THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of and for the three month period ended March 31, 2022

(Unaudited)

Ernst & Young Professional Services
(Professional Limited Liability Company)
Paid-up capital (SR 5,500,000) (Five million and five hundred thousand Saudi Riyal)
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Building a better working world

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Chartered Accountants

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Date 10/3/1419
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Independent Auditors' Report on Review of the Interim Condensed Consolidated Financial Statements to the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of **The Saudi Investment Bank** ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2022, and the interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Regulatory Matters

As required by the Saudi Central Bank ("SAMA"), certain capital adequacy information has been disclosed in note 21 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 21 to the relevant analysis prepared by the Bank for its submission to SAMA and found no material inconsistencies.

Ernst & Young Professional Services

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THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Amounts in SAR'000

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
ASSETS				
Cash and balances with SAMA	5a	**4,829,552**	5,901,679	5,265,684
Due from banks and other financial institutions, net	6a,18	**10,709,908**	5,445,778	1,288,478
Investments, net	7a,18	**29,633,143**	28,841,751	30,464,162
Positive fair values of derivatives, net	15a,18	**648,809**	663,971	872,949
Loans and advances, net	8a,18	**59,936,256**	57,803,114	55,423,508
Investments in associates	9a	**899,089**	883,700	846,453
Other real estate		**451,981**	451,981	446,678
Property, equipment, and right of use assets, net	10a	**981,690**	999,548	1,040,021
Information Technology intangible assets, net	10b	**372,863**	350,984	311,914
Other assets, net	11a	**794,832**	245,529	310,628
Total assets		**109,258,123**	101,588,035	96,270,475
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions, net	12a, 18	**23,545,538**	21,792,608	20,545,125
Customers' deposits	13,18	**68,353,032**	61,514,882	56,122,764
Negative fair values of derivatives, net	15a,18	**172,736**	230,147	318,122
Term loans	14,18	**-**	-	2,006,066
Other liabilities	11c	**1,680,033**	1,748,923	1,889,127
Total liabilities		**93,751,339**	85,286,560	80,881,204
Equity				
Share capital	23a	**10,000,000**	7,500,000	7,500,000
Statutory reserve		**2,999,000**	2,999,000	5,233,000
Treasury shares	25	**-**	-	(1,041,067)
Other reserves	7c	**17,512**	562,063	651,786
Retained earnings		**990,272**	715,412	775,550
Proposed dividend	24	**-**	525,000	270,002
Proposed bonus shares issuance	24	**-**	2,500,000	-
Shareholders' equity		**14,006,784**	14,801,475	13,389,271
Tier I Sukuk	22	**1,500,000**	1,500,000	2,000,000
Total equity		**15,506,784**	16,301,475	15,389,271
Total liabilities and equity		**109,258,123**	101,588,035	96,270,475

Abdallah Salih Jum'ah Chairman	Faisal Al-Omran Chief Executive Officer	Shankar Chattanathan Chief Financial Officer

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (Unaudited)
Amounts in SAR'000

	Notes	Three month period ended March 31, 2022	March 31, 2021
Special commission income		730,004	664,391
Special commission expense		138,345	121,433
Net special commission income		591,659	542,958
Fee income from banking services, net		97,455	90,487
Exchange income, net		42,804	38,493
Unrealized loss on FVTPL financial instruments, net		(18,709)	(37,421)
Realized gain on FVTPL financial instruments, net		575	527
Gains on disposals of FVOCI debt securities, net		7,357	28
Other income		-	12
Total operating income		721,141	635,084
Salaries and employee-related expenses		178,319	165,791
Rent and premises related expenses		38,128	33,417
Depreciation and amortization		36,515	36,283
Other general and administrative expenses		95,788	71,884
Operating expenses before provisions for credit and other losses		348,750	307,375
Provisions for credit and other losses	26	37,761	64,844
Total operating expenses		386,511	372,219
Operating income		334,630	262,865
Share in earnings of associates	9a	15,389	709
Income before provisions for Zakat		350,019	263,574
Provisions for Zakat		63,003	50,079
Net income		287,016	213,495
Basic and diluted earnings per share (expressed in SAR per share)	20b	0.27	0.21

Abdallah Salih Jum'ah Chairman	Faisal Al-Omran Chief Executive Officer	Shankar Chattanathan Chief Financial Officer

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
Amounts In SAR'000

	Three month period ended March 31, 2022	Three month period ended March 31, 2021
Net income	**287,016**	213,495
Other comprehensive loss		
Items that cannot be reclassified to the interim consolidated statement of income in subsequent periods:		
Net change in fair value of equity investments held at fair value through other comprehensive income	**(747)**	(9,267)
Items that can be reclassified to the interim consolidated statement of income in subsequent periods:		
Net change in fair value of debt securities held at fair value through other comprehensive income	**(533,603)**	(130,962)
Fair value gains transferred to interim consolidated statement of income on disposals of FVOCI debt securities, net	**(7,357)**	(28)
Total other comprehensive loss	**(541,707)**	(140,257)
Total comprehensive (loss) income	**(254,691)**	73,238

Abdallah Salih Jum'ah	Faisal Al-Omran	Shankar Chattanathan
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

	Note	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividend	Proposed bonus shares issuance	Shareholders' equity	Tier I Sukuk	Total equity
		Three month period ended March 31, 2022 (SAR'000)								
Balances at the beginning of the period (Audited)		7,500,000	2,999,000	562,063	715,412	525,000	2,500,000	14,801,475	1,500,000	16,301,475
Net income		-	-	-	287,016	-	-	287,016	-	287,016
Total other comprehensive loss		-	-	(541,707)	-	-	-	(541,707)	-	(541,707)
Total comprehensive loss		-	-	(541,707)	287,016	-	-	(254,691)	-	(254,691)
Dividends paid	24	-	-	-	-	(525,000)	-	(525,000)	-	(525,000)
Tier I Sukuk costs		-	-	-	(15,000)	-	-	(15,000)	-	(15,000)
Realized gain on disposal of FVOCI equity securities		-	-	(2,844)	2,844	-	-	-	-	-
Increase in share capital through issuance of bonus shares	24	2,500,000	-	-	-	-	(2,500,000)	-	-	-
Balances at the end of the period		10,000,000	2,999,000	17,512	990,272	-	-	14,006,784	1,500,000	15,506,784

Abdallah Salih Jum'ah Chairman	Faisal Al-Omran Chief Executive Officer	Shankar Chattanathan Chief Financial Officer

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Continued (Unaudited)

	Note	Share capital	Statutory reserve	Treasury shares	Other reserves	Proposed dividend	Retained earnings	Shareholders' Equity	Tier I Sukuk	Total equity
		Three month period ended March 31, 2021 (SAR'000)								
Balances at the beginning of the period (Audited)		7,500,000	5,233,000	(1,041,067)	792,043	-	847,057	13,331,033	2,000,000	15,331,033
Net income		-	-	-	-	-	213,495	213,495	-	213,495
Total other comprehensive loss		-	-	-	(140,257)	-	-	(140,257)	-	(140,257)
Total comprehensive income		-	-	-	(140,257)	-	213,495	73,238	-	73,238
Proposed dividend	24	-	-	-	-	270,002	(270,002)	-	-	-
Tier I Sukuk costs		-	-	-	-	-	(15,000)	(15,000)	-	(15,000)
Balances at the end of the period		7,500,000	5,233,000	(1,041,067)	651,786	270,002	775,550	13,389,271	2,000,000	15,389,271

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Shankar Chattanathan
Chief Financial Officer

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
Amounts in SAR'000

	Notes	Three month period ended March 31, 2022	March 31, 2021
OPERATING ACTIVITIES			
Net income		**287,016**	213,495
Adjustments to reconcile net income to net cash provided from operating activities			
Net accretion of discounts and net amortization of premiums on investments, net		**3,646**	2,668
Net change in accrued special commission income		**24,450**	157,418
Net change in accrued special commission expense		**21,319**	(64,550)
Net change in deferred loan fees		**6,724**	267
Gains on disposals of FVOCI debt securities, net		**(7,357)**	(28)
Unrealized loss on FVTPL financial instruments, net		**18,709**	37,421
Realized gain on FVTPL financial instruments, net		**(575)**	(527)
Depreciation and amortization		**36,515**	36,283
Provisions for credit and other losses	26	**37,761**	64,844
Share in earnings of associates	9a	**(15,389)**	(709)
		412,819	446,582
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		**134,475**	100,780
Due from banks and other financial institutions maturing after three months from acquisition date		**-**	101
Loans and advances		**(2,229,576)**	(605,543)
Positive fair values of derivatives		**(40,888)**	135,500
Other assets		**(540,331)**	(151,021)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions, net		**1,753,441**	483,836
Customers' deposits		**6,835,276**	(3,970,718)
Negative fair values of derivatives		**(1,890)**	(7,271)
Other liabilities		**(104,742)**	(121,003)
		6,218,584	(3,688,757)
Zakat payments		**-**	-
Net cash provided from (used in) operating activities		**6,218,584**	(3,688,757)
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments		**1,023,231**	2,715,005
Purchases of investments		**(2,321,422)**	(2,794,440)
Acquisitions of property, equipment, and intangibles		**(49,509)**	(52,093)
Net cash used in investing activities		**(1,347,700)**	(131,528)

Abdallah Salih Jum'ah	Faisal Al-Omran	Shankar Chattanathan
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS - Continued (Unaudited)
Amounts in SAR'000

