



THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of and for the six month period ended June 30, 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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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 30 June 2022, and the interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the interim consolidated statements of changes in equity and cash flows for the six-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 20 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 20 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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5 Muharram 1444H
(3 August 2022)

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SAR'000

	Notes	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
ASSETS				
Cash and balances with SAMA	5a	12,727,573	5,901,679	6,604,649
Due from banks and other financial institutions, net	6a,17	3,023,495	5,445,778	2,040,774
Investments, net	7a,17	28,381,099	28,841,751	29,860,605
Positive fair values of derivatives, net	14a,17	770,891	663,971	818,212
Loans and advances, net	8a,17	62,262,693	57,803,114	56,295,926
Investments in associates	9a	879,096	883,700	837,392
Other real estate		451,981	451,981	420,481
Property, equipment, and right of use assets, net	10a	969,823	999,548	1,024,895
Intangible assets, net	10b	404,539	369,279	350,557
Other assets, net	11a	926,708	227,234	155,884
Total assets		110,797,898	101,588,035	98,409,375
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions, net	12a,17	24,703,644	21,792,608	21,046,371
Customers' deposits	13,17	67,458,573	61,484,997	59,782,386
Negative fair values of derivatives, net	14a,17	284,205	230,147	297,292
Other liabilities	11c	1,625,074	1,778,808	1,766,141
Total liabilities		94,071,496	85,286,560	82,892,190
Equity				
Share capital	22a	10,000,000	7,500,000	7,500,000
Statutory reserve		2,999,000	2,999,000	5,233,000
Treasury shares	24	-	-	(1,041,067)
Other reserves	7c	(769,969)	562,063	802,116
Retained earnings		1,282,371	715,412	1,023,136
Proposed dividend	23	-	525,000	-
Proposed bonus shares issuance	23	-	2,500,000	-
Shareholders' equity		13,511,402	14,801,475	13,517,185
Tier I Sukuk	21	3,215,000	1,500,000	2,000,000
Total equity		16,726,402	16,301,475	15,517,185
Total liabilities and equity		110,797,898	101,588,035	98,409,375



Abdallah Salih Jum'ah
Chairman



Faisal Al-Omran
Chief Executive Officer



Shankar Chattanathan
Chief Financial Officer

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (Unaudited)

Amounts in SAR'000

		Three month period ended		Six month period ended	
	Notes	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Special commission income		887,480	704,066	1,617,484	1,368,457
Special commission expense		216,469	119,521	358,813	243,621
Net special commission income		671,011	584,545	1,258,671	1,124,836
Fee income from banking services, net		73,262	89,189	170,717	179,676
Exchange income, net		45,601	33,950	88,405	72,443
Unrealized loss on FVTPL financial instruments, net		(18,730)	(43,052)	(37,439)	(80,473)
Realized gain on FVTPL financial instruments, net		1,308	6,227	1,883	6,754
Gains on disposals of FVOCI debt securities, net		3	31,336	7,360	31,364
Other income		-	14,487	-	14,499
Total operating income		772,455	716,682	1,489,597	1,349,099
Salaries and employee-related expenses		176,136	163,683	354,455	329,474
Rent and premises related expenses		15,213	16,005	34,629	30,703
Depreciation and amortization		38,549	37,126	75,064	73,409
Other general and administrative expenses		109,491	85,465	219,992	173,401
Operating expenses before provisions for credit and other losses		339,389	302,279	684,140	606,987
Provisions for credit and other losses	25	53,606	109,732	91,367	174,576
Total operating expenses		392,995	412,011	775,507	781,563
Operating income		379,460	304,671	714,090	567,536
Share in earnings of associates	9a	11,578	8,952	26,967	9,661
Income before provisions for Zakat		391,038	313,623	741,057	577,197
Provisions for Zakat		70,388	25,853	133,391	75,932
Net income		320,650	287,770	607,666	501,265
Basic and diluted earnings per share (expressed in SAR per share)	19b	0.29	0.26	0.56	0.48



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The accompanying notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.

