

**YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)**

**Unaudited Interim Condensed Financial Statements
and Independent Auditor's Review Report
For the nine-month period ended September 30, 2021**

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
Unaudited Interim Condensed Financial Statements
For the nine-month period ended September 30, 2021

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Report on review of interim condensed financial statements

To the Shareholders of YANAL Finance Company
(Formerly "Saudi ORIX Leasing Company")
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying interim statement of financial position of YANAL Finance Company (Formerly "Saudi ORIX Leasing Company") (A Saudi Closed Joint Stock Company) (the "Company") as of September 30, 2021 and the related interim statements of income and other comprehensive income for the three-month and nine-month periods then ended, and the interim statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard No. 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 International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

A handwritten signature in blue ink, consisting of a large, stylized 'B' and several horizontal strokes, written over the printed name.

Bader I. Benmohareb
License Number 471

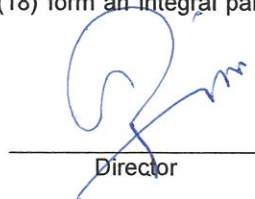
October 27, 2021

YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	As at September 30, 2021 (Unaudited)	As at December 31, 2020 (Audited)
Assets			
Non-current assets:			
Property and equipment		632,369	663,645
Intangible assets		186,120	238,476
Equity investment designated at fair value through other comprehensive income ("FVOCI")		892,850	892,850
Net investment in finance leases	4	344,597,247	451,966,235
Net investment in murabaha finance	5	216,929,260	143,560,678
		<u>563,237,846</u>	<u>597,321,884</u>
Current assets:			
Current maturity of net investment in finance leases	4	606,250,395	459,942,586
Current maturity of net investment in murabaha finance	5	133,315,866	60,100,542
Advances, prepayments and other receivables	6	34,014,417	29,061,510
Term deposits	7	-	202,000,000
Cash and cash equivalents	7	108,204,969	62,523,908
		<u>881,785,647</u>	<u>813,628,546</u>
Total assets		<u>1,445,023,493</u>	<u>1,410,950,430</u>
Equity and liabilities			
Equity:			
Share capital		550,000,000	550,000,000
Statutory reserve		86,757,029	86,757,029
Retained earnings		247,014,056	215,364,948
Total equity		<u>883,771,085</u>	<u>852,121,977</u>
Liabilities			
Non-current liabilities:			
Long-term loans, grants and lease liability	8	266,010,219	262,339,144
Zakat and income tax	12	5,265,684	5,265,684
Employees' end of service benefits (EOSB)		20,625,757	19,607,328
		<u>291,901,660</u>	<u>287,212,156</u>
Current liabilities:			
Current maturity of long-term loans, grants and lease liability	8	194,531,145	200,169,556
Accounts payable		31,068,883	32,736,405
Zakat and income tax	12	11,074,688	4,581,892
Accrued expenses and other liabilities	9	32,676,032	34,128,444
		<u>269,350,748</u>	<u>271,616,297</u>
Total liabilities		<u>561,252,408</u>	<u>558,828,453</u>
Total equity and liabilities		<u>1,445,023,493</u>	<u>1,410,950,430</u>