	Notes	Three month period ended March 31, 2022	Three month period ended March 31, 2021
FINANCING ACTIVITY			
Dividends payment		**(525,000)**	-
Tier I Sukuk costs		**(15,000)**	(15,000)
Net cash used in financing activity		**(540,000)**	(15,000)
Net increase (decrease) in cash and cash equivalents		**4,330,884**	(3,835,285)
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	5b	**8,007,284**	7,266,784
Net increase (decrease) in cash and cash equivalents		**4,330,884**	(3,835,285)
Cash and cash equivalents at the end of the period	5b	**12,338,168**	3,431,499
Supplemental special commission information			
Special commission received		**754,454**	826,764
Special commission paid		**148,205**	186,316
Supplemental non-cash information			
Total other comprehensive loss		**(541,707)**	(140,257)

Abdallah Salih Jum'ah	Faisal Al-Omran	Shankar Chattanathan
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three month periods ended March 31, 2022 and 2021

1. General

The Saudi Investment Bank (the "Bank"), a Saudi joint stock company, was formed pursuant to Royal Decree No. M/31 dated 25 Jumada II 1396H, corresponding to June 23, 1976 in the Kingdom of Saudi Arabia ("KSA"). The Bank operates under Commercial Registration No. 1010011570 dated 25 Rabie Awwal 1397H, corresponding to March 16, 1977 through its 51 branches (December 31, 2021: 51 branches; and March 31, 2021: 52 branches) in KSA. The address of the Bank's Head Office is as follows:

The Saudi Investment Bank
Head Office
P.O. Box 3533
Riyadh 11481, KSA

The Bank offers a full range of commercial and retail banking services. The Bank also offers Shariah compliant (non-interest based) banking products and services, which are approved and supervised by an independent Shariah Board established by the Bank.

2. Basis of preparation

These interim condensed consolidated financial statements as of and for the three month period ended March 31, 2022 have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34") as endorsed in KSA and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). These interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2021.

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousand, except where indicated herein.

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and income and expense. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the annual consolidated financial statements as of and for the year ended December 31, 2021.

These interim condensed consolidated financial statements were approved by the Bank's Board of Directors on Ramadan 27, 1443H, corresponding to April 28, 2022.

3. Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Bank and the financial statements of the following subsidiaries (collectively referred to as the "Group" in these interim condensed consolidated financial statements):

a) "Alistithmar for Financial Securities and Brokerage Company" (Alistithmar Capital), a Saudi closed joint stock company, which is registered in KSA under Commercial Registration No. 1010235995 issued on 8 Rajab 1428H (corresponding to July 22, 2007), and is 100% owned by the Bank. The principal activities of Alistithmar Capital include dealing in securities as principal and agent, underwriting, management of investment funds and private investment portfolios on behalf of customers, and arrangement, advisory and custody services relating to financial securities;

b) "Saudi Investment Real Estate Company", a limited liability company, which is registered in KSA under commercial registration No.1010268297 issued on 29 Jumada Awwal 1430H (corresponding to May 25, 2009), and is owned 100% by the Bank. The primary objective of the Company is to hold title deeds as collateral on behalf of the Bank for real estate related lending transactions;

3. Basis of consolidation – continued

c) "SAIB Markets Limited Company", a Cayman Islands limited liability company, registered in the Cayman Islands on July 18, 2017, and is 100% owned by the Bank. The objective of the Company is to conduct derivatives and repurchase activities on behalf of the Bank.

References to the Bank hereafter in these interim condensed consolidated financial statements refer to disclosures that are relevant only to the Bank and not collectively to the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Changes are made to the accounting policies of the subsidiaries when necessary to align with the accounting policies of the Group.

Subsidiaries are investees controlled by the Group. The financial statements of the subsidiaries are included in the interim condensed consolidated financial statements from the date the Group obtains control of the investee and ceases when the Group loses control of the investee.

A structured entity is an entity designed so that its activities are not governed by way of voting rights. In assessing whether the Group has power over such investees in which it has an interest, the Group considers factors such as purpose and design of the investee, its practical ability to direct the relevant activities of the investee, the nature of its relationship with the investee, and the size of its exposure to the variability of returns of the investee. The financial statements of any such structured entities are consolidated from the date the Group obtains control and until the date when the Group ceases to control the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect amount of its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights granted by equity instruments such as shares.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Amounts in SAR'000

3. Basis of consolidation – continued

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Group acts as Fund Manager to several investment funds. Determining whether the Group controls individual investment funds usually focuses on the assessment of the aggregate economic interests of the Group in an individual fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

All intra-group balances and any income and expenses arising from intra-group transactions, are eliminated in preparing these interim condensed consolidated financial statements.

4. Summary of significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021.

Other Standards, amendments or interpretations

Following standards, amendments or interpretations effective for annual periods beginning on or after January 1, 2022, did not have a significant impact on the Group's interim condensed consolidated financial statements:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On March 31, 2021, the IASB published an additional amendment to extend the date of the practical expedient from June 30, 2021 to June 30, 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after April 1, 2021

Amounts in SAR'000

4. Summary of significant accounting policies - continued

Standard, interpretation, amendments	Description	Effective date
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.	Annual periods beginning on or after January 1, 2022.

5. Cash and balances with SAMA and cash and cash equivalents

a) Cash and balances with SAMA as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Cash on hand	**805,434**	754,291	761,113
Reverse repurchase agreement	**765,000**	2,290,000	1,385,000
Other balances, net	**45,138**	(491,067)	(6,198)
Cash and balances before statutory deposit (note 5b)	**1,615,572**	2,553,224	2,139,915
Statutory deposit	**3,213,980**	3,348,455	3,125,769
Cash and balances with SAMA	**4,829,552**	5,901,679	5,265,684

In accordance with the Banking Control Law and regulations issued by the Saudi Central Bank ("SAMA"), the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its average demand, savings, time and other deposits, calculated at the end of each month. The statutory deposit with SAMA is not available to finance the Bank's day to day operations and therefore do not form a part of cash and cash equivalents.

Amounts in SAR'000

5. Cash and balances with SAMA and cash and cash equivalents - continued

b) Cash and cash equivalents included in the interim consolidated statement of cash flows as of March 31, 2022 and 2021 and as of December 31, 2021 are comprised of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Cash and balances with SAMA excluding statutory deposit (note 5a)	**1,615,572**	2,553,224	2,139,915
Due from banks and other financial institutions maturing within three months from the date of acquisition	**10,722,596**	5,454,060	1,291,584
Cash and cash equivalents	**12,338,168**	8,007,284	3,431,499

6. Due from banks and other financial institutions, net

a) Due from banks and other financial institutions, net as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Current accounts	**5,397,834**	2,360,185	1,291,584
Money market placements	**5,324,913**	3,094,225	-
Total due from banks and other financial institutions	**10,722,747**	5,454,410	1,291,584
Allowance for credit losses	**(12,839)**	(8,632)	(3,106)
Due from banks and other financial institutions, net	**10,709,908**	5,445,778	1,288,478

b) The credit quality of due from banks and other financial institutions as of March 31, 2022 and 2021 and as of December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Investment grade	**10,631,627**	5,360,583	1,237,479
Non-investment grade	**89,837**	92,383	54,105
Unrated	**1,283**	1,444	-
Total due from banks and other financial institutions	**10,722,747**	5,454,410	1,291,584

c) The movement of the allowance for credit losses for the three month periods ended March 31, 2022 and 2021 and the year ended December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Balances at the beginning of the year/period	**8,632**	3,202	3,202
Provision for credit losses (note 26)	**4,207**	5,430	(96)
Balances at the end of the year/period	**12,839**	8,632	3,106

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7. Investments, net

a) Investments, net as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Investments - amortized cost			
Fixed rate debt securities	**2,607,604**	-	-
Allowance for credit losses	**(1,479)**	-	-
Investments - amortized cost (net)	**2,606,125**	-	-
Investments – FVOCI			
Fixed rate debt securities	**25,347,269**	27,320,882	28,107,852
Floating rate debt securities	**1,192,918**	1,022,190	1,816,575
Total debt securities	**26,540,187**	28,343,072	29,924,427
Equities	**352,424**	356,023	364,087
Investments – FVOCI	**26,892,611**	28,699,095	30,288,514
Investments – FVTPL			
Mutual funds	**120,239**	128,474	142,207
Other securities	**14,168**	14,182	33,441
Investments – FVTPL	**134,407**	142,656	175,648
Investments, net	**29,633,143**	28,841,751	30,464,162

The Group's investments in equities include SAR 8.6 million as of March 31, 2022 (December 31, 2021: SAR 8.6 million, and March 31, 2021: SAR 8.6 million) which the Bank acquired in prior years in connection with the settlement of certain loans and advances.

The Group also holds strategic investments in equities totaling SAR 343.7 million as of March 31, 2022 (December 31, 2021: SAR 347.3 million, and March 31, 2021: SAR 355.4 million) including the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, SIMAH (the Saudi Credit Bureau), and the Saudi Company for Registration of Finance Lease Contracts.

