

IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2020
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

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Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDER OF IJARAH FINANCE COMPANY (A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Ijarah Finance Company (the "Company") as at 30 September 2020 and the related interim statement of comprehensive (loss) / 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 a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

For Al-Bassam & Co.

Ahmed A. Al Mohandis
Certified Public Accountant
Registration No. 477



9 Rabi' al Awwal, 1442
26 October, 2020
Riyadh, Kingdom of Saudi Arabia

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IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	30 September 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Cash and cash equivalents		21,275,049	23,170,133
Prepayments and other receivables		64,593,219	54,367,962
Profit-only strips receivables		41,813,099	61,260,877
Net investment in Ijarah financing	6	240,147,301	171,975,310
Net servicing asset for factorized receivables		13,891,900	5,775,258
Margin deposits – restricted	7	53,032,467	48,222,186
Investment carried at Fair Value through Other Comprehensive Income “FVOCI”		892,850	892,850
Property and equipment		3,132,216	3,386,881
Intangible assets		4,751,856	4,194,994
Right-of-use assets		4,502,823	5,013,029
TOTAL ASSETS		448,032,780	378,259,480
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	200,000,000	100,000,000
Statutory reserve		1,686,892	1,686,892
Accumulated losses		(17,947,361)	(15,522,180)
TOTAL EQUITY		183,739,531	86,164,712
LIABILITIES			
Due to related parties	5, 8	41,642,926	141,906,244
Other payables and accruals		84,964,448	44,268,800
Lease liabilities		3,906,351	4,433,692
Net servicing liability for factorized receivable		31,504,536	21,707,210
Provision for zakat	9	714,665	446,039
Borrowings	10	99,669,808	77,978,066
Employees' post-employment benefits		1,890,515	1,354,717
TOTAL LIABILITIES		264,293,249	292,094,768
TOTAL EQUITY AND LIABILITIES		448,032,780	378,259,480

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020
(All amounts in Saudi Riyals unless otherwise stated)

<u>30 September 2019</u>	Share capital	Statutory reserve	Accumulated Losses	Total equity
Balance as at 1 January 2019 (Audited)	100,000,000	1,003,735	(21,670,589)	79,333,146
Comprehensive income for the period	-	-	6,483,541	6,483,541
Balance as at 30 September 2019 (Unaudited)	100,000,000	1,003,735	(15,187,048)	85,816,687
<u>30 September 2020</u>	Share capital	Statutory reserve	Accumulated Losses	Total equity
Balance as at 1 January 2020 (Audited)	100,000,000	1,686,892	(15,522,180)	86,164,712
Additional contribution	100,000,000	-	-	100,000,000
Comprehensive loss for the period	-	-	(2,425,181)	(2,425,181)
Balance as at 30 September 2020 (Unaudited)	200,000,000	1,686,892	(17,947,361)	183,739,531

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating (loss) / income before zakat		(2,156,555)	7,203,935
Adjustments for:			
Depreciation of right of use assets		871,308	794,277
Depreciation of property and equipment		1,066,329	964,769
Amortization of intangibles		1,010,020	757,482
Reversal against expected defaults in respect of factorized receivables		(84,632)	440,092
Reversal in respect of fair value of margin deposits		(120,506)	(1,525,956)
Impairment on profit-only strips receivable		(761,682)	-
Interest expense on lease liability		194,057	228,941
Impairment / (Reversal) on Ijarah financing, net	6.2	5,516,335	(1,176,328)
Finance cost in borrowings		1,790,077	-
Employees' post-employment benefits		825,554	425,579
		8,150,305	8,112,791
Changes in operating assets			
Prepayments and other receivables		(10,225,257)	(46,751,316)
Due from related party		-	(369,895)
Profit – only strips receivables		20,209,460	6,618,565
Net investment in Ijarah financing		(73,688,326)	(32,817,888)
Net servicing asset for factorized receivables		(8,116,642)	(1,080,793)
Margin deposits – restricted		(4,605,143)	2,233,264
		(76,425,908)	(72,168,063)
Changes in operating liabilities			
Other payables and accruals		40,695,648	10,388,880
Due to related parties		(263,318)	4,451,130
Net servicing liability for factorized receivables		9,797,326	1,960,707
Cash used in operations		(18,045,947)	(47,254,555)
Employees' post-employment benefits paid		(289,756)	(120,417)
Net cash used in operating activities		(18,335,703)	(47,374,972)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(1,566,882)	(2,539,633)
Purchase of property and equipment		(811,664)	(468,379)
Net cash used in investing activities		(2,378,546)	(3,008,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		82,238,778	64,903,148
Repayment of borrowing		(61,501,140)	-
Finance cost paid		(835,973)	-
Lease liabilities paid		(1,082,500)	(1,060,000)
Net cash generated from financing activities		18,819,165	63,843,148
Net change in cash and cash equivalents		(1,895,084)	13,460,164
Cash and cash equivalents at beginning of the period		23,170,133	10,890,537
Cash and cash equivalents at end of the period		21,275,049	24,350,701
*Supplemental non-cash information			
Transfer from due to related party to share capital	8	100,000,000	-