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director

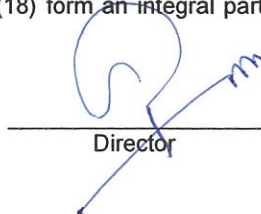

Chief Financial Officer

YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF INCOME – UNAUDITED
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	For the three-month ended		For the nine-month ended	
		September 30		September 30	
		2021	2020	2021	2020
REVENUE	10	34,083,401	25,735,316	108,583,881	78,073,645
EXPENSES					
Special commission expense	8.2	(6,173,231)	(3,775,854)	(19,525,295)	(7,956,120)
Expected credit losses ("ECL") on financial assets	4.2, 5.2	(1,676,578)	(6,474,475)	(4,994,886)	(18,151,341)
Modification loss	4.3, 5.3	(6,680,152)	(15,785,260)	(20,103,705)	(44,621,545)
Government grant income	6, 8.1	4,733,162	7,429,818	22,549,451	36,266,103
Salaries and employee related expenses		(9,854,906)	(8,902,854)	(29,166,397)	(27,736,110)
General and administrative expenses	11	(2,510,166)	(2,671,247)	(6,593,894)	(9,035,738)
Depreciation and amortization		(76,113)	(528,847)	(223,511)	(1,632,307)
Total expenses		(22,237,984)	(30,708,719)	(58,058,237)	(72,867,058)
Income / (loss) for the period before zakat and income tax		11,845,417	(4,973,403)	50,525,644	5,206,587
Zakat expense	12	(1,709,889)	717,912	(7,298,559)	(966,401)
Income tax expense	12	(1,068,208)	4,969,069	(3,852,874)	3,575,361
Total zakat and income tax expense		(2,778,097)	5,686,981	(11,151,433)	2,608,960
Income for the period after zakat and income tax		9,067,320	713,578	39,374,211	7,815,547
Earnings per share - basic and diluted	13	0.16	0.01	0.72	0.14

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director


Chief Financial
Officer


YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED
(All amounts are in Saudi Riyals unless stated otherwise)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021	2020	2021	2020
Income for the period after zakat and income tax	9,067,320	713,578	39,374,211	7,815,547
Other comprehensive income				
<i>Items that will not be reclassified to statement of income in subsequent periods</i>				
Actuarial gain / (loss) on employees' end of service benefits	200,663	179,919	524,897	(7,997)
Total comprehensive income for the period	9,267,983	893,497	39,899,108	7,807,550

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.



Chief Executive Officer



Director



Chief Financial
Officer


YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,
(All amounts are in Saudi Riyals unless stated otherwise)

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance as at December 31, 2019 (Audited)	550,000,000	85,349,990	239,187,449	874,537,439
Total comprehensive income:				
Income for the period after zakat and income tax	-	-	7,815,547	7,815,547
Other comprehensive loss	-	-	(7,997)	(7,997)
	-	-	7,807,550	7,807,550
Dividends paid (Note 17)	-	-	(36,915,406)	(36,915,406)
Balance as at September 30, 2020 (Unaudited)	550,000,000	85,349,990	210,079,593	845,429,583
Balance as at December 31, 2020 (Audited)	550,000,000	86,757,029	215,364,948	852,121,977
Total comprehensive income:				
Income for the period after zakat and income tax	-	-	39,374,211	39,374,211
Other comprehensive income	-	-	524,897	524,897
	-	-	39,899,108	39,899,108
Dividends paid (Note 17)	-	-	(8,250,000)	(8,250,000)
Balance as at September 30, 2021 (Unaudited)	550,000,000	86,757,029	247,014,056	883,771,085

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.



