

sahb FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31,
2025
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

To the shareholders of
sahb Finance Company
(A Saudi Closed Joint Stock Company)
Riyadh – KSA

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **sahb Finance Company** (A Saudi Closed Joint Stock Company) (the "Company") as of March 31, 2025 and the related interim condensed statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

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

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License Number 362

Date: 01Dhul-Qi'dah 1446 (H)
Corresponding to: 29 April 2025 (G)



sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at March 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

		March 31, 2025	December 31, 2024
	Notes	Unaudited	Audited
Assets			
Cash and bank balances	5	47,023,577	27,779,787
Murabaha receivables	6	188,141,067	198,519,877
Ijara receivables	7	64,231,572	63,937,258
Prepayments and other receivables	8	1,294,573	479,578
Investment properties	10	101,309,268	101,572,490
Property and equipment		3,902,100	3,929,116
Intangible Assets		421,875	281,250
Equity investment at FVTOCI	9	892,850	892,850
Total assets		407,216,882	397,392,206
Liabilities and shareholders' equity			
Liabilities			
Accounts payable, accruals and others		8,716,717	7,906,383
Provision for employees' end of service benefits		1,281,331	1,227,443
Provision for Zakat	11	5,465,100	3,617,322
Total liabilities		15,463,148	12,751,148
Equity			
Share capital	12	311,392,870	311,392,870
Statutory reserve		32,655,477	32,655,477
Consensual reserve		3,000,000	3,000,000
Actuarial gain on employees' defined benefit obligations		554,398	554,398
Retained earnings		44,150,989	37,038,313
Total equity		391,753,734	384,641,058
Total liabilities and shareholders' equity		407,216,882	397,392,206

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended March 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	March 31, 2025 Unaudited	March 31, 2024 Unaudited
Income			
Income from Murabaha contracts		2,616,140	25,000
NET INCOME FROM MURABAHA		2,616,140	25,000
Finance income		288,479	1,098,658
		2,904,619	1,123,658
Operating expenses			
General and administration expenses	15	(6,773,225)	(5,991,459)
Reversal of provision for expected credit losses		1,972,651	9,505,784
Fair value amortization	13	790,522	864,546
Fair value gain for investment property		-	1,346,681
Other income	14	10,065,886	188,123
		6,055,834	5,913,675
Net profit before zakat for the period		8,960,453	7,037,333
Zakat	11	(1,847,777)	(1,306,060)
Net profit for the period		7,112,676	5,731,273
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>			
Re-measurement gain on employees' defined benefit liabilities		-	-
Total comprehensive income for the period		7,112,676	5,731,273

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended March 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Consensual reserve	Retained earnings	Actuarial gain on employees' defined benefit obligations	Total
Balance at January 1, 2025 (Audited)	311,392,870	32,655,477	3,000,000	37,038,313	554,398	384,641,058
Net profit for the period	-	-	-	7,112,676	-	7,112,676
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,112,676	-	7,112,676
Balance as at March 31, 2025 (Unaudited)	311,392,870	32,655,477	3,000,000	44,150,989	554,398	391,753,734
Balance at January 1, 2024 (Audited)	311,392,870	31,416,509	3,000,000	25,887,600	498,172	372,195,151
Net profit for the period	-	-	-	5,731,273	-	5,731,273
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,731,273	-	5,731,273
Balance as at March 31, 2024 (Unaudited)	311,392,870	31,416,509	3,000,000	31,618,873	498,172	377,926,424

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

sahb FINANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended March 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

