

2018

# Annual Report

Board of Directors  
Saudi Home Loans



الشركة السعودية لتمويل المساكن  
Saudi Home Loans

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques  
King Salman Bin Abdulaziz Al Saud



HRH Mohammad Bin Salman Bin Abdulaziz Al Saud  
Crown Prince of Saudi Arabia  
First Deputy Prime Minister and Minister of Defence

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# Chairman's Message



## Chairman's message

SHL company has seen a pivotal phase during the year 2018 with all of its achievements, challenges and opportunities, to conclude with a clear strategic path that will lead it to further successes in the future.

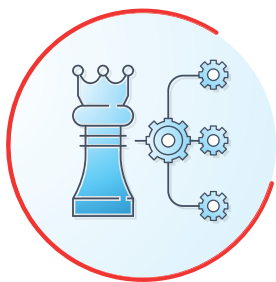
During the year of 2018, SHL has made several great achievements and developments despite the challenges in the real estate and home finance sector. We have embarked on a journey that will enhance the efficiency of our business, and here we are making a good progress in the implementation of our new strategy, which aims to bring better value to our main stakeholders; shareholders, customers, employees and partners, and we have many reasons to be highly enthusiastic and optimistic for a brighter future for the company.

While we are in the peak of our focus on the process of the organizational restructure, to widen our activities, expand our work scope, it has been realized that the company's financial performance achieved a net profit of 76 million for the fiscal year of 2018, with a decrease comparing to the previous year due to several factors. Most importantly, the increase in the cost of fund in the banking sector, in addition to changes in the home finance segment caused a decrease in sales during 2018.

SHL has maintained its strong and solid ties with Saudi Arabia's ministries and other government entities, which was shown in the signing of several agreements with the Ministry of Housing, and Real Estate Development Fund to offer products through our company. This will unleash the company's potential to avail best products and services to Saudi citizens.

SHL has signed a MOU with Saudi Real Estate Refinance Company (SRC) makes last party purchases a financing portfolio, and makes the needed facilities for refinancing of our company for SAR 1.5 billion, which is the biggest value among the financing companies. Reaching such an agreement reflects the solid cooperation between the company, the ministry of housing, and SRC. This MOU will play a core role in developing the housing sector, and proving a sustainable solution of enabling the citizens to own suitable house easily, which allow us to have a competitive advantage with banks and other financing companies either in trading or fixed rate products.

We would not be able to achieved this without the dedication and commitment of our employees and their tireless efforts. Therefore, we would like to extend our warmest appreciation to our employees for all what they have presented, and I assure them that the company will continue to invest in their training to achieve our desired goals together. The company is also looking forward to hire Saudi male talent, and develop a new female section to work and manage operations of our main day-to-day activities. We are talking about a sector that is characterized by a pleasant work environment, and I believe that the distinctive talent will play an important role in boosting the success of our business.



# Vision, mission and values

## Vision

SHL vision is to be the first choice provider of Shariah compliant home finance solutions to Saudi citizens and expatriates wishing to realize their dreams of home ownership.

We are in a continuous pursuit to become one of the most prominent home finance pioneers, and the most distinguished financier in the region. We are proud of our values that are derived from Islamic Shariah Laws, which will enable SHL to lead the local and regional market through excelling at all standards and practices to enable citizens and expats from owning suitable homes. This is by offering diversified home finance products that are Shariah compliant.

## Mission

SHL's mission is to be the easiest and most efficient home finance provider throughout the Kingdom by applying best business practices and leveraging its strengths and stakeholder partnerships while proactively managing risk.

We strive to develop optimal and new standards through the highest efficient expertise with ultimate values and best professional practices in order to ease home finance mechanisms by utilizing the latest financial technologies.

## Value

SHL values its employees, customers and shareholders SHL management strives to ensure:

1. Sound management – of risk, credit and process efficiency
2. Teamwork – healthy, cooperative work environment
3. Ethics – respect, trust, transparency and integrity
4. Stewardship – value creation in portfolio and brand
5. Client Centric – simple process, quick decisions and fair treatment.

These values must be manifested in daily decision making Every manager must lead by example.

Our values are based on our credibility and continuous dedication to provide our customers with the highest priority and embrace there needs within our pursuit to take the right decisions and provide the best services to our elite beneficiaries. This is to fulfill their needs and adopt with their aspirations towards continuous growth and success being compliant with Shariah laws.





# Company Overview

The Saudi Home Loans Company was established in 2007 as a Saudi Joint Stock Company registered in Riyadh. The company is licensed by the Saudi Arabian Monetary Agency to conduct real estate finance activities.

The Saudi Housing Finance Company (SHL) is a joint stock company (closed) registered in Riyadh according to Commercial Registration No. 1010241934 dated 221428/12/ H corresponding to 012008/01/.

The Company is also licensed by the Saudi Arabian Monetary Agency (SAMA) to carry out the real estate finance activity under License No. 14 / AS / 201403 dated 271435 / 04/H corresponding to 272014 / 2/G. The Company's capital is SR 1 billion, fully paid up, divided into 100 million shares of SAR 10 per share.

Name	Number of shares	Capital (SR)
Arab national Bank	40,000,000	400,000,000
Dar Alarkan	15,000,000	150,000,000
Mamlaket Al Taqseet Co.	09,200,000	90,000,000
Yousef Al Shalash	08,400,000	80,000,000
Hazlul al - Hathall	06,800,000	60,000,000
intal's Finance Corporation	06,800,000	60,000,000
Abdullatif bin Abdullah Al Shalash	05,000,000	50,000,000
Urban Development Co.	05,000,000	50,000,000
Gulf pillars Co.	04,200,000	40,000,000

The company's main objective is to provide innovative mortgage solutions to the retail sector in accordance with Shariah standards. We are guided by the help and support of God followed by the expertise of the long-standing owned by the company.