Chief Executive Officer



Director

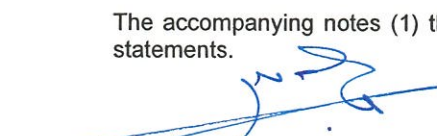


Chief Financial Officer


YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income for the period before zakat and income tax		50,525,644	5,206,587
Adjustments for non-cash items:			
Depreciation of property and equipment		171,155	1,555,884
Amortization of intangible assets		52,356	76,423
Government grant, net		(5,442,788)	(29,205,090)
Special commission expense		19,525,295	7,956,120
ECL allowance on financial assets	4.2 & 5.2	4,994,886	18,151,341
Gain on disposal of property and equipment		(9,213)	(4,762)
		<u>69,817,335</u>	<u>3,736,503</u>
Changes in operating assets and liabilities:			
Net investment in finance leases		(43,403,700)	23,662,682
Net investment in murabaha finance		(147,113,913)	(30,238,166)
Advances, prepayments and other receivables		(5,828,811)	(7,261,351)
Employees' end of service benefits, net		1,543,326	1,875,333
Accounts payable		(1,667,522)	13,502,352
Accrued expenses and other liabilities		(20,114,464)	(5,020,988)
Zakat and Income tax paid		(3,959,681)	(9,447,175)
Net cash used in operating activities		<u>(150,727,430)</u>	<u>(9,190,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of term deposits		202,000,000	-
Purchase of investment in term deposits		-	(165,000,000)
Additions to property, equipment and intangible assets		(139,879)	(256,221)
Proceeds from disposal of property and equipment		9,213	4,762
Net cash generated from / (used in) investing activities		<u>201,869,334</u>	<u>(165,251,459)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		40,000,000	20,000,000
Proceeds from profit-free SAMA deposit	8.1	128,122,577	178,400,000
Repayments of loans and lease liabilities		(71,450,511)	(7,314,704)
Repayment of profit free SAMA deposit		(95,171,973)	-
Special commission and other bank charges paid		(1,343,778)	(445,107)
Dividends paid, net of zakat and income tax recovered		(5,617,158)	(16,772,254)
Net cash (used in) / generated from financing activities		<u>(5,460,843)</u>	<u>173,867,935</u>
Net increase / (decrease) in cash and cash equivalents		45,681,061	(574,334)
Cash and cash equivalents at the beginning of the period		62,523,908	9,840,190
Cash and cash equivalents at the end of the period	7	<u>108,204,969</u>	<u>9,265,856</u>

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.



Chief Executive Officer



Director



Chief Financial Officer

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)

(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 (Unaudited)

(All amounts are in Saudi Riyals unless stated otherwise)

1. GENERAL INFORMATION

YANAL Finance Company (Formerly "Saudi ORIX Leasing 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 1010163957 issued in Riyadh on Shawal 21, 1421H (corresponding to January 16, 2001), non-industrial license number 99 dated Safar 27, 1421H (corresponding to May 31, 2000) issued by the Ministry of Commerce license number 7/A Sh/201403 dated 27 /04/ 1435H (corresponding to February 27, 2014) issued by the Saudi Central Bank ("SAMA"), through its five branches (December 31, 2020: five branches) in the Kingdom of Saudi Arabia.

The Company's head office is located in Riyadh at the following address:

YANAL Finance Company (Formerly "Saudi ORIX Leasing Company")
7690, Al Madhar – As Sulimaniyah
Unit no. 1
Riyadh 12621 – 2692
Kingdom of Saudi Arabia

The Company has the following branches:

Branch commercial registration number	Date	Location
2050046083	Jamada Awal 9, 1425H	Dammam
4030150057	Jamada Awal 9, 1425H	Jeddah
2055013067	Rabi-Al-Awwal 9, 1432H	Jubail
5855036378	Rabi-Al-Awwal 9, 1432H	Khamis Mushait
4031090240	Rabi-Al-Thanni 26, 1436H	Makkah

The results, assets and liabilities of the branches are included in these interim condensed financial statements.

The objective of the Company is to provide lease financing for movable and immovable assets and murabaha financing to all economic sectors in the Kingdom of Saudi Arabia.

These interim condensed financial statements have been reviewed, not audited.

2. BASIS OF PREPARATION

- 2.1** The interim condensed financial statements of the Company as at and for the period ended September 30, 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").
- 2.2** The interim condensed financial statements do not include all information and disclosure required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended December 31, 2020.
- 2.3** The Company has not early adopted any new standards, interpretation or amendments that have been issued but which are not yet effective. There are no new standard or interpretation effective after January 1, 2021 have significant impact on the Company's interim condensed financial statements.
- 2.4** The accounting and risk management policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2020.

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The interim results may not represent a proper indication of the annual results of operations. In preparing these interim condensed financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the statutory financial statements as at and for the year ended December 31, 2020. During the nine-month period ended September 30, 2021, there is no significant impact of COVID-19 on the Company's financial position and performance except as related to government grant and modification losses related to deferment of finance lease and murabaha receivables as per the SAMA program.