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements

IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020
(All amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS

Ijarah Finance Company (the “Company”) is a Single Person Saudi Closed Joint Stock Company (earlier a Saudi Closed Joint Stock Company) established under the Regulations for Companies in the Kingdom of Saudi Arabia having commercial registration number 7001727754 dated 15 Rajab 1433H (corresponding to 5 June 2012G). On 16 Thul-Qidah 1436H (corresponding to 31 August 2015G), the Company received a license from the Saudi Arabian Monetary Agency (“SAMA”) to conduct lease financing business in the Kingdom of Saudi Arabia. The Finance Companies Control Law was issued by the Saudi Council of Ministers through its publication No. 259 dated 12 Shabaaan 1433H (corresponding to 2 July 2012) and the Royal Decree No. 51 dated 13 Shaban 1433H (corresponding to 3 July 2012) and their implementing regulations were issued by SAMA for conducting lease financing business in the Kingdom of Saudi Arabia.

The objective of the Company is to engage in finance leasing of all kinds of vehicles.

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

Ijarah Leasing and Financing Company
Ibn Kathir Street
P.O. Box 6337
Riyadh 1442
Kingdom of Saudi Arabia

The Company has the following branches:

S. No	Branch	C.R. No.
1	Riyadh	7001727754
2	Riyadh	7014176437
3	Dammam	7003769010
4	Jeddah	7003790479
5	Madinah	7005226571
6	Riyadh	7015861540
7	Tabuk	7015861557
8	Alhafar	7016920097
9	Burayda	7016920113

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

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

The results for the nine-month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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 31 December 2019.

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

2.2. BASIS OF MEASUREMENT

These interim condensed financial statements are prepared under the historical cost method except for the investments carried at fair value.

IJARAH FINANCE COMPANY
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(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Company's management to revisit its significant judgments in applying the Company's accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company's management carried out an impact assessment on the overall Company's operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these interim condensed financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

The accounting judgements, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

5. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions during the period			For the nine-month period ended	
Names of Related Parties	Nature of Relationship	Nature of transactions	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Afras Trading & Contracting Company	Affiliate	Outsourcing services	8,766,158	6,741,568
EKAL Human Resource Company	Affiliate	Outsourcing services	24,800	26,100
Watad Holding Company	Owner	Additional contribution of Share Capital	100,000,000	-
Saudi Financial Lease Contract registry Company	Affiliate	Contract Registry	800,616	405,420
National Leasing Company	Affiliate	Outsourcing services	7,419	-

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5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	For the nine-month period ended	
	30 September 2020	30 September 2019
<u>Key management personnel</u>	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	3,490,913	3,115,302
Post-employment benefits and other long-term benefits	263,360	146,495

Balances as at the period-end

	Note	30 September 2020	31 December 2019
		(Unaudited)	(Audited)
Due to related parties			
Watad Holding Company	8	28,000,000	-
Afras Trading & Contracting Company		13,196,823	13,598,725
National Leasing Company		294,417	307,519
Saudi Financial Lease Contract registry Company		141,301	-
EKAL Human Resource Company		10,385	-
Omer Saud Alblehed	8	-	128,000,000
		41,642,926	141,906,244

6. NET INVESTMENT IN IJARAH FINANCING

	Note	30 September 2020	31 December 2019
		(Unaudited)	(Audited)
Net investment in Ijarah financing before provision for impairment		251,043,805	177,355,479
Less: Impairment of Ijarah financing	6.2	(10,896,504)	(5,380,169)
Net investment in Ijarah financing		240,147,301	171,975,310

6.1. In response to Covid-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”) as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. As part of Deferred Payment Program (“DPP”), the Company has deferred payments for durations of 1 to 6 months to contracts that qualify as MSME. The accounting impact of these changes in terms of the credit facilities has been assessed and treated as per the requirements of IFRS 9 as a modification in terms of the arrangements (see Note 11).

6.2. The movement in the provision for impairment in Ijarah financings during the period is as follows:

	For the nine-month	For the year
	period ended	ended
	30 September 2020	31 December 2019
	(Unaudited)	(Audited)
Balance at beginning of the period / year	5,380,169	5,705,883
Provided / (reversed) during the period / year	5,516,335	(325,714)
Balance at the end of the period / year	10,896,504	5,380,169

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(All amounts in Saudi Riyals unless otherwise stated)

7. MARGIN DEPOSITS-RESTRICTED

Margin deposits with banks, net as of 30 September comprises of the followings:

	30 September 2020 (Unaudited)		
	Current	Non-Current	Total
Margin deposits with banks	6,779,318	57,405,026	64,184,344
Less: Provision against expected defaults in respect of factorized receivables	(211,575)	(1,791,543)	(2,003,118)
Less: Provision in respect of present value of margin deposits	(332,555)	(8,816,204)	(9,148,759)
As at 30 September 2020	<u>6,235,188</u>	<u>46,797,279</u>	<u>53,032,467</u>

	31 December 2019 (Audited)		
	Current	Non-Current	Total
Margin deposits with banks	5,006,725	54,572,476	59,579,201
Less: Provision against expected defaults in respect of factorized receivables	(175,444)	(1,912,306)	(2,087,750)
Less: Provision in respect of present value of margin deposits	(271,761)	(8,997,504)	(9,269,265)
As at 31 December 2019	<u>4,559,520</u>	<u>43,662,666</u>	<u>48,222,186</u>

8. SHARE CAPITAL

The Company's subscribed and paid-in share capital of SR 200,000,000 is divided into 20,000,000 equity shares of SR 10 each fully owned by Watad Holding Company.