	March 31, 2025 Unaudited	March 31, 2024 Unaudited
Cash flows from operating activities		
Profit before zakat	8,960,453	7,037,333
<i>Adjustments for non-cash items</i>		
Depreciation	304,896	304,092
Provision for employees' end of service benefits	95,398	86,807
Reversal of provision for credit losses	(1,972,651)	(9,505,784)
Fair value gain for investment property	-	(1,346,681)
Fair value amortization	(790,522)	(864,546)
	6,597,574	(4,288,779)
<i>Changes in operating assets and liabilities</i>		
Murabaha receivables	12,844,942	4,999,032
Ijara receivables	2,727	-
Prepayments and other receivables	(814,995)	259,177
Accounts payable, accruals and others	810,334	(2,561,074)
Employees' end of service benefits paid	(41,506)	(15,551)
Zakat refund	-	15,022,552
Net cash generated from operating activities	19,399,076	13,415,357
Cash flows from investing activities		
Additions to property and equipment	(14,661)	(4,866)
Capital work in Progress	(140,625)	(172,710)
Addition to investment property	-	(693,123)
Net cash used in investing activities	(155,286)	(870,699)
Net increase in cash and bank balances	19,243,790	12,544,658
Cash and bank balances at beginning of the period	27,779,787	87,925,566
Cash and bank balances at end of the period	47,023,577	100,470,224
Non cash transactions		
Addition to investment property (note 10.1.1)	-	13,158,247

The accompanying notes (1) through (22) form an integral part of these interim condensed financial statements.

sahb FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

sahb Finance Company (the “Company”) is a Saudi closed joint stock company, registered in Riyadh, Kingdom of Saudi Arabia. The Company obtained a license number 201411/S A/23 dated 9 Muharram 1436H (corresponding to November 2, 2014) from the Saudi Central Bank (SAMA). The Company is registered under commercial registration number 1010265551 dated 9 Rabie Al Thani 1430H (corresponding to April 5, 2009). The unified number of the Company as per commercial registration certificate is 7001586903.

The objectives of the Company are to provide financing to small and medium companies, financing production assets and providing finance leases.

The Company’s renewed the Saudi Central Bank (SAMA) license in September 3, 2023 for a period of five years, to perform financing activities in the Kingdom of Saudi Arabia.

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

Sahb Finance Company
Abi Tahir Al Dhahabi street
Al Mutamarat, P.O. Box 64124, Riyadh 11536
Kingdom of Saudi Arabia

The results for the three-month period ended March 31, 2025, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These interim condensed financial statements of the Company as at and for the period March 31, 2025 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia.

The interim condensed statement of financial position is presented in descending order of liquidity, as this presentation is more appropriate to the Company’s operations.

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 for the year ended December 31, 2024.

2.2 Basis of measurement

These interim condensed financial statements are prepared on a going concern basis under the historical cost convention, except for investment at fair value through other comprehensive income (“FVOCI”), which is measured at fair value, and the provision for employees’ end of service benefits which are recognized at the present value of future obligations using the projected unit credit method.

2.3 Functional and presentational currency

These interim condensed financial statements have been presented in Saudi Riyals, which is also the functional and presentation currency of the Company, except as otherwise indicated.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

3. MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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. In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2024.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies, 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 December 31, 2024

4.1 Impact of changes in accounting policies due to adoption of new standards

There are new standards and number of amendments to standards which are effective from 1 January 2025 and have been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Condensed Interim Financial Statements.

5. CASH AND BANK BALANCES

	March 31, 2025 Unaudited	December 31, 2024 Audited
Cash on hand	30,000	30,000
Cash at banks	11,876,077	27,749,787
Term Deposits	35,117,500	-
	47,023,577	27,779,787

6. MURABAHA RECEIVABLES

6.1 Reconciliation between gross to net receivables:

	March 31, 2025 Unaudited	December 31, 2024 Audited
Gross Murabaha receivables	222,193,050	234,874,650
Less: Unearned income	(10,636,695)	(10,473,353)
Murabaha receivables, net	211,556,355	224,401,297
Less: Provision for expected credit losses	(17,153,470)	(19,125,848)
	194,402,885	205,275,449
Less: Fair value losses	(6,261,818)	(6,755,572)
Murabaha receivables	188,141,067	198,519,877

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

6. MURABAHA RECEIVABLES (CONTINUED)

6.2 The movement in provision for credit losses is as follows:

	March 31, 2025 Unaudited	December 31, 2024 Audited
Opening balance	19,125,848	42,383,968
(Reversal) / charge for the period / year	(1,972,377)	(20,386,852)
Written-off during the period / year	-	(2,871,268)
Ending balance	17,153,470	19,125,848

6.2.1 The reversal in provision is mainly on account of collection of legacy Murabaha receivables of Saudi Riyals 15.7 million during the period ended on March 31, 2025.