4. NET INVESTMENT IN FINANCE LEASES

4.1 Reconciliation between gross and net investment in finance leases is as follows:

		September 30, 2021	December 31, 2020
	Note	(Unaudited)	(Audited)
Lease receivables		1,293,410,138	1,275,719,150
Residual value		662,240,766	624,157,280
Gross investment in finance leases		1,955,650,904	1,899,876,430
Non-refundable security deposits		(655,201,819)	(617,105,213)
Prepaid lease rentals		(56,246,039)	(56,201,514)
Net receivables		1,244,203,046	1,226,569,703
Unearned lease finance income		(128,719,711)	(151,028,776)
Sub-total		1,115,483,335	1,075,540,927
Modification loss	4.3	(67,771,002)	(50,834,797)
Income on modified finance lease	10	34,001,889	13,825,982
		(33,769,113)	(37,008,815)
Net investment in finance leases		1,081,714,222	1,038,532,112
Expected credit loss ("ECL") on investment in finance leases	4.2	(130,866,580)	(126,623,291)
		950,847,642	911,908,821
Current maturity		(606,250,395)	(459,942,586)
		344,597,247	451,966,235

4.2 The movement in the ECL on investment in finance lease receivables is as follows:

		September 30, 2021	December 31, 2020
	Note	(Unaudited)	(Audited)
Balance as at January 1		126,623,291	195,878,313
Provision for the period / year		4,464,879	16,668,287
Bad debt written-off		(221,590)	(85,923,309)
Balance at the end of the period / year	4.2.1	130,866,580	126,623,291

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

4. NET INVESTMENT IN FINANCE LEASES (continued)

4.2.1 Portfolio ECL analysis for net investment in leases:

September 30, 2021 (Unaudited)	Net investment in finance lease	ECL	Expected Loss rates
Not yet due	752,346,837	746,540	0.0%-0.41%
1-90 days	228,427,849	2,366,463	0.42%-2.10%
91-180 days	-	-	2.20%-7.80%
181-365 days	-	-	7.90%-47.94%
366 days – 730 days	8,055,689	7,214,754	47.95%-95.78%
Above 730 days and Specific accounts*	126,652,960	120,538,823	77.87%-100%
	<u>1,115,483,335</u>	<u>130,866,580</u>	

December 31, 2020 (Audited)	Net investment in finance lease	ECL	Expected Loss rates
Not yet due	913,799,394	3,143,549	0.0%-0.41%
1-90 days	25,853,030	174,025	0.42%-2.10%
91-180 days	149,854	3,430	2.20%-7.80%
181-365 days	407,148	187,583	7.90%-47.94%
366 days – 730 days	23,905,242	13,002,092	47.95%-95.78%
Above 730 days and specific accounts*	111,426,259	110,112,612	77.87%-100%
	<u>1,075,540,927</u>	<u>126,623,291</u>	

*Includes provision for impairment against specific accounts where net investment in finance lease of SR 52 million is fully provided (December 31, 2020: SR 51 million).

4.3 Modification loss was recognised in respect of deferral of cash flows under Deferred Payment Program announced by SAMA and Small and Medium Enterprises General Authority (“Monsha’at”). Against the deferral, the Company received profit-free deposits from SAMA and loan moratorium from Monsha’at. Government grant benefit was recognized in the interim condensed financial statements as a difference in the book value and present value of repayments.

SAMA announced two extensions to defer payments for an additional three-months each on finance lease and murabaha contracts to those companies that qualify as MSMEs and those that continue to be affected by the COVID-19 precautionary measures and have instalments falling due within the period from July 1, 2021 to September 30, 2021 and October 1, 2021, to December 31, 2021. The accounting impact of these changes in terms of the finance lease and murabaha contracts has been assessed and are treated as per the requirements of IFRS 9 as modification in terms of arrangement. This resulted in the Company recognising a day 1 modification loss of SR 4.8 million and SR 2 million on finance lease and murabaha contracts, respectively, during the three-month period ended September 30, 2021.