The company is proud of its partnership with Arab National Bank, Dar Al Arkan and IFC. Within its folds, SHL embraces elite trained professionals managed by professional executive team of best efficient international experience in the home finance field.

The company also has a distinctive and modern technological structure based on the latest technologies in the IT industry to ensure that the company fulfills the customers' needs and satisfaction, which is a supreme goal SHL is striving to achieve.



# Strategy 2019

SHL has developed a business plan and an appropriate strategy to ensure achieving of targeted revenues which would support one of the optimal goals set out in the vision 2030 to raise the home ownership ratio to 60% by 2022 to improve the housing finance sector and increasing its contribution to the national GDP. This is supported by the government's effort to enable lenders to offer more diversified financing solutions to a larger population. The company has developed its strategy considering the expected growth of the size of the home finance sector from 280 billion riyals this year to SR 500 billion by 2020. Therefore, the company has developed its strategy upon the expected market directions and the economic indications to the upcoming period.

### **The Most Diversified Finance Solutions**

SHL is in a continuous pursuit to improve its capabilities to become the preferred company in providing Shariah compliant financing solutions, for both individuals and organizations through diversifying its products to cover all segments including retirees from the private and government sectors.

### **Improving the consumer experience**

SHL has worked to further develop its operations and products to meet the expectations and needs of potential customers, in addition to the development of the company's technical systems by developing advanced means to help speed up the processes and procedures that lead to the improvement of the clients' experience.

### **Developing relations with the competent authorities**

SHL seeks to develop the joint relationship with the Ministry of Housing, the Real Estate Development fund, the national housing company, and other related parties. This is to widen work scope and diversify fields and products that serve mutual interests of all parties including daily sales and targets, systems' integrations, and products diversity to reach out to the maximum possible number of customers.



# Board of Directors

# Board of Directors



**Mr. Yousef Abdullah Al Shelash**  
Chairman



**Dr. Robert Eid**  
Vice Chairman



**Mr. Ayham Mohammed Al-Yousef**  
Board Member



**Mr. Abdulatef A. Al Shelash**  
Board Member



**Mr. Obaid Abdulla Alrasheed**  
Board Member



**Mr. Khalid Abanumay**  
Board Member



**Dr. Ahmad S. Al-Dehailan**  
Board Member



**Mr. Zaid El Chaar**  
Board Member



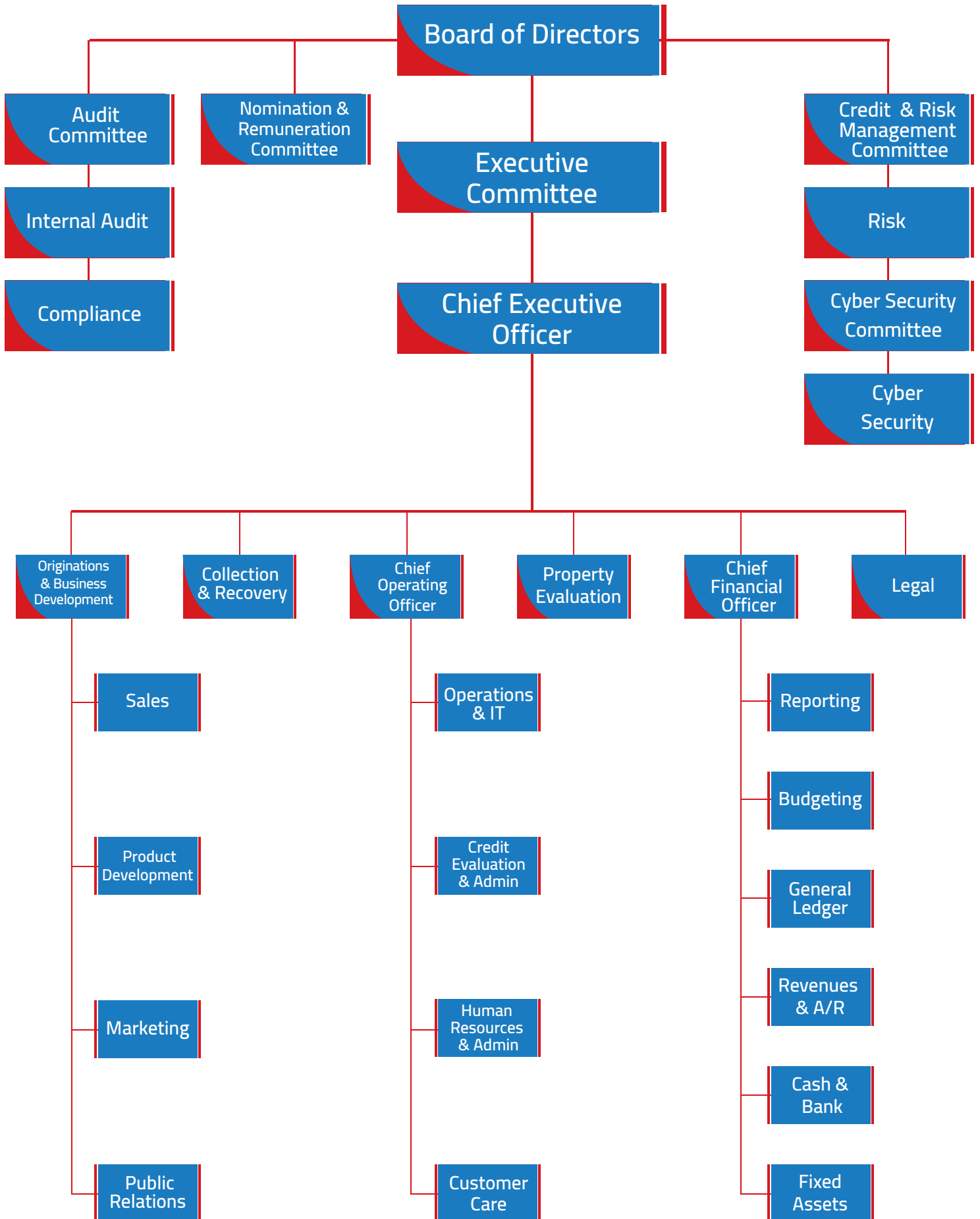
**Mr. Fares Ibrahim Al-Rashed**  
Board Member