7. IJARA RECEIVABLES

7.1 Reconciliation between gross to net receivables:

	March 31, 2025 Unaudited	December 31, 2024 Audited
Gross Ijara receivables	75,550,219	75,552,946
Less: Unearned income	-	-
	75,550,219	75,552,946
Less: Provision for expected credit losses	(7,555,022)	(7,555,295)
	67,995,198	67,997,651
Less: Fair value losses	(3,763,625)	(4,060,393)
Ijara receivables	64,231,572	63,937,258

7.2 Movement in provision for expected credit losses is as follows:

	March 31, 2025 Unaudited	December 31, 2024 Audited
Opening balance	7,555,295	8,716,714
(Reversal) / charge for the period / year	(273)	653,827
Written-off during the period / year	-	(1,815,246)
Ending balance	7,555,022	7,555,295

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

8. PREPAYMENTS AND OTHER RECEIVABLES

	Notes	March 31, 2025 Unaudited	December 31, 2024 Audited
Receivable from sale of an investment property	8.1	38,385,684	38,385,684
Provision for expected credit losses		(38,385,684)	(38,385,684)
Net receivable from sale of investment property		-	-
Receivable from former employee for transfer of title deeds	8.2	51,500,012	51,500,012
Provision for expected credit losses		(51,500,012)	(51,500,012)
Net receivable from former employee		-	-
Prepaid expenses (non-financial asset)		1,294,573	462,723
Other receivables		1,017,724	1,034,579
Provision for expected credit losses		(1,017,724)	(1,017,724)
		-	16,855
		1,294,573	479,578

8.1 The receivable from sale of investment property has been fully provided for in prior years, based on management assessment of its recoverability.

8.2 This represents the amount transferred to the former employee to comply with the requirements in relation to transfer of properties in the name of the Company which were previously registered in his name. The amount is still outstanding till the approval of these interim condensed financial statements; therefore, a full provision was recognised for this non-performing receivable. (Refer to note 18.4)

9. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 14 December 2017, the Company made an investment amounting to Saudi Riyals 892,850 for 89,285 shares at Saudi Riyals 10 each which represents 2.326% (It was 2.38% at the time of investment) shareholding in Saudi Company for Registration of Financial Leasing Contracts ("Registration Company"), registered in the Kingdom of Saudi Arabia. The Registration Company has been formed for registration of contracts relating to financial leases, amendments, registration and transfer of title deeds of the assets under the finance leases. The investment is not held for trading and the Company has decided to irrevocably classify it as equity investment at FVOCI. Moreover, as at March 31, 2025 and December 31, 2024, the investment was classified under level 3 of fair value hierarchy.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

10. INVESTMENT PROPERTIES

10.1 Cost and accumulated depreciation movement during the period is as follows:

2025	Lands	Buildings	Total
Cost:			
As at January 1, 2025	140,034,226	26,687,756	166,721,982
At March 31, 2025	140,034,226	26,687,756	166,721,982
Accumulated			
Depreciation/impairment:			
As at January 1, 2025	59,545,077	5,604,415	65,149,492
Depreciation charge for the period	-	263,222	263,222
At March 31, 2025	59,545,077	5,867,637	65,412,714
Net book value:			
At March 31, 2025 Unaudited	80,489,149	20,820,119	101,309,268
2024	Lands	Buildings	Total
As at January 1, 2024	124,471,675	26,687,756	151,159,431
Additions (10.1.1)	15,562,551	-	15,562,551
At December 31, 2024	140,034,226	26,687,756	166,721,982
Accumulated			
Depreciation/impairment:			
As at January 1	58,894,716	4,536,912	63,431,628
Depreciation charge for the year	-	1,067,503	1,067,503
Impairment loss	650,361	-	650,361
At December 31, 2024	59,545,077	5,604,415	65,149,492
Net book value:			
At December 31, 2024	80,489,149	21,083,341	101,572,490