As of March 31, 2022, investments include SAR 14.3 billion (December 31, 2021: SAR 14.0 billion, and March 31, 2021: SAR 13.5 billion) which have been pledged under repurchase agreements with other financial institutions. Refer note 12a

b) The movement of the allowance for credit losses for the three month periods ended March 31, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Balances at the beginning of the year/period	**26,185**	31,385	31,385
Provision for credit losses (note 26)	**3,726**	(5,200)	(2,878)
Balances at the end of the year/period	**29,911**	26,185	28,507

Amounts in SAR'000

7. Investments, net - continued

c) Other reserves classified in shareholders' equity as of March 31, 2022 and 2021 and as of December 31, 2021 are comprised of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Unrealized gains on revaluation of debt securities at FVOCI before allowance for credit losses	**41,341**	584,548	586,286
Allowance for credit losses on debt securities at FVOCI	**28,432**	26,185	28,507
Unrealized gains on revaluation of debt securities at FVOCI after allowance for credit losses	**69,773**	610,733	614,793
Unrealized (losses) gains on revaluation of equities held at FVOCI	**(25,412)**	(21,821)	66,788
Actuarial losses on defined benefit plans	**(25,298)**	(25,298)	(27,083)
Share of other comprehensive loss of associates	**(1,551)**	(1,551)	(2,712)
Other reserves	**17,512**	562,063	651,786

8. Loans and advances, net

a) Loans and advances, net classified as held at amortized cost as of March 31, 2022 and 2021 and as of December 31, 2021 and are summarized as follows:

	March 31, 2022 (Unaudited)			
	Commercial and other	**Overdrafts**	**Consumer**	**Total**
Stage 1	**40,618,917**	**4,399,056**	**10,096,752**	**55,114,725**
Stage 2	**2,325,467**	**1,674,906**	**99,368**	**4,099,741**
Stage 3	**780,925**	**814,122**	**858**	**1,595,905**
Total performing loans and advances	**43,725,309**	**6,888,084**	**10,196,978**	**60,810,371**
Non performing loans and advances	**30,292**	**1,000,804**	**114,437**	**1,145,533**
Total loans and advances	**43,755,601**	**7,888,888**	**10,311,415**	**61,955,904**
Allowance for credit losses	**(806,324)**	**(1,064,894)**	**(148,430)**	**(2,019,648)**
Loans and advances, net	**42,949,277**	**6,823,994**	**10,162,985**	**59,936,256**

	December 31, 2021 (Audited)			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	38,886,738	4,047,107	9,937,011	52,870,856
Stage 2	3,509,715	615,326	80,328	4,205,369
Stage 3	802,420	780,660	445	1,583,525
Total performing loans and advances	43,198,873	5,443,093	10,017,784	58,659,750
Non performing loans and advances	29,442	968,019	111,136	1,108,597
Total loans and advances	43,228,315	6,411,112	10,128,920	59,768,347
Allowance for credit losses	(817,126)	(999,669)	(148,438)	(1,965,233)
Loans and advances, net	42,411,189	5,411,443	9,980,482	57,803,114

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8. Loans and advances, net - continued

	March 31, 2021 (Unaudited)			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	37,237,847	2,577,663	10,412,702	50,228,212
Stage 2	3,937,127	481,042	118,520	4,536,689
Stage 3	254,261	1,082,508	448	1,337,217
Total performing loans and advances	41,429,235	4,141,213	10,531,670	56,102,118
Non performing loans and advances	33,940	981,633	118,119	1,133,692
Total loans and advances	41,463,175	5,122,846	10,649,789	57,235,810
Allowance for credit losses	(786,635)	(807,195)	(218,472)	(1,812,302)
Loans and advances, net	40,676,540	4,315,651	10,431,317	55,423,508

b) The movement of the allowance for credit losses for the three month periods ended March 31, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Balances at the beginning of the year/period	**1,965,233**	1,755,424	1,755,424
Provision for credit losses (note 26)	**18,899**	254,432	69,427
Net recoveries / (write-offs)	**35,516**	(44,623)	(12,549)
Balances at the end of the year/period (i)	**2,019,648**	1,965,233	1,812,302

i. Owing to the economic conditions posed in by COVID-19 pandemic, the Group recognized an ECL provision of SAR 181 million as of March 31, 2022 (March 31, 2021: SAR 186 million) for its loans and advances portfolio as a result of post-model overlays. Refer to note 27 for details.

9. Investments in associates

a) Investments in associates include the Bank's ownership interest in American Express (Saudi Arabia) ("AMEX") of 50%, in YANAL Finance Company ("YANAL") (formerly Saudi ORIX Leasing Company) of 38%, and in Amlak International for Real Estate Finance Company ("AMLAK") of 22.4%. The movement of investments in associates for the three month periods ended March 31, 2022 and 2021, and for the year ended December 31, 2021, is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Balance at the beginning of the year / period	**883,700**	845,744	845,744
Share in earnings	**15,389**	54,808	709
Dividends	**-**	(18,013)	-
Share of other comprehensive income	**-**	1,161	-
Balance at the end of the year / period	**899,089**	883,700	846,453

(i) The fair value of the investment in AMLAK as of March 31, 2022 amounts to SAR 434.2 million (December 31, 2021: SAR 429.5 million, March 31, 2021: SAR 450.2 million).

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9. Investments in associates - continued

b) The following table summarizes the associates' assets, liabilities, and equity as of March 31, 2022 and 2021, and income and expense for the three month periods then ended:

	March 31, 2022 (Unaudited)			March 31, 2021 (Unaudited)		
	AMEX	**YANAL**	**AMLAK**	AMEX	YANAL	AMLAK
Total assets	**979,500**	**1,525,174**	**3,567,471**	606,146	1,513,791	3,524,195
Total liabilities	**623,932**	**611,537**	**2,376,450**	285,173	637,686	2,351,045
Equity	**355,568**	**913,637**	**1,191,021**	320,973	876,105	1,173,150
Total income	**88,466**	**28,847**	**71,114**	58,200	30,529	54,721
Total expenses	**10,181**	**11,603**	**44,176**	63,648	19,227	33,568

The head office of each associate company is located in Riyadh in KSA, with all operations conducted entirely in KSA.

10. Property, equipment, and right of use assets, net and Information Technology intangible assets, net

a) Property, equipment, and right of use assets, net as of March 31, 2022 and 2021 and as of December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Land and buildings	**1,113,613**	1,110,405	1,097,543
Leasehold improvements	**180,424**	180,834	178,989
Furniture, equipment and vehicles	**426,207**	428,226	411,955
Right of Use leased assets	**310,394**	314,256	314,757
Total cost	**2,030,638**	2,033,721	2,003,244
Less accumulated depreciation	**(1,050,381)**	(1,035,160)	(964,631)
Subtotal	**980,257**	998,561	1,038,613
Projects pending completion	**1,433**	987	1,408
Property, equipment, and right of use assets, net	**981,690**	999,548	1,040,021

b) Information Technology intangible assets, net as of March 31, 2022 and 2021 and as of December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Software	**579,850**	561,253	498,630
Less accumulated amortization	**(297,374)**	(282,987)	(242,517)
Subtotal	**282,476**	278,266	256,113
Projects pending completion	**90,387**	72,718	55,801
Information Technology intangible assets, net	**372,863**	350,984	311,914

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11. Other assets, net and other liabilities

a) Other assets, net as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Customer and other receivables	**166,756**	172,958	223,735
Prepaid expenses	**53,519**	36,763	44,774
Others	**574,651**	35,902	42,454
Total other assets	**794,926**	245,623	310,963
Less allowance for credit losses	**(94)**	(94)	(335)
Other assets, net	**794,832**	245,529	310,628

b) The movement of the allowance for credit losses for the three month periods ended March 31, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Balances at the beginning of the year / period	**94**	275	275
Provision for credit losses (note 26)	**-**	(181)	60
Balances at the end of the year/period	**94**	94	335

c) Other liabilities as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Accrued Zakat	**299,163**	236,161	300,878
Zakat settlement liability, net	**237,437**	235,262	349,811
Lease liabilities	**226,831**	231,890	234,830
Allowance for credit losses for financial guarantee contracts	**208,804**	204,131	208,885
Accrued expenses	**207,132**	164,775	118,430
Employee end of service benefits	**200,632**	193,747	206,030
Accrued salaries and employee related benefits	**71,957**	242,278	131,558
Customer related liabilities	**68,911**	69,675	90,512
Allowance for legal proceedings	**48,764**	49,000	48,996
Deferred government grant income	**33,746**	54,745	115,387
Deferred fees	**10,559**	10,763	10,888
Others	**66,097**	56,496	72,922
Total	**1,680,033**	1,748,923	1,889,127

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12. Due to banks and other financial institutions, net

a) Due to banks and other financial institutions, net as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Current accounts	**6,206**	7,162	6,272
Repurchase agreements	**13,988,216**	13,385,749	12,943,251
Money market deposits	**3,353,281**	2,233,042	1,756,186
Deposits from SAMA, net (note 12b)	**6,197,835**	6,166,655	5,839,416
Total	**23,545,538**	21,792,608	20,545,125

b) Deposits from SAMA, net are comprised of the following:

Maturity Year	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
2021	**-**	-	2,322,722
2022	**2,500,000**	2,500,000	-
2023	**525,340**	525,340	525,340
2024	**624,660**	624,660	554,660
2025	**2,810,069**	2,810,069	2,810,069
Undiscounted deposits from SAMA	**6,460,069**	6,460,069	6,212,791
Less: Unamortized discount	**(262,234)**	(293,414)	(373,375)
Deposits from SAMA, net	**6,197,835**	6,166,655	5,839,416

13. Customers' deposits

Customers' deposits as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Time deposits	**26,424,814**	25,145,207	23,045,826
Savings deposits	**2,233,019**	2,147,244	1,258,271
Total special commission bearing deposits	**28,657,833**	27,292,451	24,304,097
Demand deposits	**37,190,718**	31,951,963	29,881,826
Other deposits	**2,504,481**	2,270,468	1,936,841
Customers' deposits	**68,353,032**	61,514,882	56,122,764

Amounts in SAR'000

14. Term loans

On June 19, 2016, the Bank entered into a five year medium term loan facility agreement for an amount of SAR 1.0 billion for general corporate purposes. The facility was repaid on June 19, 2021. On September 26, 2017, the Bank entered into another five-year medium term loan facility agreement for an amount of SAR 1.0 billion for general corporate purposes. The facility was fully utilized on October 4, 2017 and was repaid on May 26, 2021.

