

**Reem Finance P.J.S.C.**

Financial statements

*31 December 2022*

**Principal business address:**  
P.O. Box: 111422  
Abu Dhabi  
United Arab Emirates

# Reem Finance P.J.S.C.

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## DIRECTORS' REPORT

Year ended 31 December 2022

The Board of Directors present their report together with the audited financial statements for the year ended 31 December 2022.

### **Principal activities and business review**

The Company is engaged in extending advances for financing trade and business, vehicle finance and personal loans to individuals.

### **Financial results and appropriation of income**

During the year ended 31 December 2022, the Company has generated profit of AED 34,120,207 (2021: profit of AED 56,250,714) and total comprehensive income for the year amounting to AED 34,120,207 (2021: profit of AED 56,250,714).

### **Going concern basis**

The Board of Directors has reasonable expectation that the Company has adequate resources to support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2022.

### **Transactions with related Parties**

The financial statements disclose related party transactions and balances in note 22. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

### **Auditors**

KPMG were appointed as external auditors for the Company for the year ended 31 December 2022. KPMG have expressed their willingness to continue in office. A shareholder resolution for the reappointment of KPMG is proposed and to absolve them of their responsibility for the year ended 31 December 2022.

### **Board of Directors**

The Directors as of 31 December 2022 comprised the following:

Dr. Saleh Al Hashemi	Chairman
Mr. Syed Basar Shueb	Vice Chairman
Majed Fuad Mohammed Odeh	Director
Dr. Huda Abdulla	Director
Ms. Sara Al Bin Ali	Director

For The Board of Directors

  
Chairman



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## Independent auditors' report

### To the Shareholders of Reem Finance P.J.S.C.

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Reem Finance P.J.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2022, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

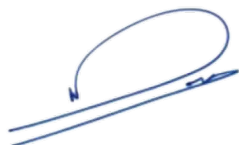
## Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 December 2022:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Company;
- v) as disclosed in note 17 to the financial statements, the Company has not purchased any shares during the year ended 31 December 2022;
- vi) note 22 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2022.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018 (as amended), we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

KPMG Lower Gulf Limited



Fawzi AbuRass  
Registration number: 968  
Abu Dhabi, United Arab  
Emirates Date: 31 March 2023

# Reem Finance P.J.S.C.

## Statement of financial position

as at 31 December

	Note	2022 AED	2021 AED
<b>Assets</b>			
Cash and bank balances	6	87,391,850	169,922,338
Loans and advances, net	7	283,792,694	173,137,286
Debt securities, net	8	131,249,880	151,580,396
Investments at fair value through profit or loss	9	28,412,214	87,707,012
Other Assets	10	50,407,951	69,987,657
Prepayments and other receivables, net	11	50,458,507	40,542,178
Property, plant and equipment	12	198,583	382,103
Intangible assets	13	1,060,231	343,692
<b>Total assets</b>		<b>632,971,910</b>	<b>693,602,662</b>
<b>Liabilities</b>			
Customers' deposits	14	247,846,819	320,498,443
Other payables	15	50,045,575	72,308,413
Provision for employees' end of service benefits	16	945,277	781,774
<b>Total liabilities</b>		<b>298,837,671</b>	<b>393,588,630</b>
<b>Equity</b>			
Share capital	17	400,000,000	400,000,000
Legal reserve	18	26,140,194	22,728,173
Accumulated losses		(92,005,955)	(122,714,141)
<b>Total equity</b>		<b>334,134,239</b>	<b>300,014,032</b>
<b>Total liabilities and equity</b>		<b>632,971,910</b>	<b>693,602,662</b>

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2022:

  
Dr. Saleh Al Hashemi  
Chairman

  
Mr. Seraj Tariq Faidi  
Chief Executive Officer

The notes on pages 9 to 62 form an integral part of these financial statements.

The independent auditors' report is set out on pages 2 to 4.

# Reem Finance P.J.S.C.

## Statement of profit or loss and other comprehensive income for the year ended 31 December

	<i>Note</i>	<b>2022</b> <b>AED</b>	2021 AED
Interest income on loans and advances		<b>35,963,481</b>	25,333,959
Interest income on bank deposits		<b>202,870</b>	47,593
Interest expense on customers' deposits		<b>(12,661,167)</b>	(18,063,269)
Interest expense on term loans		-	(1,278,676)
<b>Net interest income</b>		<b>23,505,184</b>	6,039,607
Fee and commission income		<b>2,706,100</b>	1,098,588
<b>Total Fee and commission income</b>		<b>2,706,100</b>	1,098,588
Loss on revaluation of investment properties	10	<b>(1,520,000)</b>	(1,700,000)
Loss on sale of investment properties		<b>(1,176,458)</b>	(2,000,000)
Investment income, net	20	<b>6,385,639</b>	42,315,757
Reversal for allowance for expected credit losses on financial instrument		<b>22,285,913</b>	26,728,046
<b>Net operating income</b>		<b>52,186,378</b>	72,481,998
General and administrative expenses	21	<b>(18,066,171)</b>	(16,231,284)
<b>Profit for the year</b>		<b>34,120,207</b>	56,250,714
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>34,120,207</b>	56,250,714

The notes on pages 9 to 62 form an integral part of these financial statements.

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