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

10. INVESTMENT PROPERTIES (CONTINUED)

10.1.1 The addition during the FY 2024 represents the fair value of an investment property acquired by the company as a result of a debt settlement agreement with a customer. The customer's receivable balance settled in respect of such agreement amounted to 13.16 million Saudi riyals; in addition, the company incurred 1.057 million Saudi riyals of real estate transaction tax to transfer the title deed to the company's name. The legal formalities to transfer the title deed has been completed during the FY 2024. The said investment property was held as a collateral for such customer's receivable balance and underwent a fair value evaluation by an independent and qualified evaluator at December 31, 2023 of 15.2 million Saudi riyals. Accordingly, the company recognised a fair value gain for investment property of 1.3 million Saudi riyals follows:

	March 31, 2024 Unaudited	December 31, 2024 Audited
Investment property (Additions)		
Customer's account receivable balance	-	13,158,247
Fair value gain on investment	-	1,346,681
	-	14,504,928
Additional cost (Tax on property)	-	1,057,623
Total additions	-	15,562,551

10.2 Reconciliation between gross to net investment property:

	March 31, 2025 Unaudited	December 31, 2024 Audited
Cost of investment properties	166,721,982	166,721,982
Less: accumulated depreciation	(5,867,637)	(5,604,415)
Less: impairment provision	(59,545,077)	(59,545,077)
Investment properties, net value	101,309,268	101,572,490

Investment properties consist of freehold lands and buildings located in Saudi Arabia. Below are the details of the cost of investment properties and fair values as at the reporting date:

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

10. INVESTMENT PROPERTIES (CONTINUED)

March 31, 2025					
Location	Type of property		Accumulated depreciation/ impairment (Unaudited)	Net book value (Unaudited)	Fair value (Unaudited)
	Land (Unaudited)	Building (Unaudited)			
Riyadh (note 10.3)	57,410,668	-	(57,410,668)	-	745,742,958
Al Khobar	7,707,600	-	-	7,707,600	12,160,000
Yanbu	36,039,413	-	-	36,039,413	65,297,023
Al Khobar	4,362,240	22,367,940	(5,515,915)	21,214,265	21,434,880
Al Khobar	2,370,548	4,319,816	(1,002,082)	5,688,282	7,212,966
Al Khobar	6,356,658	-	-	6,356,658	6,356,658
Jizan	10,589,048	-	(1,484,048)	9,105,000	25,294,152
Makkah	15,198,051	-	-	15,198,051	15,658,598
	140,034,226	26,687,756	(65,412,714)	101,309,268	899,157,235

December 31, 2024					
Location	Type of property		Accumulated depreciation/ impairment (Audited)	Net book value (Audited)	Fair value (Audited)
	Land (Audited)	Building (Audited)			
Riyadh (note 10.3)	57,410,668	-	(57,410,668)	-	745,742,958
Al Khobar	7,707,600	-	-	7,707,600	12,160,000
Yanbu	36,039,413	-	-	36,039,413	65,297,023
Al Khobar	4,362,240	22,367,940	(5,295,300)	21,434,880	21,434,880
Al Khobar	2,370,548	4,319,816	(959,476)	5,730,888	7,212,966
Al Khobar	6,356,658	-	-	6,356,658	6,356,658
Jizan	10,589,048	-	(1,484,048)	9,105,000	25,294,152
Makkah	15,198,051	-	-	15,198,051	15,658,598
	140,034,226	26,687,756	(65,149,492)	101,572,490	899,157,235

10.3 This investment property was registered under the name of the former employee and a full impairment loss has been recognized for this property.

10.4 The Company engaged an external, independent and qualified evaluator to determine the fair value of its investment properties at the end of the financial year ended at December 31, 2024. The evaluator engaged by the Company specialises in the valuation of transferable and non-transferable assets, including commercial valuation, industrial, real estate, intellectual property, trade names, and equipment. The evaluator used 'market approach' for the valuation of properties as at December 31, 2024. The valuations have been performed by Maayear Valuation Company (license number 1210000154).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

11. PROVISION FOR ZAKAT

11.1 Movement in zakat provision during the period / year was as follows:

	March 31, 2025 Unaudited	December 31, 2024 Audited
As at January 1	3,617,323	5,493,314
Charge for the period / year	1,847,777	5,103,925
Zakat payments during the period/ year	-	(6,979,916)
Net zakat payable	5,465,100	3,617,323

11.2 Status of assessment

The Company has filed Zakat returns with the Zakat, Tax and Customs Authority (“ZATCA”) for all years up to and including the year ended December 31, 2023.