The term loans were at market based variable commission rates. The Bank had an option to effect early repayment of the term loans subject to the terms and conditions of the related facility agreements. The facility agreements above included covenants which required maintenance of certain financial ratios and other requirements, with which the Bank was in compliance. The Bank also had no defaults of principal or commission on the term loans

15. Derivatives

a) The table below sets out the positive and negative fair values of derivative financial instruments together with their notional amounts as of March 31, 2022 and 2021 and as of December 31, 2021. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period / year, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of market risk nor of the Group's exposure to credit risk, which is generally limited to the net positive fair value of the derivatives.

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)			March 31, 2021 (Unaudited)		
	Fair value			Fair value			Fair value		
	Positive	**Negative**	**Notional amount**	Positive	Negative	Notional amount	Positive	Negative	Notional amount
Held for trading:									
Forward foreign exchange contracts	**3,199**	**2,852**	**2,158,174**	4,148	2,837	2,606,683	11,276	7,472	2,518,789
Commission rate swaps	**160,761**	**159,872**	**8,276,720**	138,503	137,702	8,478,876	117,521	116,631	7,549,387
Commission rate options	**121,576**	**121,568**	**7,722,139**	190,441	190,434	7,747,058	262,504	262,492	8,854,980
Held as fair value hedges:									
Commission rate swaps	**-**	**167,296**	**11,908,526**	-	686,300	12,116,598	-	916,384	12,672,860
CSA / EMIR cash margins	**218,674**	**(278,852)**	**-**	167,277	(787,126)	-	185,573	(984,857)	-
Subtotal	**504,210**	**172,736**	**30,065,559**	500,369	230,147	30,949,215	576,874	318,122	31,596,016
Associated company put option (note 15c)	**144,599**	**-**	**-**	163,602	-	-	296,075	-	-
Total	**648,809**	**172,736**	**30,065,559**	663,971	230,147	30,949,215	872,949	318,122	31,596,016

b) The Bank, as part of its derivative management activities, has entered into a master agreement in accordance with the International Swaps and Derivatives Association ("ISDA") directives. Under this agreement, the terms and conditions for derivative products purchased or sold by the Bank are unified. As part of the master agreement, a credit support annex ("CSA") has also been signed. The CSA allows the Bank to receive improved pricing by way of exchange of mark to market amounts in cash as collateral whether in favor of the Bank or the counterparty.

For commission rate swaps entered into with European counterparties, the Bank and the European counterparty both comply with the European Market Infrastructure Regulation ("EMIR"). EMIR is a body of European legislation for the central clearing and regulation of Over the Counter ("OTC") derivatives. The regulation includes requirements for reporting of derivatives contracts and implementation of risk management standards, and establishes common rules for central counterparties and trade repositories. Accordingly, all such standardized OTC derivatives contracts are traded on exchanges and cleared through a Central Counter Party ("CCP") through netting arrangements and exchanges of cash to reduce counter party credit and liquidity risk.

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15. Derivatives - continued

As of March 31, 2022, the CSA and EMIR net cash collateral amounts held by counterparties in favor of the Bank totaled SAR 497.5 million (December 31, 2021: SAR 954.4 million, and March 31, 2021: SAR 1,170.4 million). The EMIR net cash margins include initial margin payments made to counterparties.

The positive and negative fair values of derivatives including CSA and EMIR cash margins have been netted / offset when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the assets and settle the liability simultaneously.

c) The Bank has a put option arising from an existing master agreement entered into by the Bank relating to an associated company, the estimated value of which is included in note 15a. The terms of the agreement give the Bank a put option and give the counter party a call option that is exercisable for the remaining term of the agreement. The Bank has valued only the put option, as the call option is deemed to be out of the money. The put option, once exercised, grants the Bank the right to receive a payment in exchange for its shares one year after the exercise, based on pre-determined formulas included in the agreement.

16. Commitments, contingencies, and financial guarantee contracts

a) The Group's credit-related commitments and contingencies as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Letters of credit	**2,622,974**	2,482,529	2,364,673
Letters of guarantee	**8,446,755**	9,262,957	8,949,156
Acceptances	**738,714**	718,144	737,677
Total financial guarantee contracts	**11,808,443**	12,463,630	12,051,506
Irrevocable commitments to extend credit	**407,350**	251,302	424,062
Credit-related commitments and contingencies	**12,215,793**	12,714,932	12,475,568

b) The credit quality of financial guarantee contracts as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Stage 1	**11,086,063**	11,377,970	11,083,967
Stage 2	**607,951**	685,228	554,100
Stage 3	**114,429**	400,432	413,439
Total	**11,808,443**	12,463,630	12,051,506

c) The movement of the allowance for credit losses for financial guarantee contracts for the three month periods ended March 31, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Balances at the beginning of the year/period	**204,131**	210,554	210,554
Provision for credit losses (note 26)	**4,673**	(6,423)	(1,669)
Balances at the end of the year/period	**208,804**	204,131	208,885

d) The Group is subject to legal proceedings in the ordinary course of business. No provision has been made in cases where professional legal advice indicates that it is not probable that any significant loss will arise. However, provisions are made for legal cases where management foresees the probability of an adverse outcome based on professional advice.

Amounts in SAR'000

17. Operating segments

a) Operating segments are identified based on internal reports about components of the Group that are regularly reviewed by the Bank's Board of Directors in its function as the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. Performance is measured based on segment profit, as management believes that this indicator is the most relevant in evaluating the results of certain segments relative to other entities that operate within these sectors.

Transactions between the operating segments are on normal commercial terms and conditions as approved by management. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim consolidated statement of income. Segment assets and liabilities are comprised of operating assets and liabilities. The Group's primary business is conducted in the Kingdom of Saudi Arabia.

There has been no change to the measurement basis for the segment profit or loss.

The Group's reportable segments are as follows:

Retail banking. Loans, deposits, and other credit products for high-net worth individuals and consumers.

Corporate banking. Loans, deposits and other credit products for corporate, small to medium-sized businesses, and institutional customers.

Treasury and Investments. Money market, investments and treasury services, and investments in associates and related activities.

Asset management and brokerage. Dealing, managing, advising and custody of securities services.

Other. Support functions, special credit, and other management and control units.

Commission is charged to operating segments based on Funds Transfer Price (FTP) rates. The net FTP contribution included in the segment information below includes the segmental net special commission income after FTP asset charges and liability credits (FTP net transfers). All other segment income is from external customers.

b) The segment information provided to the Bank's Board of Directors for the reportable segments for the Group's total assets and liabilities as of March 31, 2022 and 2021, and its total operating income, expenses, and Income before provisions for Zakat for the three month periods then ended, are as follows:

	March 31, 2022 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury and Investments	Asset Management and Brokerage	Other	Total
Total assets	19,583,240	39,904,279	45,894,661	628,494	3,247,449	109,258,123
Total liabilities	23,206,074	10,933,411	58,978,359	39,084	594,411	93,751,339
Net special commission income (loss)	158,654	330,759	92,754	9,492	-	591,659
FTP net transfers	42,106	(129,368)	87,262	-	-	-
Net FTP contribution	200,760	201,391	180,016	9,492	-	591,659
Fee income from banking services, net	15,136	27,505	8,102	52,302	(5,590)	97,455
Other operating income (loss)	17,961	17,423	31,451	575	(35,383)	32,027
Total operating income (loss)	233,857	246,319	219,569	62,369	(40,973)	721,141
Direct operating expenses	71,282	17,352	10,703	26,085	-	125,422
Indirect operating expenses	89,331	46,899	87,098	-	-	223,328
Provisions for credit and other losses	38,485	(8,657)	7,933	-	-	37,761
Total operating expenses	199,098	55,594	105,734	26,085	-	386,511
Operating income (loss)	34,759	190,725	113,835	36,284	(40,973)	334,630
Share in earnings of associates	-	-	15,389	-	-	15,389
Income (loss) before provisions for Zakat	34,759	190,725	129,224	36,284	(40,973)	350,019

Amounts in SAR'000

17. Operating segments - continued

	March 31, 2021 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury and Investments	Asset Management and Brokerage	Other	Total
Total assets	18,162,723	36,808,666	37,944,409	504,704	2,849,973	96,270,475
Total liabilities	21,410,590	7,032,026	51,579,970	13,583	845,035	80,881,204
Net special commission income	172,124	278,008	92,889	5,652	(5,715)	542,958
FTP net transfers	1,261	(113,243)	113,470	-	(1,488)	-
Net FTP contribution	173,385	164,765	206,359	5,652	(7,203)	542,958
Fee income from banking services, net	11,459	20,815	1,717	56,088	408	90,487
Other operating income (loss)	12,489	11,794	39,302	2,825	(64,771)	1,639
Total operating income (loss)	197,333	197,374	247,378	64,565	(71,566)	635,084
Direct operating expenses	76,073	18,279	12,530	22,180	-	129,062
Indirect operating expenses	71,325	37,446	69,542	-	-	178,313
Provisions for credit and other losses	34,545	33,213	(2,974)	60	-	64,844
Total operating expenses	181,943	88,938	79,098	22,240	-	372,219
Operating income (loss)	15,390	108,436	168,280	42,325	(71,566)	262,865
Share in earnings of associates	-	-	709	-	-	709
Income (loss) before provisions for Zakat	15,390	108,436	168,989	42,325	(71,566)	263,574

18. Fair values of financial instruments

a) The Group measures certain financial instruments, such as derivatives, at fair value at each interim consolidated statement of financial position date.

