry of Housing (MOH)	6.1	92,045	83,960
Accounts payable		28,304	5,980
Accrued expenses		18,263	23,200
Deferred commission income		9,137	10,118
Down-payment against Ijara financing	6.2	3,638	4,449
Directors' remuneration and meeting expenses		419	2,000
		<b>151,806</b>	<b>129,707</b>

6.1 This represents the balance payable to MOH against the financing of the purchase of real estate properties for Ijara customers.

6.2 This pertains to down-payments received by the Company against Ijara financing not executed as at the reporting date.

**7. FINANCING FACILITIES – SECURED**

This represents utilized financing obtained from banks based in the Kingdom of Saudi Arabia amounting to SAR 838 million (2021: SAR 640 million) and Saudi Real Estate Refinance Company ("SRC") amounting to SAR 405 million (2021: SAR 401 million). These financings are secured by the assignment of proceeds from certain Ijara receivables and pledge of title deeds of underlying real estate assets. These financings are revolving in nature and carry markup at commercial market rates.

**8. SUKUK**

As at 30 June 2022, the Company has unsecured non-convertible unlisted sukuk outstanding amounting to SAR 552 million (2021: SAR 552 million) carrying a profit at agreed fixed rates payable quarterly. Out of the total principal amount of sukuk of SAR 550 million, SAR 100 million will mature in 2022 and the remaining SAR 450 million will mature in 2023.

**9. ZAKAT**

During the six-month period ended 30 June 2022, the Company has made a Zakat provision of SAR 2.2 million (30 June 2021: SAR 4.11 million). The provision of Zakat and income tax is estimated based on the respective interim financial position of the Company as at 30 June 2022 and the results of its operations for the six months then ended. No significant changes in the Company's Zakat assessments to those discussed in the Company's annual financial statements for the year ended December 31, 2021.

**10. SHARE CAPITAL**

As at 30 June 2022, the authorised, issued and fully paid-up share capital of the Company was SAR 900 million (31 December 2021: SAR 900 million) divided into 90 million shares (31 December 2021: 90 million shares) with a nominal value of SAR 10 each, as follows:

<u>Name of shareholders</u>	<u>Number of shares '000</u>	<u>Holding Percentage (%)</u>	<u>Amount SAR'000</u>
Public Investment Fund	20,000	22.2	200,000
Islamic Corporation for the Development of the Private Sector	18,000	20.0	180,000
Rashed & his Partner's for Development (RECO)	15,300	17.0	153,000
Manafea International	10,000	11.1	100,000
The Arab Investment Company	10,000	11.1	100,000
Al Othaim Holding	10,000	11.1	100,000
El Khereji Investments Company	3,200	3.6	32,000
Mohammad Bin AbdulAziz Al Rahji & Sons	2,000	2.2	20,000
Jawahir Investment Company	1,500	1.7	15,000
	<b>90,000</b>	<b>100</b>	<b>900,000</b>

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

**11. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the six-month period ended 30 June 2022 (Unaudited)</b>	<b>For the six-month period ended 30 June 2021 (Unaudited)</b>
Salaries and employee related expenses	21,865	18,557
Repairs and maintenance and other expenses	7,635	7,598
IT expenses	2,682	3,233
Professional fees	2,440	2,770
Directors' remuneration and meeting expenses	1,100	978
Rent and premises related expenses	448	460
	<b>36,170</b>	<b>33,596</b>

**12. SELLING AND MARKETING EXPENSES**

	<b>For the six-month period ended 30 June 2022 (Unaudited)</b>	<b>For the six-month period ended 30 June 2021 (Unaudited)</b>
Financed property evaluation and Takaful	4,268	2,387
Salaries and employee related expenses	3,931	3,819
Advertising and marketing expenses	1,443	988
	<b>9,642</b>	<b>7,194</b>

**13. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Company include the shareholders and their affiliated entities and certain 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 includes the Chief Executive Officer ("CEO") and the personnel directly reporting to the CEO.

