

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Condensed Interim Financial Statements
(Unaudited)
For the three-month period ended
31 March 2022



KPMG Professional Services

Riyadh Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarters

Commercial Registration No. 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد 92876
الرياض 11663
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم 1010425494

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

To the Shareholders of Bidaya Home Finance Company

Introduction

We have reviewed the accompanying condensed interim financial statements of Bidaya Home Finance Company (the "Company"), which comprises:

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

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with 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 condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

KPMG Professional Services



Kholoud A. Mousa Altambakti
License No: 421

Al Riyadh: 27 Ramadan 1443H
Corresponding to: 28 April 2022



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia, with paid-up capital of SAR 25,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants"). A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (25,000,000) ريال سعودي مدفوع بالكامل، الممثلة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Saudi Arabian Riyals in '000)
As at 31 March 2022

		31 March 2022	31 December 2021
	<i>Notes</i>	(Unaudited)	(Audited)
<u>ASSETS</u>			
Cash and cash equivalents		91,513	50,084
Investments held at fair value through other comprehensive income ("FVOCI")		893	893
Ijara receivables, net	4	2,610,642	2,482,124
Deposits, prepayments and other receivables	5	82,513	82,876
Right-of-use asset		5,940	6,349
Intangible assets, net		9,356	8,776
Property and equipment, net		4,647	4,873
Total assets		<u>2,805,504</u>	<u>2,635,975</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Financing facilities – secured	7	1,175,500	1,036,000
Sukuk	8	550,000	550,000
Lease liability		5,156	5,904
Accrued expenses and other current liabilities	6	162,674	137,509
Accrued Zakat		2,249	948
Provision for employees' end of service benefits		4,519	4,400
Total liabilities		<u>1,900,098</u>	<u>1,734,761</u>
Share capital	10	900,000	900,000
Statutory reserves		7,005	6,586
Accumulated losses		(1,599)	(5,372)
Total Shareholders' equity		<u>905,406</u>	<u>901,214</u>
Total liabilities and shareholders' equity		<u>2,805,504</u>	<u>2,635,975</u>

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

Chief Executive Officer

Chief Financial Officer

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

	<i>Notes</i>	For the three-month period ended 31 March 2022	For the three-month period ended 31 March 2021
REVENUE			
Ijara income		39,257	35,117
Fee income		1,459	2,014
Servicing income		2,895	2,671
Gain on sale of portfolio		--	7,926
Total revenue		43,611	47,728
OPERATING EXPENSES			
General and administrative expenses	11	(17,115)	(16,765)
Selling and marketing expenses	12	(3,978)	(3,749)
Depreciation		(841)	(816)
Amortization		(502)	(588)
Impairment charge for credit losses		(2,211)	(1,987)
Finance charges		(13,472)	(12,145)
Total operating expenses for the period		(38,119)	(36,050)
Operating profit for the period		5,492	11,678
Profit on murabaha deposits		--	6
Gain arising on modification of terms of financing facilities		--	1,052
Net profit for the period before Zakat		5,492	12,736
Zakat charge for the period	9	(1,300)	(2,577)
Net profit for the period after Zakat		4,192	10,159
Other comprehensive income		--	--
Total comprehensive income for the period		4,192	10,159
Earnings per share	14	0.05	0.11

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

Chief Executive Officer

Chief Financial Officer

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

	Share capital	Statutory reserve	Accumulated losses	Total
Balance as at 1 January 2022	900,000	6,586	(5,372)	901,214
Net profit for the period after Zakat	--	--	4,192	4,192
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	--	--	4,192	4,192
Transfer to statutory reserve	--	419	(419)	--
Balance at 31 March 2022	900,000	7,005	(1,599)	905,406
Balance at 1 January 2021	900,000	3,588	(32,356)	871,232
Net profit for the year after zakat	--	--	10,159	10,159
Other comprehensive income	--	--	--	--
Total comprehensive income for the year	--	--	10,159	10,159
Transfer to statutory reserve	--	1,016	(1,016)	--
Balance at 31 March 2021	900,000	4,604	(23,213)	881,391