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 or by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim consolidated statement of financial position are categorized within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1. Quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date (i.e. without modification or proxy);

Level 2. Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3. Valuation techniques for which any significant input is not based on observable market data.

Amounts in SAR'000

18. Fair values of financial instruments - continued

For assets and liabilities that are recognized in the interim consolidated statement of financial position on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting date.

The Group determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets, and for any non-recurring measurement, such as assets held for distribution in discontinued operations.

External subject matter experts are involved from time to time for the valuation of certain assets. Involvement of external subject matter experts is decided upon annually. Selection criteria include market knowledge, reputation, independence, and whether professional standards are maintained.

At each financial reporting date, the Group analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics, and the related risks of the asset or liability, and the level of the fair value hierarchy as explained above.

b) The following table summarizes the fair values of financial assets and financial liabilities by level of fair value hierarchy recorded at fair value as of March 31, 2022 and 2021 and as of December 31, 2021. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	March 31, 2022 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	**-**	**504,210**	**144,599**	**648,809**
Investments at FVOCI	**25,463,325**	**1,416,012**	**13,274**	**26,892,611**
Investments at FVTPL	**110,260**	**-**	**24,147**	**134,407**
Total	**25,573,585**	**1,920,222**	**182,020**	**27,675,827**
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	**-**	**172,736**	**-**	**172,736**
Total	**-**	**172,736**	**-**	**172,736**

	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	-	500,369	163,602	663,971
Investments at FVOCI	27,157,084	1,528,729	13,282	28,699,095
investments at FVTPL	117,776	-	24,880	142,656
Total	27,274,860	2,029,098	201,764	29,505,722
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	-	230,147	-	230,147
Total	-	230,147	-	230,147

Amounts in SAR'000

18. Fair values of financial instruments - continued

	March 31, 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	-	576,874	296,075	872,949
Investments at FVOCI	26,201,088	4,074,151	13,275	30,288,514
Investments at FVTPL	132,944	-	42,704	175,648
Total	26,334,032	4,651,025	352,054	31,337,111
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	-	318,122	-	318,122
Total	-	318,122	-	318,122

The value obtained from any relevant valuation model may differ with a transaction price of a financial instrument. The difference between the transaction price and the model value is commonly referred to as 'day one profit and loss'. It is either amortized over the life of the transaction, deferred until the instrument's fair value can be determined using market observable data, or realized through disposal. Subsequent changes in fair value are recognized immediately in the interim consolidated statement of comprehensive income without reversal of deferred day one profits and losses.

The total amount of the changes in fair value recognized in the March 31, 2022 interim consolidated statement of income, which was estimated using valuation models, is SAR 19 million loss (March 31, 2021: SAR 40.5 million loss).

Level 2 investments include debt securities which are comprised of Saudi corporate and bank securities, and Saudi Arabian Government securities. These securities are generally unquoted. In the absence of a quoted price in an active market, these securities are valued using observable inputs such as yield information for similar instruments or last executed transaction prices in securities of the same issuer or based on indicative market quotes. Adjustments are also considered as part of the valuations when necessary to account for the different features of the instruments including difference in tenors. Because the significant inputs for these investments are observable, the Bank categorizes these investments within Level 2.

Level 2 derivative financial instruments include various derivatives contracts including forward foreign exchange contracts, foreign exchange options, commission rate options, and commission rate swaps. These derivatives are valued using widely recognized valuation models. The most frequently applied valuation techniques include the use of forward pricing standard models using present value calculations and well-recognized Black - Scholes option pricing models. These models incorporate various market observable inputs including foreign exchange rates, forward rates, and yield curves, and are therefore included within Level 2.

Level 3 investments includes private equity funds and certain unquoted strategic investments in equities. These securities are generally not quoted in an active market, and therefore are valued using indicative market quotes from an issuer / counter-party or valued at cost in the absence of any such alternative reliable indicative estimate.

Amounts in SAR'000

18. Fair values of financial instruments - continued

Level 3 derivative financial instruments include the embedded derivative put option arising from an existing master agreement entered into by the Bank relating to its investment in an associated company (see note 15c). For purposes of determining the fair value of the put option, the Bank uses a well-recognized and frequently used Binomial Option Pricing Model. This model requires certain inputs which are not observable in the current market place. Certain inputs are specifically stated within the master agreement with the associated company. Other inputs are based on the historical results of the associated company. These other inputs may require management's judgement including estimations about the future results of the associated company, the detrimental effects on the operating results of the associated company which may arise from an exercise of the option, and an estimate of the fair value of the underlying investment. Several of the inputs are also interdependent.

Should the significant estimations of inputs vary by plus or minus ten percent, the fair value could increase or decrease by approximately SAR 33.1 million (March 31, 2021: SAR 32.4 million) due to estimating operating results of the associated company, could increase or decrease by approximately SAR 14.6 million (March 31, 2021: SAR 13.7 million) due to estimating the detrimental effects on the operating results of the associated company which may arise from an exercize of the option, and could increase or decrease by approximately SAR 16.1 million (March 31, 2021: SAR 24.2 million) due to estimating the fair value of the underlying investment.

In all respects, the Group's significant estimates are based on experience and judgement relevant to each input, and in all cases, due care is taken to ensure that the inputs are prudent to ensure that the estimation of fair value is reasonable in the circumstances. However, any amounts which may be realized in the future may differ from the Group's estimates of fair value.

c) The movement of the Level 3 fair values for the three month periods ended March 31, 2022 and 2021, and for the year ended December 31, 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Fair values at the beginning of the year/period	**201,764**	397,016	397,016
Net change in fair value	**(19,744)**	(195,252)	(44,962)
Fair values at the end of the year/period	**182,020**	201,764	352,054

There were no transfers from either level 1 or level 2 to either level 2 or level 3 during the three months period ended March 31, 2022.

Amounts in SAR'000

18. Fair values of financial instruments - continued

d) The estimated fair values of financial assets and financial liabilities as of March 31, 2022, and 2021 and as of December 31, 2021 that are not carried at fair value in the interim condensed consolidated financial statements, along with the comparative carrying amounts for each are summarized as follows:

	March 31, 2022 (Unaudited)	
	Carrying values	**Estimated fair values**
Financial assets:		
Due from banks and other financial institutions, net	**10,709,908**	**10,709,908**
Investments held at amortized cost, net	**2,606,125**	**2,585,556**
Loans and advances, net	**59,936,256**	**61,552,893**
Total	**73,252,289**	**74,848,357**
Financial liabilities:		
Due to banks and other financial institutions, net	**23,545,538**	**23,545,538**
Customers' deposits	**68,353,032**	**66,572,521**
Total	**91,898,570**	**90,118,059**

	December 31, 2021 (Audited)	
	Carrying values	Estimated fair values
Financial assets:		
Due from banks and other financial institutions, net	5,445,778	5,445,778
Loans and advances, net	57,803,114	58,638,152
Total	63,248,892	64,083,930
Financial liabilities:		
Due to banks and other financial institutions, net	21,792,608	21,792,608
Customers' deposits	61,514,882	59,978,185
Total	83,307,490	81,770,793

	March 31, 2021 (Unaudited)	
	Carrying values	Estimated fair values
Financial assets:		
Due from banks and other financial institutions, net	1,288,478	1,288,478
Loans and advances, net	55,423,508	58,128,102
Total	56,711,986	59,416,580
Financial liabilities:		
Due to banks and other financial institutions, net	20,545,125	20,545,125
Customers' deposits	56,122,764	55,189,510
Term loans	2,006,066	2,006,066
Total	78,673,955	77,740,701

18. Fair values of financial instruments - continued

The estimated fair values of loans and advances, net are calculated using market based discounted cash flow models of individual loan portfolios using the weighted average estimated maturities of each individual loan portfolio. The estimated fair values of customers' deposits are calculated using market based discounted cash flow models of individual deposit classes using the weighted average estimated maturities of each individual deposit class. The fair value for investments held at amortized cost are considered as level 1 in the fair value hierarchy. The fair value estimates for due from banks and other financial institutions, due to banks and other financial institutions, loans and advances, net and customers' deposits are considered as level 3 in the fair value hierarchy.

The fair values of other financial instruments that are not carried in the interim condensed consolidated financial statements at fair value are not significantly different from the carrying values. The fair values of term loans, due from banks and other financial institutions and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements, since the current market special commission rates for similar financial instruments are not significantly different from the special commission rates at initial recognition, and because of the short duration of due from banks and other financial institutions.

19. Credit and financial risk management

a) Credit Risk

The Group manages its exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in customer lending activities that lead to loans and advances, and other investment activities. There is also credit risk in off consolidated statement of financial position financial instruments, such as loan commitments and financial guarantee contracts. The Group assesses the Probability of Default (PD) of counterparties using internal rating tools which can be mapped to external ratings where available. The Group's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their obligation, and to control the level of credit risk taken. The Group assesses wholesale counterparties using the same techniques as for its lending activities to clients.

Concentrations of credit risk arise when several counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group has a comprehensive Board approved framework for managing credit risk which includes an independent credit risk review function and credit risk monitoring process. The Group seeks to control credit risk by monitoring credit exposures, limiting concentration risks, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are regularly monitored. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

b) Credit Risk management

The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations, business, or economic sectors.