Zakat and tax assessments have been finalized up to the year ended December 31, 2021.

The Company received the final zakat certificates for the years up to December 31, 2023, valid till April 30, 2025.

12. SHARE CAPITAL

The shareholding position as at March 31, 2025 and December 31, 2024 is as follows:

	Percentage of shares	Number of shares	Share Capital
Masaraf Al Rayan – Qatar	48.76%	15,182,133	151,821,330
Saudi Higher Education Fund	20.22%	6,297,055	62,970,550
Mohammed Al Rumaizan & Sons Investment	10%	3,113,929	31,139,290
Saleh Bin AbdulAziz Bin Rashed Al Rumaizan	10%	3,113,929	31,139,290
Ahmed Bin Rashid Abdullah Al-Ameer	4.5%	1,401,268	14,012,680
Hassan Bin Musa Yousef	4.5%	1,401,268	14,012,680
Mohammed Bin Hamad Bin Abdullah Al Hammad	2.02%	629,705	6,297,050
	100%	31,139,287	311,392,870

13. FAIR VALUE AMORTIZATION

Fair value amortization represents unwinding of fair valuation loss arising from rescheduling of loans (notes 6.1 & 7.1).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

14. OTHER INCOME

	March 31, 2025	March 31, 2024
	Unaudited	Unaudited
Recovery from written-off contracts	10,065,886	188,123
	10,065,886	188,123

14.1 This amount represents the collection of previously written off Murabaha receivables.

15. GENERAL AND ADMINISTRATION EXPENSES

	March 31, 2025	March 31, 2024
	Unaudited	Unaudited
Salaries and other employee's benefits	3,334,167	2,932,037
Board and committee's remuneration	743,250	450,000
Premises related expense	267,788	231,688
Consultancy and professional fees	567,774	448,792
Legal Fee	448,285	686,577
Depreciation	304,896	304,092
Insurance expense	130,760	146,071
Cyber Security and related charges	68,259	74,276
Unclaimable value added tax	403,621	302,294
Other expenses	854,425	415,632
Reversal of contingent legal expense*	(350,000)	-
	6,773,225	5,991,459

* The reversal of contingent legal expenses represent the reversal of previously recorded contingent legal expense provision during the year ended December 31, 2023, as a result of the ruling to dismiss the related legal case.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include the shareholders, their affiliated entities and certain key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

In the ordinary course of its activities, the Company transacts business with related parties on mutually agreed terms. The following are the details of major related party transactions/balances during the period:

Related party	Nature of transactions	March 31, 2025	March 31, 2024
		Unaudited	Unaudited
	Compensation to key management personnel		
Key management personnel		1,556,445	1,364,008
Key management personnel	Retirement benefits expenses	105,612	80,334

All transactions with related parties are on normal commercial terms. None of the balances is secured.

The Company has fully provided for the amount receivable from former employee in respect of transfer of properties amounting to Saudi Riyals 51.5 million (refer note 8.2).

There are certain properties in the name of the former employee. For details, please refer note 18.4

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and bank balances, Murabaha and Ijara receivables, margin deposits and accounts and other receivables. Financial liabilities consist of accrued expenses and accounts and other payables. All financial liabilities are carried at amortised cost.

Fair value hierarchy

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: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Management has classified all the financial assets and financial liabilities within level 2 of fair value hierarchy other than Murabaha and Ijara receivables, Equity investment at fair value through other comprehensive income which is classified within level 3. 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 of the Company at the reporting date are not materially different from their carrying values.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

18. RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including special commission rate risks, interest rate risk, price risk and currency risk), legal risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's interim condensed financial statements. Risk management is carried out by senior management. The most important risks and their management are summarized below:

18.1 Risk management structure

Board of Directors

The Board of Directors are responsible for establishing the Company's policies, including risk management framework, and to review the performance of the Company to ensure compliance with these policies.

Credit and risk management committee

The credit and risk management committee are appointed by the Board of Directors. The credit and risk management committee assists the Board in reviewing overall risks which the Company might face, evaluate and review operational and non-operational risks and decide on mitigating factors related therewith.