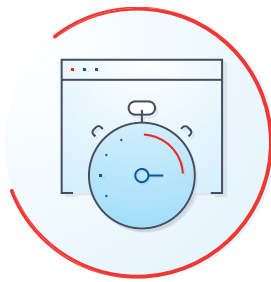
**Mr. Nader Hassan Alamri**  
Board Member



# Organization Chart







# Origination Department

Saudi Home Finance (SHL) is one of the prominent and is the oldest Home Finance Company in KSA. In the recent years, there has been a decline in SHL's performance affected by internal and external factors. A thorough study and analysis was conducted to assess strengths, weaknesses, advantages, and gaps among competitors.

It was crucial to perform an overall restructure in order to regain SHL's position, reputation, and rank in the Saudi Market. As part of our pursuit to excel in this year (2019), Origination Department team has studied the market in aspects including Marketing Strategies, Products' Offerings, Sales Strategies, Headcounts, and the adoption of technology including digitalization and automation of end-to-end processes and applications.

These changes are meant to present an overview of the market, and an overview of SHL's status. Moreover, it explains a roadmap in which SHL intends to regain and maintain an excellent market penetration and continuous improvement during 2019 and moving forward.



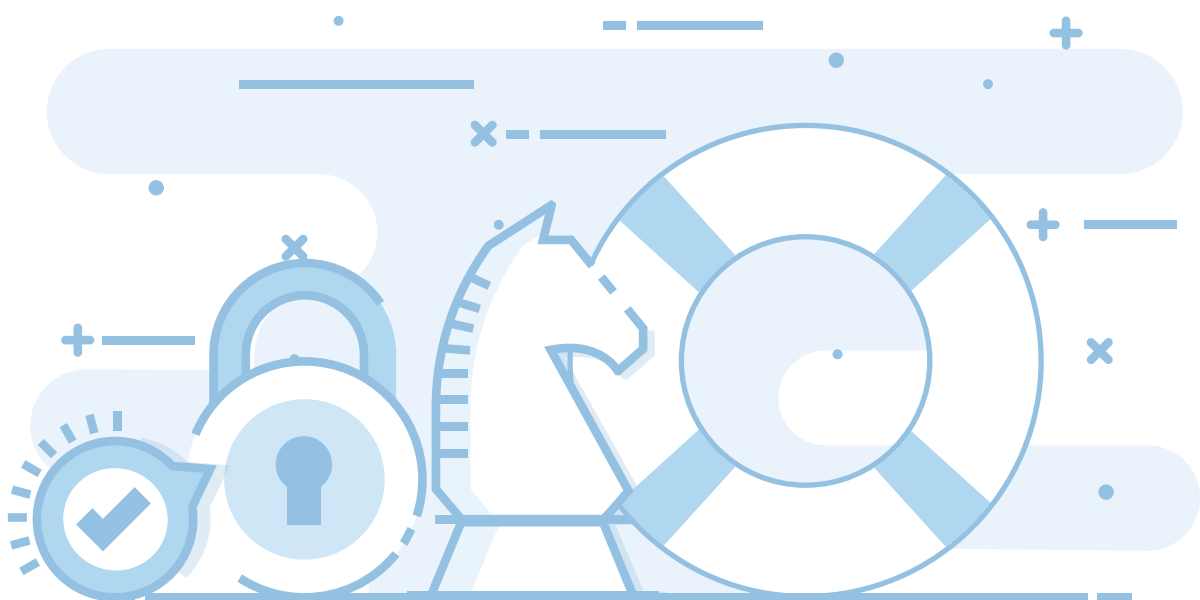
# Marketing and Communication

Marketing Department focuses on extending full support to all SHL Departments through conducting frequent studies of the market and identifying required actions, objectives, and challenges.

Moreover, Marketing Department participates in building adequate business plans and sharing it with the other departments to achieve identified objectives. This is in addition to reviewing policies and procedures in the company and measuring its impacts on business, which results in proper restructuring that aligned with the policies of the company, its risks' management and business plans.

The Marketing Department is also concerned with reviewing the products and features offered and its attractiveness in the market, and clarifying proposals that fit the real estate market, categories and target segments, designing and building marketing campaigns aimed at delivering a message of excellence with competitive value for the target segments. Furthermore, marketing department puts emphasis on spreading awareness of the field of home finance through educational messages about the sector and its products.

Moreover, SHL will develop a very attractive campaigns strategy for the REDF products, and will maximize the relationship with real-estate developers.

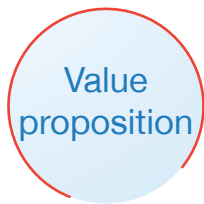


# Research

SHL has developed its own market research to identify necessary actions based on scientific basis and market demand.



SHL will position itself as a market leader by using "Saudi Home Loans" as the first company in the kingdom.



SHL has developed strong and attractive messages to deliver its propositions to the customer.



Improve the customer experience by enhancing the Customer's journey starting from the application stage up to "contract signing".



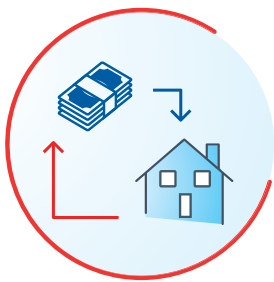
Digitalize marketing Communication strategy.



Increase access, and use of technological advances such as internet, SMS.