19. Credit and financial risk management - continued

The Group uses a credit classification system as a tool to assist in managing the quality of credit risk within the lending portfolio. It maintains classification grades that differentiate between portfolios and allocates expected credit loss allowances. The Group determines each individual borrower's grade based on specific objective and subjective financial and business assessment criteria covering debt service, profitability, liquidity, capital structure, industry, management quality, and company standing. The Group conducts periodic quality classification exercises over all of its existing borrowers and the results of these exercises are validated by the independent risk management unit established for that purpose. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products, external economic environment, emerging best practices, and regulatory guidance.

c) Credit Risk Mitigation ("CRM")

The Group in the ordinary course of lending activities holds collateral as security for Credit Risk Mitigation (CRM) on its lending portfolio. The collateral includes primarily time, demand, and other cash deposits, financial guarantees, local and international equities, real estate, and other assets. The collateral is held mainly against commercial and similar loans and is managed against relevant exposures at their net realizable value. Management monitors the market value of collateral, requests additional collateral in accordance with underlying agreements, and assesses the adequacy of the allowance for credit losses. The Group also seeks additional collateral from counterparties when impairment indicators are observed.

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Amounts in SAR'000
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19. Credit and financial risk management - continued

d) Reconciliations of gross carrying amounts and allowance for credit losses

Combined – Financial Assets and Financial guarantee contracts

A combined reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for all financial assets and financial guarantee contracts for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	March 31, 2022 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	98,218,209	4,891,654	3,092,554	106,202,417	451,370	462,478	1,290,427	2,204,275
Transfers from Stage 1 to Stage 2	(266,988)	266,988	-	-	(3,251)	16,802	-	13,551
Transfers from Stage 1 to Stage 3	(10,441)	-	10,441	-	(387)	-	6,582	6,195
Transfers from Stage 2 to Stage 1	174,278	(174,278)	-	-	2,106	(8,076)	-	(5,970)
Transfers from Stage 2 to Stage 3	-	(58,272)	58,272	-	-	(4,212)	28,459	24,247
Transfers from Stage 3 to Stage 1	3,720	-	(3,720)	-	31	-	(2,452)	(2,421)
Transfers from Stage 3 to Stage 2	-	2,689	(2,689)	-	-	292	(1,028)	(736)
Post-model overlays (note 27)	-	-	-	-	(14,570)	(11,677)	(17,727)	(43,974)
Changes in exposures and re-measurements	5,510,863	(220,252)	(334,507)	4,956,104	20,290	55,921	(35,598)	40,613
Net movement for the period	5,411,432	(183,125)	(272,203)	4,956,104	4,219	49,050	(21,764)	31,505
Write-offs, net	-	-	35,516	35,516	-	-	35,516	35,516
Balances as of March 31, 2022	103,629,641	4,708,529	2,855,867	111,194,037	455,589	511,528	1,304,179	2,271,296

	March 31, 2021 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2020	93,642,597	4,537,036	2,861,364	101,040,997	576,288	262,844	1,161,708	2,000,840
Transfers from Stage 1 to Stage 2	(539,049)	539,049	-	-	(10,560)	34,417	-	23,857
Transfers from Stage 1 to Stage 3	(27,154)	-	27,154	-	(45)	-	5,839	5,794
Transfers from Stage 2 to Stage 1	35,358	(35,358)	-	-	2,701	(2,495)	-	206
Transfers from Stage 2 to Stage 3	-	(13,818)	13,818	-	-	(1,061)	6,569	5,508
Transfers from Stage 3 to Stage 1	4,895	-	(4,895)	-	25	-	(490)	(465)
Transfers from Stage 3 to Stage 2	-	3,274	(3,274)	-	-	144	(1,110)	(966)
Post-model overlays (note 27)	-	-	-	-	(11,089)	6,643	(7,229)	(11,675)
Changes in exposures and re-measurements	(852,728)	133,921	(1,620)	(720,427)	8,677	21,275	12,633	42,585
Net movement for the period	(1,378,678)	627,068	31,183	(720,427)	(10,291)	58,923	16,212	64,844
Write-offs, net	-	-	(12,549)	(12,549)	-	-	(12,549)	(12,549)
Balances as of March 31, 2021	92,263,919	5,164,104	2,879,998	100,308,021	565,997	321,767	1,165,371	2,053,135

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
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19. Credit and financial risk management - continued

d) Reconciliations of gross carrying amounts and allowance for credit losses - continued

Due from banks and other financial institutions

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for due from banks and other financial institutions for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	March 31, 2022 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	5,453,353	1,057	-	5,454,410	8,465	167	-	8,632
Changes in exposures and re-measurements	5,268,557	(220)	-	5,268,337	4,243	(36)	-	4,207
Balances as of March 31, 2022	10,721,910	837	-	10,722,747	12,708	131	-	12,839

	March 31, 2021 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2020	2,169,016	928	-	2,169,944	3,092	110	-	3,202
Changes in exposures and re-measurements	(878,211)	(149)	-	(878,360)	(79)	(17)	-	(96)
Balances as of March 31, 2021	1,290,805	779	-	1,291,584	3,013	93	-	3,106

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three month periods ended March 31, 2022 and 2021

19. Credit and financial risk management - continued

d) Reconciliations of gross carrying amounts and allowance for credit losses - continued

Investments – debt securities

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for debt securities for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	March 31, 2022 (Unaudited)							
	Gross Carrying Amounts (FVOCI) SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	28,343,072	-	-	28,343,072	26,185	-	-	26,185
Changes in exposures and re-measurements	(1,802,885)	-	-	(1,802,885)	3,726	-	-	3,726
Balances as of March 31, 2022	26,540,187	-	-	26,540,187	29,911	-	-	29,911

	March 31, 2021 (Unaudited)							
	Gross Carrying Amounts (FVOCI) SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2020	29,959,909	-	-	29,959,909	31,385	-	-	31,385
Changes in exposures and re-measurements	(35,482)	-	-	(35,482)	(2,878)	-	-	(2,878)
Balances as of March 31. 2021	29,924,427	-	-	29,924,427	28,507	-	-	28,507

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three month periods ended March 31, 2022 and 2021

19. Credit and financial risk management - continued

d) Reconciliations of gross carrying amounts and allowance for credit losses - continued

Loans and advances

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for loans and advances for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	March 31, 2022 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	52,870,856	4,205,369	2,692,122	59,768,347	342,068	423,593	1,199,572	1,965,233
Transfers from Stage 1 to Stage 2	(214,292)	214,292	-	-	(2,003)	12,346	-	10,343
Transfers from Stage 1 to Stage 3	(8,876)	-	8,876	-	(386)	-	5,828	5,442
Transfers from Stage 2 to Stage 1	80,767	(80,767)	-	-	589	(3,120)	-	(2,531)
Transfers from Stage 2 to Stage 3	-	(58,272)	58,272	-	-	(4,212)	28,459	24,247
Transfers from Stage 3 to Stage 1	3,720	-	(3,720)	-	31	-	(2,452)	(2,421)
Transfers from Stage 3 to Stage 2	-	1,277	(1,277)	-	-	280	(887)	(607)
Post-model overlays (note 27)	-	-	-	-	(14,570)	(11,677)	(17,727)	(43,974)
Changes in exposures and re-measurements	2,382,550	(182,158)	(48,351)	2,152,041	9,069	52,649	(33,318)	28,400
Net movement for the period	2,243,869	(105,628)	13,800	2,152,041	(7,270)	46,266	(20,097)	18,899
Write-offs, net	-	-	35,516	35,516	-	-	35,516	35,516
Balances as of March 31, 2022	55,114,725	4,099,741	2,741,438	61,955,904	334,798	469,859	1,214,991	2,019,648

	March 31, 2021 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2020	50,192,685	4,178,605	2,458,028	56,829,318	443,296	243,155	1,068,973	1,755,424
Transfers from Stage 1 to Stage 2	(462,441)	462,441	-	-	(6,660)	25,939	-	19,279
Transfers from Stage 1 to Stage 3	(27,154)	-	27,154	-	(45)	-	5,839	5,794
Transfers from Stage 2 to Stage 1	33,000	(33,000)	-	-	2,636	(2,351)	-	285
Transfers from Stage 2 to Stage 3	-	(2,095)	2,095	-	-	(229)	996	767
Transfers from Stage 3 to Stage 1	4,895	-	(4,895)	-	25	-	(490)	(465)
Transfers from Stage 3 to Stage 2	-	3,274	(3,274)	-	-	144	(1,110)	(966)
Post-model overlays (note 27)	-	-	-	-	(11,089)	6,643	(7,229)	(11,675)
Changes in exposures and re-measurements	487,227	(72,536)	4,350	419,041	15,263	27,305	13,840	56,408
Net movement for the period	35,527	358,084	25,430	419,041	130	57,451	11,846	69,427
Write-offs, net	-	-	(12,549)	(12,549)	-	-	(12,549)	(12,549)
Balances as of March 31, 2021	50,228,212	4,536,689	2,470,909	57,235,810	443,426	300,606	1,068,270	1,812,302

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three month periods ended March 31, 2022 and 2021

19. Credit and financial risk management - continued

d) Reconciliations of gross carrying amounts and allowance for credit losses - continued

Financial guarantee contracts

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for financial guarantee contracts for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	March 31, 2022 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	11,377,970	685,228	400,432	12,463,630	74,558	38,718	90,855	204,131
Transfers from Stage 1 to Stage 2	(52,696)	52,696	-	-	(1,248)	4,456	-	3,208
Transfers from Stage 1 to Stage 3	(1,565)	-	1,565	-	(1)	-	754	753
Transfers from Stage 2 to Stage 1	93,511	(93,511)	-	-	1,517	(4,956)	-	(3,439)
Transfers from Stage 3 to Stage 2	-	1,412	(1,412)	-	-	12	(141)	(129)
Changes in exposures and re-measurements	(331,157)	(37,874)	(286,156)	(655,187)	3,252	3,308	(2,280)	4,280
Net movement for the period	(291,907)	(77,277)	(286,003)	(655,187)	3,520	2,820	(1,667)	4,673
Balances as of March 31, 2022	11,086,063	607,951	114,429	11,808,443	78,078	41,538	89,188	208,804