4.4 Generating the term structure of Probability of Default (“PD”)

Loss rates are calculated using a ‘flowrate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. PD term structures are based on the default probability calculated on forward flow rates, average of past thirty-six months (2020: twenty-four months), adjusted by the outlook of the economy.

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

4. NET INVESTMENT IN FINANCE LEASES (continued)

4.5 Sensitivity analysis

Assuming all other factors remain constant, the sensitivity analysis of the ECL allowance on finance lease as of September 30, 2021 and December 31, 2020 is as follows:

	Increase in ECL as on September 30, 2021	Increase in ECL as on December 31, 2020
Use of maximum of forward flow rates instead of average flow rates	9,898,872	8,670,511
Increase in economic factor by 10%	2,829,062	3,218,824
Increase in loss given default by 10%	869,439	770,397

5. NET INVESTMENT IN MURABAHA FINANCE

5.1 Reconciliation between gross and net murabaha finance is as follows:

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Murabaha finance receivables		398,834,377	240,141,135
Unearned murabaha finance income		(41,944,449)	(30,412,585)
Sub-total		<u>356,889,928</u>	<u>209,728,550</u>
Modification loss	5.3	(10,669,630)	(7,502,130)
Income on modified murabaha finance	10	5,080,742	2,065,951
		<u>(5,588,888)</u>	<u>(5,436,179)</u>
Net investment in murabaha finance		351,301,040	204,292,371
ECL on investment in Murabaha finance	5.2	(1,055,914)	(631,151)
		<u>350,245,126</u>	<u>203,661,220</u>
Current maturity		(133,315,866)	(60,100,542)
		<u>216,929,260</u>	<u>143,560,678</u>

5.2 The movement in the ECL on Murabaha finance receivables was as follows:

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance as at January 1		631,151	61,414
Provision for the period / year		530,007	569,737
Bad debt written-off		(105,244)	-
Balance at the end of the period / year	5.2.1	<u>1,055,914</u>	<u>631,151</u>

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

5. NET INVESTMENT IN MURABAHA FINANCE (continued)

5.2.1 Stage wise analysis of murabaha finance receivables and ECL is as follow:

	Performing	Under- performing	Non- performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
September 30, 2021 (Unaudited)				
Net investment in murabaha finance	333,894,514	14,110,204	8,885,210	356,889,928
ECL	(126,868)	(69,373)	(859,673)	(1,055,914)
Net receivables	333,767,646	14,040,831	8,025,537	355,834,014

	Performing	Under- performing	Non- performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
December 31, 2020 (Audited)				
Net investment in murabaha finance	208,760,781	-	967,769	209,728,550
ECL	(345,630)	-	(285,521)	(631,151)
Net receivables	208,415,151	-	682,248	209,097,399

5.3 Modification loss was recognised in these interim condensed financial statements. (Refer Note 4.3 for details).

5.4 Generating the term structure of Probability of Default ("PD")
Loss rates are calculated using a 'flowrate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. PD term structures are based on the default probability calculated on forward flow rates, average of past thirty-six months (2020: twenty-four months), adjusted by the outlook of the economy.

5.5 Sensitivity analysis
Assuming all other factors remain constant, the sensitivity analysis of the ECL allowance on murabaha finance as of September 30, 2021 and December 31, 2020 is as follows:

	Increase in ECL as of September 30, 2021	Increase in ECL as of December 31, 2020
Use of maximum of forward flow rates instead of average flow rates	1,659,626	493,383
Increase in economic factor by 10%	267,763	113,168
Increase in loss given default by 10%	71,725	24,198

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6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Receivable from Saudi shareholders for prior period zakat settlement	7,898,525	10,531,367
Government grant – receivable from SAMA	2,474,863	-
Advance to suppliers	13,019,746	7,886,190
Prepaid expenses	1,898,803	2,789,431
Loans and advances to staff	1,906,105	1,877,522
Deferred VAT	1,487,233	1,805,943
VAT refund	2,405,549	983,812
Other	2,923,593	3,187,245
	34,014,417	29,061,510

7. CASH AND BANK BALANCES

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash at banks		58,186,344	13,511,770
Cash in hand		18,625	12,138
Term deposits of less than three months maturity		50,000,000	49,000,000
		108,204,969	62,523,908
Term deposits of more than three months maturity	7.1	-	202,000,000
		-	202,000,000

7.1 This represents commission-bearing term deposit held with local banks with a maturity of between 90 - 180 days at prevailing market rate.