Integrate sales application with Online mortgage broker platforms/companies



# Products

## During the previous 6 months, SHL achieved the following:

- 1 Signed Military Initiative/Down payment Assistance program agreement with REDF.
- 2 Signed Off-Plan product agreement with REDF.
- 3 Participated in the R/E consultant program, which would increase flow of leads.
- 4 Finalized System Requirements Document for a fully automated system integration with REDF (development in progress).
- 5 Finalized System Requirements Document for Military Initiative/down payment assistance program
- 6 Finalized System Requirement Document for REDF Subsidy inclusion to income.
- 7 Received No Objection from SAMA to offer Equity Release product for REDF beneficiaries.
- 8 Finalized Business Requirement System for Equity Release to be developed in SHL System.
- 9 Finalized a Business Requirement Document to enhance SHL system for Fixed Ijarah product.
- 10 Opened channels of communication and leads flow with REDF, which enhanced sales in Q3 of 2018.
- 11 Handled day-to-day technical and business issues and difficulties to ensure proper flow of applications.
- 12 Introduced the following concepts for implementation:
  - a. Discount Points Product.
  - b. Pricing revision and Pricing readjustment mechanism (including introduction to re-study IRR components to ensure coverage of costs and expenses and generation of adequate revenues).
  - c. Self-Construction Product.
 (These products are to be approved and developed immediately after basic system requirements of the system integration with REDF.
- 13 Started communication with REDF and MOH to arrive to agreement to develop AIP application, which is a digitalization for eligibility assessment through an application to be utilized by REDF/MOH beneficiaries.
- 14 Introduced a gap analysis for the market to identify weaknesses and strengths (which is incorporated in the business plan prepared by Marketing Department).



# Customer Care



The Customer Care Department always strives to maintain its distinguished relationship with customers and is always looking to improve its services to meet their expectations.

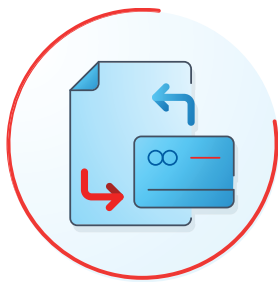
### **The most important achievements of the Customer Care Department during 2018:**

Developing several internal systems to facilitate and expedite procedures and requests related to after sales services (eg, reducing the duration of the study and implementation of debt scheduling to five days and developing the complaint system for completion within five days).

The establishment of a special department to deal with complaints, whose role is to find solutions to customers and to study the causes of the complaint and to ensure that they do not recur in the future.

Develop the services provided by telephone to include and offer many solutions to customers without having to visit the branch.





# Credit Department

The company aims to maintain a sound and diversified credit portfolio through the mechanism of guidelines on credit policy, and the limits and focus on the different sectors of the company's business. Target clients and credit risk acceptance criteria resulting from risk management strategies are reviewed and audited by risk management, as approved by the risk committee and the company's executive committee.

Some of the most important works of credit management during this year:

Full update to the credit policy in order to mitigate the risks with keeping in mind our competition status.

Enhance the credit process flow in order to achieve the best turnaround time.

Finalize the score card project in order to enhance the decision making process.

Subscribe with Bayan company in order to enhance the credit assessment for self-employee segment.

Subscribe with SIMAH benchmark in order to have better understanding to the market and competitors.

Finalize and implement all responsible lending requirements to keep the company aligned with new SAMA regulations.

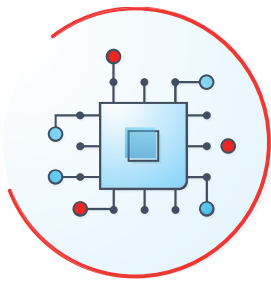




# Collection & Recovery

The clients' delinquencies has remained a challenge for the company due to the increase of the cost of living and economic factors, which has caused some customers failing to meet their obligations toward the company. The company has restructured the internal tasks and responsibilities of the collection department, and has contracted with a law firm and issued the Shariah delegation, which enabled us to follow up on the existing lawsuits and raise a greater number of lawsuits and claims against customers who defaulted in payments.





# Operations & Technology

## Closing & Titling

We have successfully implemented SAMA unified contract along with responsible lending regulations to comply with SAMA guidelines. Also, created a new unit to handle the responsible lending function in regard of calling/informing customers about the contract terms and conditions, signing the contracts with customers as well.

## Change Management

At the department we have completed implementation of the cyber security regulation of SAMA into the change management procedures, we also have developed our processes and procedures to streamline the work and adapt best practices in project management, including good stakeholder management, and projects risk planning and mitigation.

During 2019 we will work to streamline further our processes in an electronic workflow format, for faster decision making regarding change requests and project management. Also, implement a performance management system, which includes KPI and scorecards for the company objectives.

## IT Operations

Major IT Operation cost control and reduction up to SAR 1.4 M for Oracle licensing. High availability of the IT services up to 99% in regard of systems. High accuracy rate for the collection files generation on timely basis thus ensuring correct revenue collection.

Improved Business performance visibility by developing and customizing MIS reports and customer complaints tracking and service improvements by Call Center Automation.

IT Infrastructure upgrades as per International Standards and Website development for enhancing customers experience and integration with sales agents.

Comprehensive GAP assessment for the governance, policies, process and technology as per the SAMA requirements. Also, development of the Policies, Strategy, Charter, Processes etc. for the Cyber Security. However, development and Implementation of the Technical and Process Security controls are in progress.