The amount of compensation recorded in favor of or paid to the Board of Directors and the executive management personnel during the period are as follows:

<u>Name of related parties</u>	<u>Nature of transactions</u>	<b>Amount of transactions for the six-month period ended 30 June 2022 (Unaudited)</b>	<b>Amount of transactions for the six-month period ended 30 June 2021 (Unaudited)</b>
<b>Key Management Personnel</b>	Salaries and benefits	5,082	3,533
	Provision for end of service benefits	339	99
	Directors' remuneration and meeting expenses	1,100	978

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

**13. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

Name of related parties	Nature of transactions	Balance at	Balance at
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
Key Management Personnel	Provision for end of service benefits	1,995	1,656
	Directors' remuneration and meeting expenses	419	2,000

**14. EARNINGS PER SHARE**

Earnings per share for the six-month period ended June 30, 2022 and 2021 is calculated by dividing profit for the period attributable to equity holders by the weighted average number of shares (i.e. 90 million shares) in issue during the respective period then ended.

**15. COMMITMENTS AND CONTINGENCIES**

The Company has facilities approved but not utilized, indicative offers issued which are under consideration of the customers and due diligence in progress as of the reporting date which have the potential to convert into financing, amounting to SAR 0.873 million (31 December 2021: SAR 33.34 million).

At the end of the period, the Company has commitments of SAR 255.12 million against forward Ijara tranches payable to the developers of the properties (31 December 2021: SAR 274.57 million). The commitments fall due in tranches as the developers of each of the properties complete pre-agreed phases of the construction. The period over which the properties are constructed, and hence the period over which the committed tranches fall due, is approximately two years.

**16. FAIR VALUES 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 of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, investments held at FVOCI, Ijara receivables, and deposits and other receivables. Financial liabilities consist of financing facilities, sukuk, and other liabilities.

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: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The fair values of the financial assets and liabilities are as follows:

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

**16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

		<b>30 June 2022 (Unaudited)</b>				
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b><u>Financial assets measured at fair value</u></b>						
Investments held at FVOCI	893	-	-	893	893	
<b>31 December 2021 (Audited)</b>						
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b><u>Financial assets measured at fair value</u></b>						
Investments held at FVOCI	893	-	-	893	893	
<b>30 June 2022 (Unaudited)</b>						
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b><u>Financial assets not measured at fair value</u></b>						
Ijara receivables	2,405,899	-	-	2,287,721	2,287,721	
	2,405,899	-	-	2,287,721	2,287,721	
<b>31 December 2021 (Audited)</b>						
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b><u>Financial assets not measured at fair value</u></b>						
Ijara receivables	2,504,520	-	-	2,148,805	2,148,805	
	2,504,520	-	-	2,148,805	2,148,805	
<b>30 June 2022 (Unaudited)</b>						
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b><u>Financial liabilities not measured at fair value</u></b>						
Sukuk	552,351	-	-	556,234	556,234	
	552,351	-	-	556,234	556,234	
<b>31 December 2021 (Audited)</b>						
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b><u>Financial liabilities not measured at fair value</u></b>						
Sukuk	552,351	--	--	552,351	552,351	
	552,351	--	--	552,351	552,351	

The fair value of Ijara receivables is based on actual cash flows discounted by the average period end internal rate of return, and is not evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, hence the fair value of Ijara receivables is classified under level 3. The fair value of Sukuk is based on actual cash flows discounted by the current market rate.

The carrying amounts of remaining financial assets and liabilities approximate the fair value as at 31 June 2022 and 31 December 2021.

During the six-month period ended 30 June 2022, there were no transfers in to or out of Level 3.

**BIDAYA HOME FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**  
**(Expressed in '000 Saudi Riyals)**

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**17. COMPARATIVE INFORMATION**

Certain prior period figures have been reclassified to conform with current period presentation, which are not material in nature to the financial statements.

**18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were approved for issue by the Board of Directors' on 27 July 2022 (corresponding to 28 Dhul-Hijjah1443).