	March 31, 2021 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2020	11,247,291	357,503	403,336	12,008,130	98,240	19,579	92,735	210,554
Transfers from Stage 1 to Stage 2	(76,608)	76,608	-	-	(3,900)	8,478	-	4,578
Transfers from Stage 2 to Stage 1	2,358	(2,358)	-	-	65	(144)	-	(79)
Transfers from Stage 2 to Stage 3	-	(11,723)	11,723	-	-	(832)	5,573	4,741
Changes in exposures and re-measurements	(89,074)	134,070	(1,620)	43,376	(3,689)	(6,013)	(1,207)	(10,909)
Net movement for the period	(163,324)	196,597	10,103	43,376	(7,524)	1,489	4,366	(1,669)
Balances as of March 31, 2021	11,083,967	554,100	413,439	12,051,506	90,716	21,068	97,101	208,885

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three month periods ended March 31, 2022 and 2021

19. Credit and financial risk management - continued

d) Reconciliations of gross carrying amounts and allowance for credit losses - continued

Other assets – customer and other receivables

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for customer and other receivables, included in other assets, for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	March 31, 2022 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	172,958	-	-	172,958	94	-	-	94
Changes in exposures and re-measurements	(6,202)	-	-	(6,202)	-	-	-	-
Balances as of March 31, 2022	166,756	-	-	166,756	94	-	-	94

	March 31, 2021 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2020	73,696	-	-	73,696	275	-	-	275
Changes in exposures and re-measurements	150,039	-	-	150,039	60	-	-	60
Balances as of March 31, 2021	223,735	-	-	223,735	335	-	-	335

The transfer amounts in the above reconciliations represent the net increase or decrease in the allowance for credit losses as a result of transfers between stages during the three month periods ended March 31, 2022 and 2021.

20. Basic and diluted earnings per share

a) Basic and diluted earnings per share is calculated by dividing net income adjusted for Tier I Sukuk costs by weighted average number of the issued and outstanding shares after giving effect to the purchase and issuance of 74.9 million treasury shares and distribution of 250 million bonus shares.

b) Details of basic and diluted earnings per share for the three month periods ended March 31, 2022 and 2021 are as follows:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Net income	**287,016**	213,495
Tier I Sukuk costs	**(15,000)**	(15,000)
Net income adjusted for Tier I Sukuk costs	**272,016**	198,495
Weighted average number of outstanding shares (in '000)	**1,000,000**	938,505
Basic and diluted earnings per share (SAR)	**0.27**	0.21

The weighted average number of outstanding shares have been retrospectively adjusted for prior period to effect the bonus element included in the treasury shares issued and have been calculated using an adjustment factor of 1.02 which is the ratio of the theoretical ex-rights price of SR 17.49 and closing price per share of SR 17.88 immediately before exercise of the rights.

The weighted average number of outstanding shares have also been retrospectively adjusted for prior period to reflect the distribution of 250 million bonus shares during the three month period ended March 31, 2022.

21. Capital adequacy

a) The Group's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Group's ability to continue as a going concern, and to maintain a strong capital base.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its interim consolidated statement of financial position assets, commitments, and notional amounts of derivatives, at a weighted amount to reflect their relative risk.

The following table summarizes the Bank's Pillar I Risk Weighted Assets (RWA), Tier I and Tier II Capital, and corresponding Capital adequacy ratio percentages as of March 31, 2022 and 2021 and as of December 31, 2021.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Credit Risk RWA	**83,838,314**	79,052,694	73,458,379
Operational Risk RWA	**5,091,578**	5,091,578	5,112,624
Market Risk RWA	**742,326**	1,021,036	1,048,885
Total Pillar- I RWA	**89,672,218**	85,165,308	79,619,888
Tier I Capital	**16,036,860**	17,105,736	16,193,532
Tier II Capital	**606,663**	644,436	713,711
Total Tier I plus Tier II Capital	**16,643,523**	17,750,172	16,907,243
Capital Adequacy Ratios:			
Tier I Ratio	**17.88%**	20.09%	20.34%
Tier I plus Tier II Ratio	**18.56%**	20.84%	21.23%

Amounts in SAR'000

21. Capital adequacy - continued

The Tier I and Tier II capital as of March 31, 2022 and 2021 and as of December 31, 2021 is comprised of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Total Equity	**15,506,784**	16,301,475	15,389,271
IFRS 9 transitional adjustment	**548,371**	822,556	822,556
Goodwill adjustment	**(18,295)**	(18,295)	(18,295)
Tier I Capital	**16,036,860**	17,105,736	16,193,532
Qualifying general provisions, net	**606,663**	644,436	713,711
Tier II Capital	**606,663**	644,436	713,711
Tier I plus Tier II Capital	**16,643,523**	17,750,172	16,907,243

Capital adequacy and the use of Regulatory capital are regularly monitored by the Bank's management. SAMA requires the Bank to hold a minimum level of regulatory capital and maintain a ratio of total Regulatory capital to Risk Weighted Assets (RWA) at or above the requirement of 10.5%, which includes additional buffers as required by the Basel Committee on Banking Supervision.

As of March 31, 2022 and 2021, and as of December 31, 2021, the RWA, Tier I and Tier II capital, and capital adequacy ratios are calculated in accordance with SAMA's framework and guidelines regarding implementation of the capital reforms under Basel III.

SAMA under its circular no. 391000029731 dated 15 Rabi Al Awwal 1439H (corresponding to December 3, 2017) on the ECL accounting transitional arrangement for regulatory capital, allowed banks to transition the Day 1 impact of IFRS 9 on regulatory capital over five years by using a dynamic approach to reflect the impact of the transition.

In April 2020, SAMA issued a guidance document entitled "Guidance on Accounting and Regulatory Treatment of COVID-19 - Extraordinary Support Measures". Under the guidance, banks have been allowed to add-back up to 100% of the Day 1 impact of IFRS 9 as a transitional adjustment amount to Common Equity Tier 1 (CET1) for the two year periods comprising 2020 and 2021. The add-back amount is then required to be phased-out on a straight-line basis over the subsequent 3 years. In this respect, the Group has opted to apply the transitional adjustment, and has included the Day 1 impact of IFRS 9 in its Tier I regulatory capital. As a result, the IFRS 9 transitional adjustment add back has increased to SAR 548.3 million as of March 31, 2022 and SAR 822.5 million as of March 31, 2021 and December 31, 2021.

b) The following additional disclosures are required under the Basel III framework.

- Pillar III, Qualitative disclosures (Annually);
- Pillar III, Quantitative disclosures (Semi-annually);
- Capital Structure (Quarterly);
- Liquidity Coverage Ratio (Quarterly);
- Leverage Ratio (Quarterly)

These disclosures are made available to the public on the Bank's website within the prescribed time frames as required by SAMA.

22. Tier I Sukuk

The Bank completed the establishment of a Shari'a compliant Tier I Sukuk Program (the Program) in 2016. The Program was approved by the Bank's regulatory authorities and shareholders. The following tranches of Tier I Sukuk issued under the program on the dates indicated below are outstanding as of March 31, 2022 and 2021 and as of December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
November 16, 2016	**-**	-	500,000
June 6, 2017	**285,000**	285,000	285,000
March 21, 2018	**1,000,000**	1,000,000	1,000,000
April 15, 2019	**215,000**	215,000	215,000
Total	**1,500,000**	1,500,000	2,000,000

The Tier I Sukuk securities are perpetual with no fixed redemption dates and represent an undivided ownership interest in the Sukuk assets, constituting an unsecured conditional and subordinated obligation of the Bank classified under equity. However, the Bank has the exclusive right to redeem or call the Tier I Sukuk debt securities in a specific period of time, subject to the terms and conditions stipulated in the Program.

The applicable profit rate on the Tier I Sukuk is payable in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such a non-payment event or non-payment election are not considered to be an event of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

23. Zakat

a) The Bank's share capital and percentages of ownership as of March 31, 2022 and 2021 and as of December 31, 2021 are summarized as follows in SAR millions. The Bank's Zakat calculations and corresponding accruals and payments of Zakat are based on the below ownership percentages:

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)		March 31, 2021 (Unaudited)	
	Amount	**%**	Amount	%	Amount	%
Saudi shareholders	**10,000.0**	**100.0**	7,500.0	100.0	6,750.0	90.0
Treasury shares (note 25)	**-**	**-**	-	-	750.0	10.0
Total	**10,000.0**	**100.0**	7,500.0	100.0	7,500.0	100.0

b) The Bank has filed the required Zakat declarations with the Zakat, Tax, and Customs Authority ("ZATCA") which are due on April 30 each year, through the year ended December 31, 2021. The Bank's Zakat calculations and corresponding accruals and payments for Zakat are based on the ownership percentages disclosed in note 23a.

On March 14, 2019, the ZATCA published rules (the "Rules") for the computation of Zakat for companies engaged in financing activities and licensed by SAMA. The Rules are issued pursuant to the Zakat Implementing Regulations and are applicable for the periods beginning January 1, 2019. In addition to providing a new basis for calculation of the Zakat base, the Rules have also introduced a minimum floor and maximum cap at 4 times and 8 times respectively of net income. The Zakat liability for the Saudi shareholders will continue to be calculated at 2.5% of the Zakat base but it will not fall below the minimum floor nor would exceed the maximum cap as prescribed by the Rules.

23. Zakat - continued

c) During 2018, the Bank agreed to settle prior year Zakat assessments with the ZATCA for the years 2006 to 2017. The settlement totaled SAR 775 million. The outstanding balance of approximately SAR 248 million is payable in equal annual instalments on December 1, 2022 and 2023.