# Risk Management

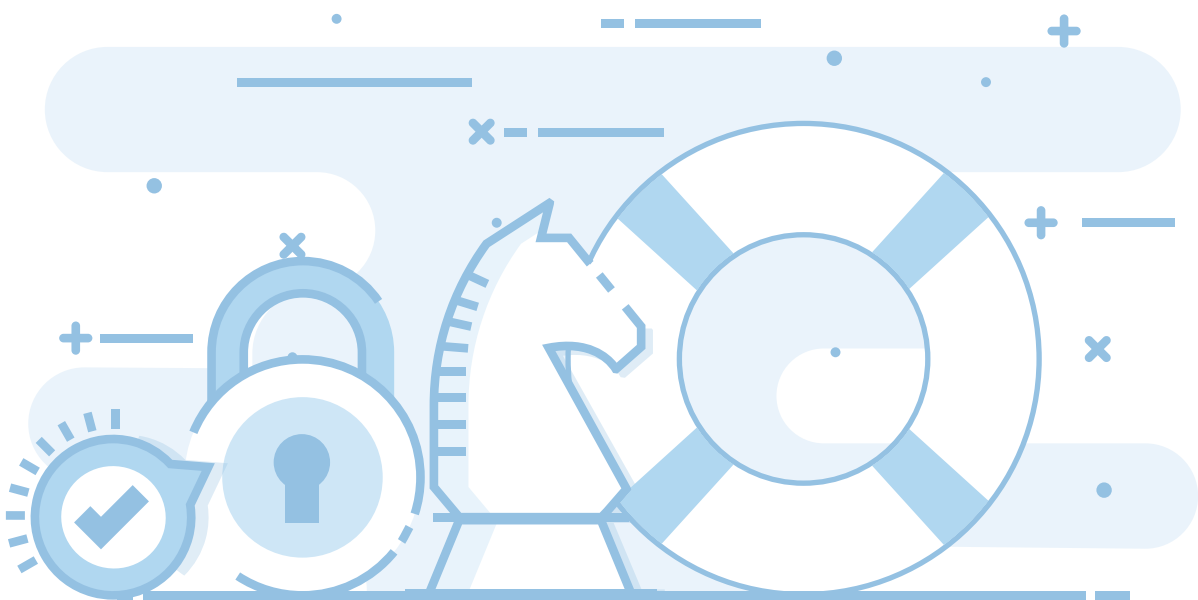


## Risk Management Department:

During Q1 2018, the company provided the Risk Management Department a software suite to access SHL data for analysis, schedule reports, share results and embed output easily for repeated use developed by SAS Institute for analytics.

During Q2 2018, Risk Management Department's responsibilities were increased to include model governance of IFRS-9 and expected credit loss models under the department responsibilities.

During Q4 2018, Risk Management Department's responsibilities were further increased to include Credit Policy function, Operational Risk function, MI & Analytics function and Cyber Security functions. Accordingly, the additional responsibilities have necessitated the approval of additional headcounts to achieve the SAMA minimum requirements and meet the department objectives. The Risk Management Department shall prepare to SAMA the quarterly risk report compliant with SAMA Risk Management Regulation, following discussion and approval by the Credit and Risk management committee and the Board of Directors, along with relevant decisions. Risk Management Department maintains the meeting records of the Credit & Risk Management Committee, tracks the committee's decisions, and follows-up with its execution.





# Human Resources & Admin

The role of the human resources and administrative support department is to develop strategic and operational plans to attract, develop and maintain Saudi talent, in addition to providing administrative support to all departments of the company. The department also implements training programs related to technical and leadership skills, also to motivate employees to achieve the highest results that achieve the objectives of the company. The department also achieves 77% Saudization in all departments of the company at the end of 2018. In addition, Commitment to suit the size of the development of the company as well as the regulations approved by the Saudi Arabian Monetary Agency.





# Compliance

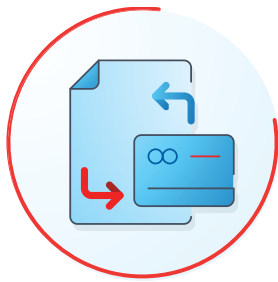
## Compliance Function

Compliance is an independent function that identifies, assesses and provides advice, monitors and reports on risks of a company's non-compliance related to its exposure to legal and administrative penalties, financial loss, or what may undermine the company's reputation due to its failure to abide by the regulations and controls or sound standards of conduct and professional practice.

The compliance function is one of the fundamentals and factors of success due to the essential role it plays in maintaining their reputation, credibility, the interests of shareholders, and protecting them from penalties as a result of performing or participating in the following:

- Prevention of risks, especially systematic, reputation and financial penalties risk.
- Consolidate relations with regulatory entities.
- Establish the principles of corporate governance.
- Establish mechanisms and frameworks to ensure prevention of crimes, in particular, its responsibility for combating money laundering and terrorism financing operations.
- Safeguard professional values and practices in work.