8. LONG-TERM LOANS, GRANTS AND LEASE LIABILITY

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Long-term loans – Monsha'at		95,601,302	126,242,438
Profit-free deposit payable to SAMA		397,781,762	364,831,158
		493,383,064	491,073,596
Government grant on SAMA and Monsha'at loan recognised to date	8.1	(63,865,821)	(42,505,634)
Special commission expense recognised on government grant to date		31,095,852	12,295,406
		(32,769,969)	(30,210,228)
Accrued commission expense		-	694,724
Total loans and deposits, net of grant		460,613,095	461,558,092
Lease liability		-	1,079,167
		460,613,095	462,637,259
Less: unamortised fee		(71,731)	(128,559)
		460,541,364	462,508,700
Less: current maturity		(194,531,145)	(200,169,556)
Non-current portion of long-term loans and grants		266,010,219	262,339,144

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8.1 During the period ended September 30, 2021, the Company has received SR 114.3 million of profit free deposit from SAMA repayable by March 2023. The benefit of the subsidised funding rate has been accounted for on a systematic basis in accordance with government grant accounting requirements. This has resulted in a gain on SAMA profit-free deposit amounting to SR 9.5 million accounted for during the nine-month period ended September 30, 2021. The change in repayment terms of previous SAMA deposits has resulted in a gain of SR 10.6 million during the nine-month period ended September 30, 2021. The Company also received a SAMA profit-free deposit amounting to SR 13.8 million for SAMA's Funding for Lending Program in participation for SAMA's private sector financing support program. This has resulted in a gain on amounting to SR 1.3 million accounted for during the nine-month period ended September 30, 2021.

8.2 Special commission expense includes an amount of SR 18.8 million (2020: SR 7.0 million) commission cost on SAMA profit free deposit and deferred Monsha'at loan.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Proposed lease related payables	13,778,901	8,809,946
Employee related payables	4,032,028	4,647,766
Leased assets insurance claims to be settled	2,447,390	3,819,861
Leased assets insurance premium payable	5,524,782	5,174,139
Charity payable	3,881,881	3,730,026
Other	3,011,050	7,946,706
	<u>32,676,032</u>	<u>34,128,444</u>

10. REVENUE

Finance lease income is stated net of insurance cost and it includes reversal of SR 20,175,907 (2020: SR 5,860,641) and SR 3,014,791 (2020: SR 1,200,372) against modification loss on finance leases and murabaha finance contracts, respectively.

Revenue also includes front-end fees and income earned on short-term time deposits.

11. GENERAL AND ADMINISTRATIVE EXPENSES

Expenses for nine-month period ended September 30, 2021 included a provision for vendor legal claim amounting to SR Nil (2020: SR 4.2 million).

12. ZAKAT AND INCOME TAX

The Company has written-off SR 85.9 million during the year ended December 31, 2020, and has been claimed for income tax in the same year. There is no change in the status of Zakat and income tax assessment since December 31, 2020.

13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit for the period attributable to the shareholders by weighted average number of shares (55,000,000) at the end of the period.