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

Chief Executive Officer

Chief Financial Officer

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

	For the three-month period ended 31 March 2022	For the three-month period ended 31 March 2021
Cash flows from operating activities:		
Net profit for the period before Zakat	5,492	12,736
<i>Non-cash adjustments to reconcile net profit for the period before Zakat to net cash used in operating activities:</i>		
Depreciation	841	816
Amortization	502	588
Finance charges	13,472	12,145
Provision for employees' end of service benefits	299	313
Impairment charge for credit losses	2,211	1,987
Profit on murabaha deposits	--	(6)
Gain on sale of portfolio	--	(7,926)
Gain arising on modification of terms of financing facilities	--	(1,052)
	22,817	19,601
<i>(Increase) / decrease in operating assets</i>		
Ijara receivables	(130,729)	(102,659)
Deposits, prepayments and other receivables	363	4,160
<i>Increase / (decrease) in operating liabilities</i>		
Accrued expenses and other current liabilities	21,488	(186,713)
	(86,061)	(265,611)
Employees' end of service benefits paid	(180)	--
Finance charges paid	(9,636)	(8,024)
Profit on murabaha deposits received	--	6
Net cash used in operating activities	(95,876)	(273,629)
Cash flows from investing activities		
Purchase of property and equipment	(206)	(347)
Purchase of intangible assets	(1,082)	(306)
Placement in murabaha deposits	--	(311,000)
Proceeds from maturity of murabaha deposits	--	311,000
Net cash used in investing activities	(1,288)	(653)
Cash flows from financing activities		
Proceeds from sale of portfolio	--	260,648
Payment of lease liabilities	(906)	(907)
Proceeds from financing facilities – secured	404,000	270,000
Payment of financing facilities - secured	(264,500)	(385,000)
Proceeds from issuance of sukuk	--	150,000
Net cash generated from financing activities	138,594	294,741
Net increase in cash and cash equivalents	41,429	20,459
Cash and cash equivalents at beginning of the year	50,084	25,667
Cash and cash equivalents at end of the year	91,513	46,126

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

Chief Executive Officer

Chief Financial Officer

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

1. THE COMPANY AND THE NATURE OF OPERATIONS

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 No. 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 wide license number 41/ع ش/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
20th Floor of Ibdeh Tower
King Fahad Road
P.O. Box 93898
Riyadh 11683
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

The condensed interim financial statements of the Company as at and for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard ("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 condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2021.

2.2 *Basis of measurement*

These condensed interim financial statements have been prepared under the historical cost convention, modified to include the measurement at fair value of investments held at FVOCI.

2.3 *Functional and presentation currency*

These condensed interim 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 *Order of liquidity*

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021.

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

4. IJARA RECEIVABLES, NET

	31 March 2022	31 December 2021
<i>Notes</i>	(Unaudited)	(Audited)
Gross Ijara receivables	4,224,327	4,073,228
Less: Unearned income	(1,589,078)	(1,568,708)
	2,635,249	2,504,520
Less: Impairment allowance for credit losses	(24,607)	(22,396)
Ijara receivables, net	2,610,642	2,482,124

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

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Beginning balance	22,396	26,997
Charge for the period / year	2,211	2,256
Write-off during the period / year	-	(6,857)
Closing balance	24,607	22,396

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

Gross carrying amount

	31 March 2022 (Unaudited)			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2022	2,246,580	83,647	174,293	2,504,520
Transfer to 12-month ECL	49,388	(37,852)	(11,536)	--
Transfer to lifetime ECL not credit impaired	(35,238)	39,248	(4,010)	--
Transfer to lifetime ECL-credit impaired	(4,560)	(11,239)	15,799	--
Financial assets derecognized during the period other than write-offs	(20,076)	(4,920)	(4,002)	(28,998)
New financial assets originated during the period	157,025	2,702	--	159,727
Balance as at 31 March 2022	2,393,119	71,586	170,544	2,635,249

	31 December 2021 (Audited)			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
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	--	--	(6,857)	(6,857)
Balance as at 31 December 2021	2,246,580	83,647	174,293	2,504,520

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

4. IJARA RECEIVABLES, NET (CONTINUED)

Loss allowance

	31 March 2022 (Unaudited)			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2022	1,080	1,905	19,411	22,396
Transfer to 12-month ECL	193	(173)	(20)	--
Transfer to lifetime ECL not credit impaired	(1,274)	1,453	(179)	--
Transfer to lifetime ECL credit impaired	(166)	(370)	536	--
Net charge for the period	3,135	(120)	(804)	2,211
Balance as at 31 March 2022	2,968	2,695	18,944	24,607

	31 December 2021 (Audited)			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2020	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 for the year	3,375	393	(1,512)	2,256
Balance as at 31 December 2020	1,080	1,905	19,411	22,396

5. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Deposits	365	345
Prepayments	7,210	7,788
Deferred sales commission	10,220	9,257
VAT rebate and servicing fees receivable from Ministry of Housing	50,394	49,899
Other receivables, net	14,324	15,587
	82,513	82,876

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 include provision charge 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 CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)

For the three-month period ended 31 March 2022

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>Notes</i>	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Accounts payable		41,022	12,859
Down payment against Ijara financing	6.1	3,241	4,449
Accrued expenses		21,836	23,200
Directors' remuneration and meeting expenses		2,487	2,000
Deferred commission income		9,869	10,118
Payable to Ministry of Housing (MOH)	6.2	83,766	83,960
VAT payable to Zakat, Tax, and Customs Authority ("ZATCA")		453	923
		162,674	137,509

6.1 This pertains to down payment received by the Company against Ijara financing not executed as at the period end.

6.2 This represents balance payable to MOH in relation to purchase of properties which are financed to Ijara receivable customers.