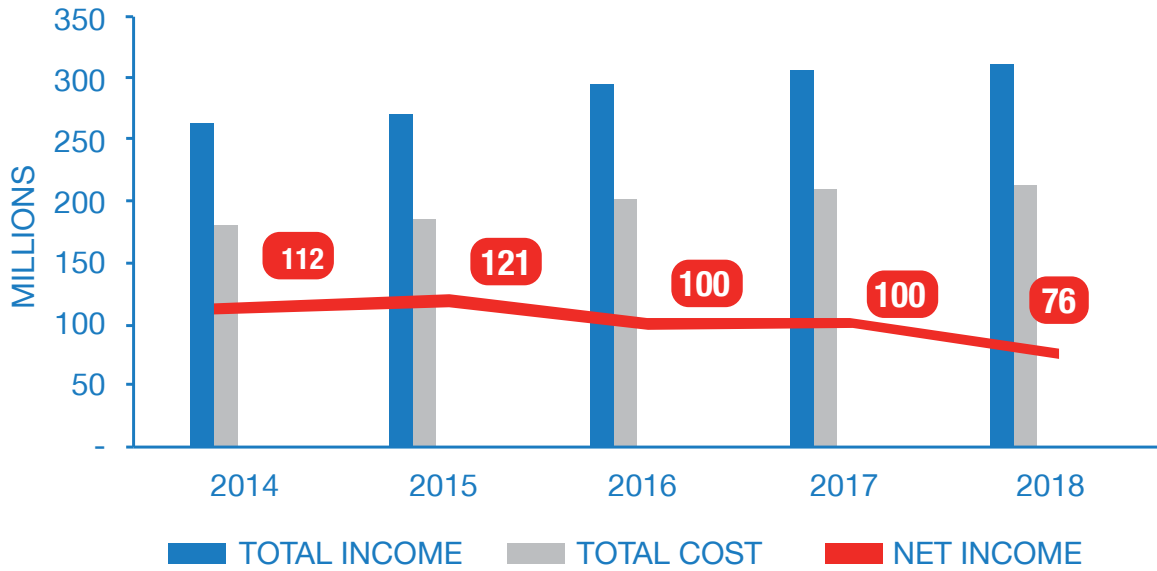
# Finance

## Income statement | Total Assets | Total equity | Total Liabilities

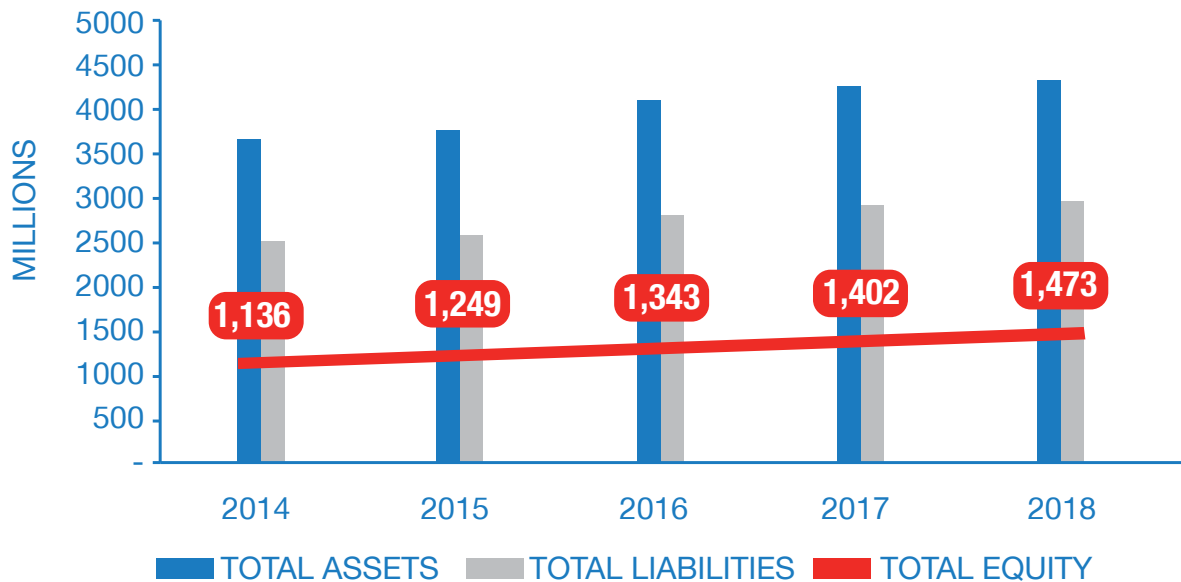
	2014	2015	2016	2017	2018
Lease finance income	231,792,040	244,774,527	258,806,400	272,573,760	302,058,066
Application and evaluation fee income	5,923,800	2,346,685	3,880,350	4,407,292	2,931,848
Service fees, net	9,444,754	14,378,614	13,025,411	11,566,637	10,156,303
Other income	17,316	124,881	1,394,245	1,082,054	238,472
<b>Total operating income</b>	<b>247,177,910</b>	<b>261,624,707</b>	<b>277,106,406</b>	<b>289,629,743</b>	<b>315,384,689</b>
Provision for expected credit losses		-	-	(399,094)	(31,189,013)
Selling and marketing expenses	(21,981,828)	(20,769,106)	(23,773,254)	(24,121,888)	(25,023,466)
General and administrative expenses	(37,168,329)	(43,010,124)	(44,657,826)	(45,744,155)	(51,692,247)
Financing charges	(75,575,658)	(77,252,512)	(108,416,240)	(119,338,468)	(131,699,801)
<b>Total expenses</b>	<b>(134,725,815)</b>	<b>(141,031,742)</b>	<b>(176,847,320)</b>	<b>(189,603,605)</b>	<b>(239,604,527)</b>
<b>Net income for the period</b>	<b>112,452,095</b>	<b>120,592,965</b>	<b>100,259,086</b>	<b>100,026,138</b>	<b>75,780,162</b>

	2014	2015	2016	2017	2018
Total Assets	3,673,501,576	3,769,874,452	4,095,558,583	4,263,477,031	4,354,016,257
Total equity	1,136,388,663	1,248,956,990	1,342,854,291	1,401,791,249	1,472,620,801
	2,537,112,913	2,520,917,462	2,752,704,292	2,861,685,782	2,881,395,456

### Income and cost



### Assets and liabilities





## Key Performance

Total income **8.6%**

315 Million SR **2018**

290 Million SR **2017**

Total income for 2018 increased by 8.6% comparing to last year (2018: SR 315 million / 2017: SR 290 million)

Leasing contracts **9.75%**

302 Million SR **2018**

272.6 Million SR **2017**

Leasing contracts increased by 9.75% from SR 272.6 million in 2017 to SR 302 million in 2018.

Net income

76 Million SR **2018**

100 Million SR **2017**

The company achieved a net income of 76 million riyals in 2018 which is lower than last year (2017: SR 100 million)

Total cost **26.3%**

240 Million SR **2018**

190 Million SR **2017**

Total cost for 2018 increased by 26.3% comparing to last year (2018: SR 240 million / 2017: SR 190 million due to the increased SAIBOR rate during the year and due to more cautious policies followed by the company for credit loss provisioning.