14. COMMITMENTS

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Finance lease and murabaha contracts not yet executed	17,559,228	20,598,548
Bank guarantees issued on behalf of the Company	<u>2,000,000</u>	<u>2,000,000</u>

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with related parties, which are related to its shareholders. The Company obtains technical assistance from ORIX Corporation, Japan and ORIX Leasing Pakistan Limited at no cost under an arrangement. Significant related party transactions and balances are as follows:

	For the nine- month period ended September 30, 2021 (Unaudited)	For the nine- month period ended September 30, 2020 (Unaudited)
Transactions:		
The Saudi Investment Bank – shareholder		
Special commission and other bank charges paid	50,273	37,351
Profit earned on term deposit	-	1,235,712
Lease participation – payments*	-	1,221,538
Lease participation receipts – management fee and other*	-	83,325
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Premium for insurance and other related payments-net	6,440,365	3,296,929
Amlak International for Real Estate Development and Finance Company, KSA – affiliate		
Rent and premises related income on subletting to an affiliate	-	132,653
Key Management Personnel		
Salaries and other short-term employee benefits	7,260,795	6,999,470
End of service benefits accrued	436,575	513,843
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balances:		
The Saudi Investment Bank – shareholder		
Current accounts	48,952,374	11,971,946
Prior period zakat settlement receivable	4,080,507	5,440,676
Lease participation receivable*	12,371	-
Trade Development & Investment Company – shareholder		
Prior period zakat settlement receivable	3,818,019	5,090,691
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Advance / Payable against insurance premium, net	3,048,132	1,132,440
Key Management Personnel		
Employees' end of service benefits	3,419,015	2,657,002
Loans to key management of the Company	448,053	281,273
Directors' meeting attendance fee payable	675,000	900,000

*The Company has certain lease transactions, in which the related party has a non-recourse participation. The Company charges a fee for administration of the portfolio. The value of such portfolio was SR 4.0 million as at September 30, 2021 (December 31, 2020: SR 4.0 million).

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16. RISK MANAGEMENT

Liquidity risk and going concern

The Company is aware of the need to keep a close focus on liquidity management during this period and has enhanced its daily monitoring of liquidity. The Company acknowledges the timely action of SAMA and other government bodies in providing support and assurance to the financial markets.

From the perspective of liquidity risk and going concern, no changes were made in the objectives, policies and processes for managing capital and management monitors the maturity profile to ensure adequate liquidity is maintained. The table below summarizes the maturity profile of the Company's liabilities based on contractual undiscounted cash flows:

	Within 3 months	4 to 12 months	1 to 5 years	No fixed maturity	Total
September 30, 2021 (Unaudited)					
Accounts payable	31,068,883	-	-	-	31,068,883
Accrued expenses and other liabilities	32,676,032	-	-	-	32,676,032
Zakat and income tax	11,074,688	-	5,265,684	-	16,340,372
Long-term loans and lease liabilities	10,169,251	180,006,804	303,771,500	-	493,947,555
Employees' EOSB	-	-	-	20,625,757	20,625,757
	84,988,854	180,006,804	309,037,184	20,625,757	594,658,599
December 31, 2020 (Audited)					
Accounts payable	32,736,405	-	-	-	32,736,405
Accrued expenses and other liabilities	34,128,444	-	-	-	34,128,444
Zakat and income tax	62,619	4,519,273	5,265,684	-	9,847,576
Long-term loans and lease liabilities	29,349,688	191,526,854	273,061,036	-	493,937,578
Employees' EOSB	-	-	-	19,607,328	19,607,328
	96,277,156	196,046,127	278,326,720	19,607,328	590,257,331

As at September 30, 2021 and December 31, 2020, the current ratio, gearing ratio and the supporting going concern assumption analysis are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Equity	883,771,085	852,121,977
Liabilities	561,252,408	558,828,453
Total financing structure	1,445,023,493	1,410,950,430
Gearing ratio	38.84%	39.61%
Current assets	881,785,648	813,628,546
Current liabilities	269,350,748	271,616,297
Net current position	612,434,900	542,012,249
Current ratio (times)	3.27	3.00

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17. DIVIDENDS

The Board of Directors proposed an annual dividend of SR 0.15 per share (2019: SR 0.671 per share) for the year ended December 31, 2020 amounting to SR 8.25 million (2019:SR 36.9 million). The shareholders approved the distribution at the General Assembly Meeting, which was held in June 2021.

18. DATE OF APPROVAL OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying interim condensed financial statements were approved by the Board of Directors on October 27, 2021.