During the period, due to balance amounting to SR 128,000,000 was transferred to Watad Holding Company by Omer Saud AlBLEhed, a beneficial owner. Subsequently, during the period Watad Holding Company transferred the due to balance amounting to SR 100,000,000 to Share capital after obtaining the annual general meeting approval, dated 12th May 2020, and completing all the legal formalities including obtaining the no objection certificate from SAMA and updating the Commercial registration and Articles of Association of the Company.

9. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the nine-month period ended 30 September 2020 (Unaudited)	For the year ended 31 December 2019 (Audited)
Balance at the beginning of the period / year	446,039	537,215
Provided during the period / year	-	761,233
Adjustment during the period / year	268,626	(852,409)
	<u>268,626</u>	<u>(91,176)</u>
Balance at the end of the period / year	<u>714,665</u>	<u>446,039</u>

STATUS OF ASSESSMENTS

The Company submitted its Zakat declaration to GAZT for the year ended 31 December 2019 and has obtained the certificate valid until 18 Ramadan 1442H corresponding to 30 April 2021.

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10. BORROWINGS

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Short-term borrowings principle portion	10.1	97,976,416	77,238,778
Accrued interest		1,693,392	739,288
		99,669,808	77,978,066

10.1 The Company has a short – term borrowing facility limit amounting to SR 100 million from a local bank for the purpose of financing the working capital needs. The bank facility bears profit at market prevailing rates.

10.2 In order to offset the modification loss that the Company is expected to incur in deferring the payments (see Note 6.1), during the period, the Company entered into negotiation for the rescheduling of its loans with the bank. Accordingly, overall maturity of the loans were extended for the period upto 5 months and were treated as per the requirements of IFRS 9 as a modification in terms of the arrangements (see note 11).

11. MODIFIED FINANCIAL INSTRUMENTS

	30 September 2020 (Unaudited)
Financial assets modified during the period	
Amortized cost before modification	9,584,918
Net modification loss	75,631
Financial liabilities modified during the period	
Amortized cost before modification	91,732,977
Net modification gain	1,262,362

12. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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12. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

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

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

30 September 2020 (Unaudited)	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850

31 December 2019 (Audited)	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850

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

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

13. SUBSEQUENT EVENTS

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

14. IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES ("ECL")

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

Oil prices witnessed significant volatility during the first half of 2020, owing not just to demand issues arising from COVID-19 as the world economies went into lockdown, but also supply issues driven by volume which had predated the pandemic. The oil prices have shown some recovery in late Q2 2020 as oil producing countries cut back production coupled with increasing of demand as countries emerged from lockdowns.

The Company continues to evaluate the current situation through conducting stress-testing scenarios on expected movements of oil prices and its impact on key credit, liquidity, operational, solvency and performance indicators in addition to other risk management practices to manage the impact COVID-19 outbreak has had on its normal operations and financial performance.

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(All amounts in Saudi Riyals unless otherwise stated)

14. IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES (“ECL”) (Continued)

The steps taken by management also includes a review of credit exposure concentrations at a more granular level with particular focus on specific economic sectors, regions, counterparties and collateral protection thereby conducting timely review and taking appropriate customer credit rating actions and initiating restructuring of loans, where required. The credit reviews also take into consideration the impact of the government and SAMA support relief programmes.

The prevailing economic conditions post lock down, require the Company to revise certain inputs and assumptions used for the determination of expected credit losses (“ECL”). These primarily revolve around either adjusting macroeconomic factors used by the Company in the estimation of expected credit losses and revisions to the scenario probabilities currently being used by the Company in ECL estimation. During the period more reliable data became available, the management has made adjustments to the macroeconomic factors used by the Company in the estimation of expected credit losses and revisions to the scenario probabilities. For the period ended 30 September 2020, the macroeconomic factors update resulted in a total ECL of SR 30.9 million.

The Company’s ECL model continues to be sensitive to macroeconomic variables and scenario weightings. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgemental and the Company will continue to reassess its position and the related impact on a regular basis.

It continues to be challenging to reliably ascertain the specific effects the pandemic and the government and SAMA support measures, such as the repayment holidays and other mitigating packages, will have. The Company has therefore concluded that it is too early for any potential credit impairment to be reflected through the application of the staging criteria and has instead put more emphasis on the macroeconomic model underpinning the PD and LGD determinations. The Company will continue to individually assess significant counterparty exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

15. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorized for issue on 26 October 2020G (corresponding to 9 Rabi ul Awal 1442H) by the Management of the Company.