24. Dividend and Bonus shares issuance

During the three month period ended March 31, 2021, the Board of Directors proposed a cash dividend of SAR 270 million equal to SAR 0.4 per share to 675 million eligible shares. The proposed cash dividend was approved by the Bank's shareholders in an extraordinary general assembly meeting held on April 21, 2021. The dividends were paid to the Bank's shareholders thereafter.

During the three month period ended December 31, 2021, the Board of Directors proposed another cash dividend of SAR 525 million equal to SAR 0.7 per share to 750 million eligible shares. The Board of Directors also proposed capital increase by way of issuing bonus shares to the bank's shareholders by granting one share for every three shares held. The capital increase was proposed by way of capitalization from statutory reserve.

The proposed cash dividend and bonus shares issuance was approved by the Bank's shareholders in an extraordinary general assembly meeting held on February 1, 2022.

During the three month period ended March 31, 2022, the cash dividends were paid, bonus shares were distributed and share capital was accordingly increased.

25. Treasury shares

On June 14, 2018, the Bank entered into a Share Purchase Agreement with J.P. Morgan International Finance Limited (JP Morgan), to purchase 56,245,350 shares of the Bank owned by JP Morgan for SAR 13.50 per share equal to SAR 759.3 million, exclusive of transaction costs and estimated tax. The Bank subsequently received all required regulatory approvals and the agreement to purchase the shares was approved in an Extraordinary General Assembly meeting held on 16 Muharram 1440H, corresponding to September 26, 2018. On September 27, 2018, the Bank completed the purchase. The Treasury shares purchased include transaction costs and estimated tax for a total cost of SAR 787.5 million.

On November 29, 2018, the Bank entered into a Share Purchase Agreement with Mizuho Bank Ltd. (Mizuho), to purchase another 18,749,860 shares of the Bank owned by Mizuho for SAR 13.50 per share equal to SAR 253.1 million, exclusive of transaction costs and estimated Tax. The Bank received all regulatory approvals for the purchase, and the agreement to purchase the shares was approved in an Extraordinary General Assembly Meeting held on 21 Rajab, 1440H, corresponding to March 28, 2019. On May 28, 2019, the Bank completed the purchase. The Treasury shares purchased include transaction costs for a total cost of SAR 253.5 million.

The share capital of the Bank was not reduced as a result of these transactions with the cost of the shares purchased totaling SAR 1,041.1 million presented as a reduction of shareholders' equity.

During the year ended December 31, 2021, the Bank issued all of the treasury shares by the way of right shares and rump offering. The total proceeds from the sale of treasury shares amounted to SAR 1.03 billion, exclusive of transaction costs.

Amounts in SAR'000

26. Operating expenses

Provisions for credit and other losses for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Provisions for credit losses:		
Due from banks and other financial institutions (note 6c)	**4,207**	(96)
Investments (note 7b)	**3,726**	(2,878)
Loans and advances (note 8b)	**18,899**	69,427
Financial guarantee contracts (note 16c)	**4,673**	(1,669)
Other assets (note 11b)	**-**	60
Provisions for credit losses	**31,505**	64,844
Provisions for other losses	**6,256**	-
Provisions for credit and other losses	**37,761**	64,844

27. Impact of COVID-19 on ECL and SAMA Programs

During the year ended December 31, 2020 and 2021, the Coronavirus ("COVID-19") pandemic ("the pandemic") disrupted global markets as many geographies experienced issues due to multiple new variants of this infection. Significant improvements have been witnessed around the world after vaccination of mass population by various countries resulting in the reduction of active cases and relaxation of COVID-19 restrictions.

The Bank continues to evaluate the current macroeconomic situation including the impact of the pandemic and resultant government and SAMA support measures to date, such as repayment holidays and other mitigating packages, have had on the financing portfolio along with conducting review of credit exposure concentrations at a more granular level with particular focus on specific economic sectors, counterparties and collateral protection and taking appropriate customer credit rating actions and initiating restructuring of loans and advances, where required.

During the year ended December 31, 2020 and 2021, the Bank revised certain inputs and assumptions (including but not limited to macroeconomic factors and scenario probabilities) used for the determination of ECL.

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.

To the extent that certain effects cannot be fully incorporated into the ECL model calculations at this point in time, Management continues to exercise expert credit judgement to estimate ECL by considering reasonable and supportable information not already included in the quantitative models. Accordingly, management's ECL assessment includes a sector-based assessment and staging analysis depending on the impacted portfolios and macroeconomic analysis. The Bank has therefore recognized post-model overlays of SAR 63 million, SAR 109 million and SAR 9 million as of March 31, 2022 for its corporate, MSME and retail loans and advances portfolio respectively. The Bank will continue to reassess the need for additional overlays as more reliable data becomes available and accordingly determine if any adjustment to the ECL allowance is required in subsequent reporting periods.

27. Impact of COVID-19 on ECL and SAMA Programs - continued

<u>SAMA support programs and initiatives</u>

Private Sector Financing Support Program ("PSFSP")

In response to the pandemic, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises ("MSME") as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H (corresponding to March 15, 2017).

The payment reliefs were considered as short-term liquidity support to address the borrower's potential cash flow issues. The accounting impact of the above changes in terms of the credit facilities were assessed and treated as per the requirements of IFRS 9 as modification in terms of arrangement. The Deferred Payment Program has ended on March 31, 2022.

The Bank continued to believe that in the absence of other factors, participation in the PSFSP on its own, was not considered a significant increase in credit risk for assessment of ECL on its MSME portfolio. The Bank performed an assessment with respect to SICR and has recognized an overlay of SAR 109 million on its MSME portfolio as of March 31, 2022 as a result of the potential impact of credit risk rating downgrades.

The Group has performed an assessment with respect to SICR for eligible MSME customers and migrated customers amounting to SAR 171.2 million from Stage 1 to Stage 2 as of March 31, 2022.

In order to compensate the related cost that the Bank has incurred under the SAMA and other public authorities program, the Bank received commission free and commission bearing deposits from SAMA amounting to SAR 3.96 billion and SAR 2.5 billion respectively as of March 31, 2022 with varying maturities, which qualified as government grant and were accounted for as such.

Management determined based on the communication from SAMA that the government grant primarily related to compensation for the modification loss incurred on the deferral of payments. The benefit of the subsidized funding rate was accounted for on a systematic basis, in accordance with government grant accounting requirements. The management exercised certain judgements in the recognition and measurement of this grant income.

During the three month period ended March 31, 2022, SAR 20.9 million has been recognized in the interim consolidated statement of income with respect to the amortization of grant income on related deposits with an aggregate of SAR 33.7 million deferred grant income as at March 31, 2022 (December 31, 2021: SAR 54.7 million).

28. IBOR ("Interbank Offer Rate") Transition - Interest Rate Benchmark Reforms

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") followed a two-phase process of amending its guidance to assist in a smoother transition away from IBOR.

- Phase 1 – The first phase of amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* focused on hedge accounting issues. The final amendments, issued in September 2019, amended specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by IBOR reform. The amendments were effective from January 1, 2020 and were mandatory for all hedge relationships directly affected by the IBOR reform. The Group has adopted these amendments along with the hedging relief for pre-replacement hedges.

28. IBOR ("Interbank Offer Rate") Transition - Interest Rate Benchmark Reforms - continued

- Phase 2 – The second phase relates to the replacement of benchmark rates with alternative risk-free rates. Currently, there is uncertainty as to the timing and the methods of transition for phase 2. As a result, IBOR continues to be used as a reference rate in financial markets and therefore is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. The Phase 2 amendments were effective for annual periods beginning on or after January 1, 2021, and included practical expedients in respect of:

    - Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform by updating the effective interest rate, resulting in no immediate statement of income impact. This applies only when the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis; and

    - Permitting changes to hedge designation and documentation as a result of IBOR reform without discontinuing the existing hedge accounted relationship.

The Group has exposure to IBOR rates that are subject to reform through the holdings of investment securities, financial assets denominated in foreign currencies, its associated hedging and structural rate position.

During 2020, the Board established a steering committee, consisting of key finance, risk, IT, treasury, legal and compliance personnel and external advisors, to oversee the Group's LIBOR transition plan. This steering committee put in place a transition project for those contracts which reference LIBOR to transition them to alternate benchmarks, as applicable, with the aim of minimising the potential disruption to business and mitigating operational and conduct risks and possible financial losses. This transition project is considering changes to systems, processes, risk management and valuation models, as well as managing related tax and accounting implications. As of March 31, 2022, changes required to systems, processes and models have been identified and have been partially implemented. There have been general communications with counterparties, but specific changes to contracts required by IBOR reform have not yet been proposed or agreed.

The Group has identified that the areas of most significant risk arising from the replacement of LIBOR are:

- updating systems and processes which capture LIBOR referenced contracts;
- amendments to those contracts, or existing fallback / transition clauses not operating as anticipated;
- mismatches in timing of derivatives and loans transitioning from LIBOR and the resulting impact on economic risk management; and
- updating hedge designations.

The Group continues to engage with industry participant, to ensure an orderly transition to alternate benchmarks and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with LIBOR replacement.

The Group is undergoing overall transition activities and is engaging various stakeholders to support an orderly transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes.

Amounts in SAR'000

29. Prospective changes to the International Financial Reporting Framework

The Group has chosen not to early adopt the following new standards and amendments to IFRS which have been issued but not yet effective for the Group's accounting year beginning on or after January 1, 2023.

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than January 1, 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 1, 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 1, 2023
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after January 1, 2023
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after January 1, 2023