The following chart highlights the historical growth and movements in SHL numbers during the last five years:

Liabilities increased **6.9%**

4,354 Million SR **2018**

4,263 Million SR **2017**

Total liabilities increased 6.9% comparing to 2017 (2018: SR 2,881 million, 2017: SR 2,862 million) including mainly Tawarruq financing facilities for SR 2,824 million. In addition to the Zakat and income tax provision created for the year of SR 6.7 million

Total assets **2%**

2,881 Million SR **2018**

2,861 Million SR **2017**

Total assets at the end of the year increased by 2% comparing to 2017 (2018:SR 4,354 million , 2017: SR 4,263 million), including Finance leasing portfolio which represents the major part of the total assets with closing balance of SR 4,190 million.

During the year 2017 none of the members of the board of directors or members of board committees has received any salaries, share of profits, attendance allowance, or any money for expenses or other benefits. No member of the Board of Directors has received any sums of money as employees or administrators for technical, administrative or consulting work of the Company in accordance with the disclosure requirements stipulated in Article (71) of the Companies Law.



# Committees



### Executive committee:

Members of Executive committee:

**Mr. Iham Al Yousef (Chairman of the Committee).**

**Dr. Ahmed bin Saleh Aldhailan.**

**Mr. Maurice Benedict Horan.**

**Mr. Jaffrey Scott Ferguson.**

**Mr. Abdulellah bin Saleh Al-Sheikh.**

### Nomination and remuneration committee

Members of Credit & Risk Management Committee:

**Mr. Yousef Abdullah Al Shelash – Chairman of committee**

**Mr. Obaid Abdulla Alrasheed**

### Credit & Risk Management Committee

Members of Credit & Risk Management Committee:

**Mr. Fares Bin Ibrahim Al-Humaid (Chairman of the Committee).**

**Mr. Hassan bin Ali Al-Rashed.**

**Mr. Nader bin Hassan Al Omari.**

**Mr. Kevin Osoinach.**

The Credit & Risk Management Committee periodically assesses risks to the effective execution of business strategy and reviews key leading indicators in this regard. The committee periodically reviews the risk management processes and practices of SHL to recommend that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. The committee shall be assisting the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of risks. The Board reviews the

performance of the risk management committee annually.

The Credit & Risk Management committee evaluates significant risk exposures of the company and assesses management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities). The committee raises its recommendations to the BoDs for ratification as per the specializations, responsibilities assigned to it by the BoDs.

The committee makes regular reports to the BoDs, including with respect to risk management. The committee shall review and reassess the adequacy of various types of risks annually and recommend any proposed changes to the BoDs.

The members of the Credit & Risk Management Committee will be appointed by the Board. The committee is consisted of four members. The Chairman is a non-executive Director of BoDs. Second member is a non-executive Director. Two other members who are not BoDs act as members of the committee. Currently, The Committee holds four quarterly meeting per year.

In Q2 2018, the Credit & Risk Management Committee has been delegated by the BoDs on behalf of them for oversight the Cyber Security function. Additionally, Credit & Risk Management Committee has been delegated by the BoDs to include the responsibility of Model Governance of IFRS-9 and Expected Credit Loss models are compliant with SAMA regulations & best practice.

In Q4 2018, The Credit & Risk Management Committee has approved the Cyber Security Management charter to head the Cyber Security Management Committee by Risk Management Department.

Note	Member Name	18 Jan	18 Apr	18 Aug	18 Nov	Total
16/May/2018 Resigned	Dr. Abdulrehman Al-Harkan	X	X	N/A	N/A	2
05/Aug/2018 appointed as a Chairman	Faris Al-Humaid	✓	✓	✓	✓	4
-	Hassan Al-Rashed	✓	✓	✓	✓	4
-	Nader Al-Amri	X	✓	X	✓	2
04/Jun/2018 appointed as a committee member	Kevin Osoinach	N/A	N/A	✓	X	1

## Audit Committee

Members of the Audit Committee:

**Dr. Ahmed bin Saleh Al-Dahilan (Chairman of the Committee).**

**Mr. Fawaz Al Kassar.**

**Mr. Mohammed Abdulnajib.**

**The following are the key duties performed by the Audit Committee in the year 2018:**

1. Financial statements and accounting policies
2. Internal controls
3. Oversight of the Internal Audit function
4. Oversight of the External Audit function
5. Oversight of Compliance Function

Audit Committee reviewed the Annual and Quarterly financial reports for the financial year 2018. The Committee also reviewed the key assumptions used in preparing the financial statements and challenged those subjective assumptions having a material impact on the financial statements and financial reporting by the company. The Audit Committee placed particular emphasis on the fair presentation, reasonableness of the judgment factors applied, and the appropriateness of significant accounting policies used in their preparation. KPMG was recommended as the external auditors by the Audit Committee to the Board which was approved in the Annual General Body meeting.

Three audit committee meetings were conducted during the year 2018. The details of audit committee meetings are as follows:

Sl. No.	Audit Committee Meeting No.	Date of the Meeting
1	2018-ACM-01	21-Feb-2018
2	2018-CM-02	24-July-2018
3	2018-ACM-03	17-Oct-2018

The attendance during the three audit committee meetings of the audit committee members conducted during the year 2018 are as follows:

Audit Committee Member	ACM-01-2018	ACM-02-2018	ACM-03-2018
Dr. Ahmed Bin Saleh Al-Dehailan	Present	Present	Present
Fawaz al Kassar	Present	Present	Present
Mr. Mohammed Abdulnajeb	Present	Apologized	Present
Mr. Hassan Al Rashed	Present	Resigned from the Audit Committee	



# Shariah Board

## Three meetings were conducted between Shariah Board and SHL during 2018 summarized as follows:

- 1- SHL consulted Shariah Board about the home loan contract (Ijarah) with fixed rate to raise their comments or concerns.
- 2- SHL consulted Shariah Board about the home loan contract (Ijarah), which was approved from SAMA.
- 3- SHL consulted Shariah Board about leasing an under construction real estate product with a fixed or variable rates, where the company sign a leasing contract of an under construction real estate, and building it as per the customer needs / specification. The product feature includes purchasing a real estate on a plan from an authorized developer. then leasing it with an ownership plan.
- 4- The only contract between the company and Shariah Board has been renewed for three years starting from 1 January 2019.