7. FINANCING FACILITIES – SECURED

This represents financing obtained from banks based in the Kingdom of Saudi Arabia amounting to SAR 775.5 million (2021: SAR 636 million) and Saudi Real Estate Refinance Company ("SRC") amounting to SAR 400 million (2021: SAR 400 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 31 March 2022, the Company has unsecured non-convertible unlisted sukuk issued amounting to SAR 550 million (2021: SAR 550 million) carrying a profit at agreed fixed rates payable quarterly. Out of the total amount of sukuk of SAR 550 million, SAR 300 million will mature in 2022 and the remaining SAR 250 million will mature in 2023

9. ZAKAT

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat expense is charged to the condensed interim statement of profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to Zakat. During the three-month period ended 31 March 2022, the Company has made a Zakat provision of SAR 1.3 million (31 March 2021: SAR 2.58 million).

10. SHARE CAPITAL

As at 31 March 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
	90,000	100	900,000

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

11. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 31 March 2022	For the three-month period ended 31 March 2021
	(Unaudited)	(Unaudited)
Salaries and employee related expenses	10,490	9,035
Professional fees	954	1,359
Rent and premises related expenses	194	185
Directors' remuneration and meeting expenses	503	488
IT expenses	1,500	1,745
Repairs and maintenance and other expenses	3474	3,953
	17,115	16,765

12. SELLING AND MARKETING EXPENSES

	For the three-month period ended 31 March 2022	For the three-month period ended 31 March 2021
	(Unaudited)	(Unaudited)
Advertising and marketing expenses	627	452
Salaries and employee related expenses	1,302	2,218
Financed property evaluation and Takaful	2,049	1,079
	3,978	3,749

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. Entity under common management has the Chairman of the Board who is the CEO of the Company.

The significant transactions with related parties during the period and the related balances are as follows:

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>	Amount of transactions for the three-month period ended 31 March 2022	Amount of transactions for the three-month period ended 31 March 2021
		(Unaudited)	(Unaudited)
Key Management Personnel	Salaries and benefits	1,425	1,824
	Provision for end of service benefits	77	115
	Directors' remuneration and meeting expenses	503	488
		2,005	2,427

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

13. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

<u>Name of related parties</u>	<u>Nature of transactions</u>	Balance at 31 March 2022 (Unaudited)	Balance at 31 December 2021 (Audited)
Key Management Personnel	Provision for end of service benefits	865	1,656
	Directors' remuneration and meeting expenses	2,487	2,000

13. EARNINGS PER SHARE

Earnings per share for the period is calculated by dividing net profit for the period after zakat by the weighted average number of shares (90 million shares) in issue during the period.

14. COMMITMENTS

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 30.58 million (31 December 2021: SAR 33.34 million).

At the end of the period, the Company has commitments of SAR 198.12 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.

15. 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 accrued expenses and other current 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 CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

		31 March 2022 (Unaudited)				
		Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>						
Investments held at FVOCI	893	--	--	893	893	
		31 December 2021 (Audited)				
		Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>						
Investments held at FVOCI	893	--	--	893	893	
		31 March 2022 (Unaudited)				
		Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets not measured at fair value</u>						
Cash and cash equivalents	91,513	91,513	--	--	91,513	
Ijara receivables	2,635,249	--	--	2,769,319	2,769,319	
Deposits and other receivables	61,986	--	--	61,986	61,986	
	2,788,748	91,513	--	2,831,305	2,922,818	
		31 December 2021 (Audited)				
		Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets not measured at fair value</u>						
Cash and bank balance	50,084	50,804	--	--	50,804	
Ijara receivables	2,504,520	--	--	2,398,413	2,398,413	
Deposits and other receivables	62,373	--	--	92,632	92,632	
	2,616,977	50,804	--	2,491,045	2,541,849	
		31 March 2022 (Unaudited)				
		Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities not measured at fair value</u>						
Financing facilities – secured	1,175,000	--	--	1,175,000	1,175,000	
Sukuk	550,000	--	--	535,710	535,710	
Lease liability	5,156	--	--	5,156	5,156	
Accrued expenses and other current liabilities	152,352	--	--	152,352	152,352	
	1,882,508	--	--	1,868,218	1,868,218	
		31 December 2021 (Audited)				
		Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities not measured at fair value</u>						
Financing facilities - secured	1,036,000	--	--	1,036,000	1,036,000	
Sukuk	550,000	--	--	556,927	556,927	
Lease liability	5,904	--	--	5,904	5,904	
Accrued expenses and other current liabilities	126,468	--	--	126,468	126,468	
	1,718,372	--	--	1,725,299	1,725,299	

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the three-month period ended 31 March 2022

16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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 carrying amounts of remaining financial assets and liabilities approximate the fair value except for Sukuk which is calculated based on actual cash flows discounted by the current market rate.

During the three-month period ended 31 March 2022, there were no transfers into or out of Level 3.

17. SEGMENT INFORMATION

The Company's objective is to provide financing for real estate leases in the Kingdom of Saudi Arabia. All assets, liabilities and operations as reflected in the condensed interim statement of financial position and condensed interim statement of profit or loss and other comprehensive income belongs to the real estate financing segment.

18. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved for issue by the Board of Directors' on 27 April 2022 (corresponding to 26 Ramadan 1443).