Audit committee

The audit committee is appointed by the Board of Directors. The audit committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof and the soundness of the internal controls of the Company.

18.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk on cash and bank balances, ijara receivables, Murabaha financing receivables, employees' receivables and other receivables. The Company has established procedures to manage credit exposure including, credit approvals, credit limits, collateral and guarantee requirements. These procedures are based on the Company's internal guidelines.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of activities and sale of future net investment in finance lease receivables to different banks through purchase and agency agreements. However, the Company mitigates its credit risk through evaluation of credit worthiness internally and by obtaining promissory notes and by retaining the title of the asset leased out. An allowance for doubtful finance lease and Murabaha financing receivable is maintained at a level which, in the judgement of management, is adequate to provide for impairment losses on delinquent receivables.

All Ijara and Murabaha receivables are secured mainly through promissory notes and by retaining the title of the assets leased out and generate a fixed rate of commission for each contract. The title of the assets under Ijara agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer.

The carrying amount of financial assets recorded in the interim condensed financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

18. RISK MANAGEMENT (CONTINUED)

18.3 Market Risk

18.3.1 Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market special commission rates. The Company is not subject to any special commission rate risk on its Murabaha and Ijara receivables and term loans as the receivables are priced by the Company at fixed rates and the term loans obtained by the Company also carry special commission at fixed rates. All other assets and liabilities of the Company are non-special commission bearing.

The Company manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of special market commission rates on its interim condensed financial position and interim condensed cash flows. The Company is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature in a given period. The Company manages this risk through diversification of funding resources.

18.3.2 Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The Company's management has analyzed that as at statement of financial position date, the Company's activities are not subject to interest rate risk as the interest rates are fixed at the inception of the financing facilities. Further, the Company's borrowings are at fixed rates of interest.

18.3.3 Price risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not materially exposed to price risk as it does not have any significant financial instrument whose prices are fluctuated based on internal or external factors as mentioned above.

18.3.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business as all contracts are denominated in Saudi Riyals. There are some expenses incurred in foreign currencies, but these expenses are settled when incurred. Since the Company does not have any significant foreign currency denominated monetary assets and liabilities, management believes that the Company is not exposed to any significant foreign currency risk.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

18. RISK MANAGEMENT (CONTINUED)

18.4 Legal risk

The title deeds of certain investment properties and collateralized real estate properties against Ijara and Murabaha contracts were registered in the name of the former employee, holding senior management position, ("former employee") in his capacity as a nominee to the Company.

The Company filed legal cases against the former employee to transfer the ownership of the properties (i.e., investment properties and other collateralized properties) to the Company's name and to collect the outstanding receivable amounts from former employee. (Refer note 8.2).

As of December 31, 2024, the latest fair value of the collateralized properties associated with Ijara and Murabaha contracts, which are held in the name of the former employee, amounts to Saudi Riyals 30.3 million.

During the Q1, 2025, one of the properties previously held as collateral under the name of the former employee and valued at SAR 20 million based on the most recent fair value assessment, was transferred back to the company's customer. This transaction occurred in conjunction with the settlement of the related Murabaha receivable based on a signed agreement (note 14).

18.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company monitors and manages the liquidity structure of its assets and liabilities to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

19 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has no contingent assets or liabilities as at March 31, 2025 and December 31, 2024.

Commitments

The Company has no outstanding commitments as at March 31, 2025 and (December 31, 2024 Nil).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

(All amounts in Saudi Riyals unless otherwise stated)

20 CAPITAL RISK MANAGEMENT

The primary objectives of the Company's capital management are to safeguard its ability to continue as a going concern, maintain healthy capital ratios in order to support its business and to provide an optimal return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period/year ended March 31, 2025 and December 31, 2024.

The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Company's law and SAMA. SAMA requires Finance Companies engaged in financing other than real estate, to maintain aggregate financing to capital ratio of three times.

	March 31, 2025 Unaudited	December 31, 2024 Audited
Aggregate financing to capital ratio (Net Ijara plus Murabaha financing receivables before provision divided by total equity)	0.76 times	0.8 times

21 SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end that require disclosure or adjustment in these financial statements.

22 APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 28 April 2025 (corresponding to 30 Shawwal 1446).