# Digital transformation



The spectacular development of smart devices and systems and the advent of digital switching technology will shorten the time, reduce the cost and achieve greater flexibility and efficiency in the process of production and great capacity in the processing of data and artificial intelligence, no doubt that these developments will work to widen the scope of development and change Unprecedented shifts in the economy, the labour market and the industrial sector, where digital transformation is one of the most important drivers and catalysts of growth in major companies, impose a crucial race for companies to develop innovative solutions that ensure their continuity in the competition.

### **The lead management system:**

Includes access to the client through the Internet and social networks.

### **Lead Management system**

Where customers will be able to obtain products through the site and social media platforms, which will enable employees to receive requests automatically through the Lead Management System.

### **Sales Acquisition System**

Will enable customers to complete the sales procedures through the website by attaching the required documents and tracking the status of the funding and updates of the application stages.

### **Customer care portal**

Customers will be able to know the account statement, outstanding installments, and request documents related to the leased property via the website

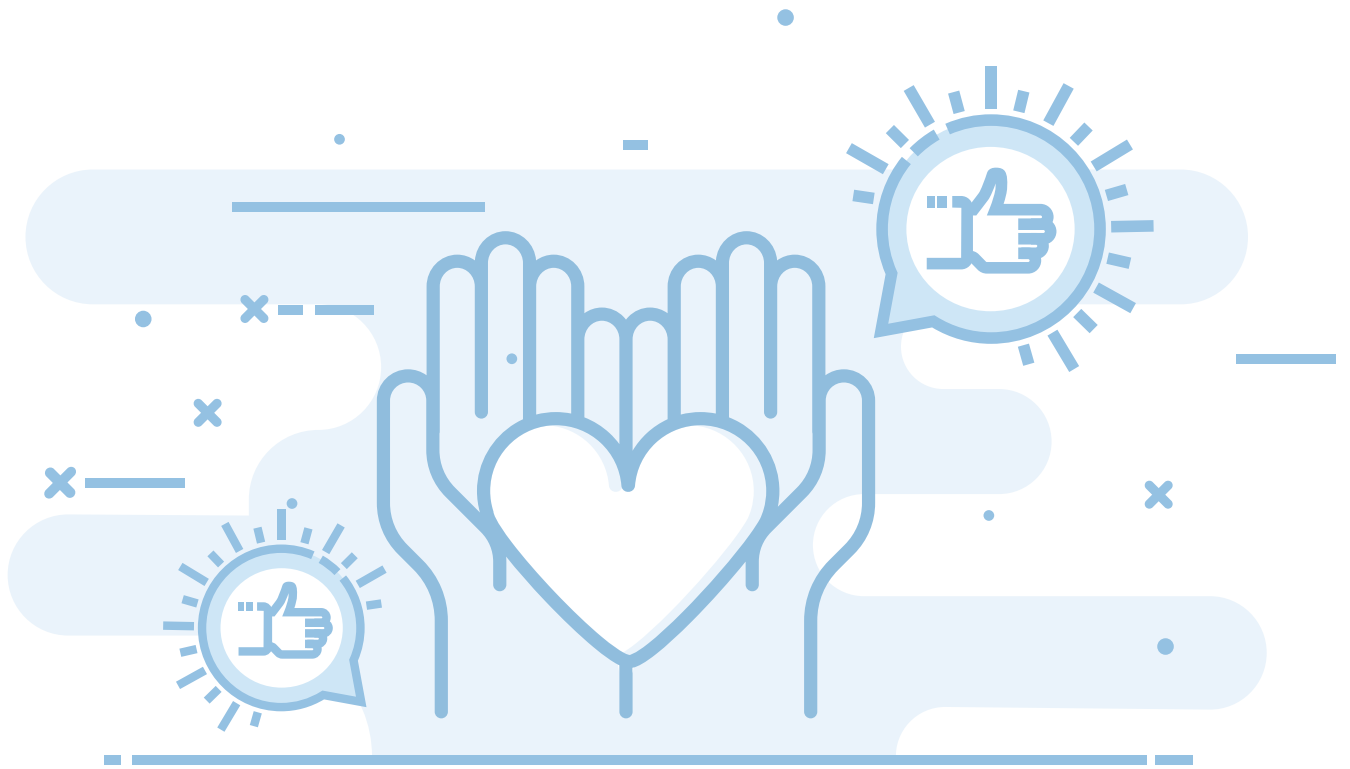
### **Human Resources**

Will be able to apply for one of the vacant posts to submit their applications and attach the CVs through the Employment portal on the site, as well as following-up the situation. Human resources management will also have a database for candidates through that portal



# Social Responsibility

The company participated in some social responsibilities and events by renewing the sponsorship of orphans (25 orphans) for the third consecutive year in favor of the charitable society to ensure orphans. The company has also developed qualitative and humanitarian contributions to serve the community and support nationalism values.



In conclusion, the Chairman and members of the Board of Directors present to the shareholders and to the company's CEO and all the company's employees for their support and for their unlimited contribution which contributed directly to the development of the company and achieving its objectives.

**Mr. Yousef Abdullah Al Shelash**

**Chairman**



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