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

	<u>Three month period ended</u>		<u>Six month period ended</u>	
	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
Net income	320,650	287,770	607,666	501,265
Other comprehensive (loss) income				
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	(103,341)	7,619	(104,836)	(1,648)
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	(683,389)	174,047	(1,216,992)	43,085
Fair value gains transferred to interim consolidated statement of income on disposal of FVOCI debt securities, net	(3)	(31,336)	(7,360)	(31,364)
Total other comprehensive (loss) income	(786,733)	150,330	(1,329,188)	10,073
Total comprehensive (loss) income	(466,083)	438,100	(721,522)	511,338



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THE SAUDI INVESTMENT BANK
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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

Six month period ended June 30, 2022 (SAR'000)

	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividend	Proposed bonus shares issuance	Shareholders' equity	Tier I Sukuk	Total equity
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		-	-	-	607,666	-	-	607,666	-	607,666
Total other comprehensive loss		-	-	(1,329,188)	-	-	-	(1,329,188)	-	(1,329,188)
Total comprehensive loss		-	-	(1,329,188)	607,666	-	-	(721,522)	-	(721,522)
Dividends paid	23	-	-	-	-	(525,000)	-	(525,000)	-	(525,000)
Tier I Sukuk costs		-	-	-	(43,551)	-	-	(43,551)	-	(43,551)
Realized gain on disposal of FVOCI equity securities		-	-	(2,844)	2,844	-	-	-	-	-
Increase in share capital through issuance of bonus shares	23	2,500,000	-	-	-	-	(2,500,000)	-	-	-
Repayment of Tier I Sukuk	21	-	-	-	-	-	-	-	(285,000)	(285,000)
Issuance of Tier I Sukuk	21	-	-	-	-	-	-	-	2,000,000	2,000,000
Balances at the end of the period		10,000,000	2,999,000	(769,969)	1,282,371	-	-	13,511,402	3,215,000	16,726,402



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THE SAUDI INVESTMENT BANK
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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Continued (Unaudited)

Six month period ended June 30, 2021 (SAR'000)

Note	Share capital	Statutory reserve	Treasury shares	Other reserves	Retained earnings	Shareholders' Equity	Tier I Sukuk	Total equity
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	-	-	-	-	501,265	501,265	-	501,265
Total other comprehensive income	-	-	-	10,073	-	10,073	-	10,073
Total comprehensive income	-	-	-	10,073	501,265	511,338	-	511,338
Dividends Paid	-	-	-	-	(270,002)	(270,002)	-	(270,002)
Tier I Sukuk costs	-	-	-	-	(55,184)	(55,184)	-	(55,184)
Balances at the end of the period	7,500,000	5,233,000	(1,041,067)	802,116	1,023,136	13,517,185	2,000,000	15,517,185

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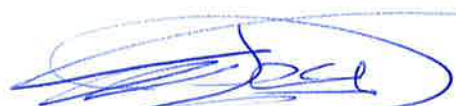
THE SAUDI INVESTMENT BANK

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Amounts in SAR'000

		Six month period ended	
	Notes	June 30, 2022	June 30, 2021
OPERATING ACTIVITIES			
Net income		607,666	501,265
Adjustments to reconcile net income to net cash provided from (used in) operating activities			
Net accretion of discounts and net amortization of premiums on investments, net		3,731	8,833
Net change in accrued special commission income		(1,396)	112,714
Net change in accrued special commission expense		60,581	(56,282)
Net change in deferred loan fees		16,978	(845)
Gains on disposals of FVOCI debt securities, net		(7,360)	(31,364)
Unrealized loss on FVTPL financial instruments, net		37,439	80,473
Realized gain on FVTPL financial instruments, net		(1,883)	(6,754)
Depreciation and amortization		75,064	73,409
Gain on sale of other real estate		-	14,499
Provisions for credit and other losses	25	91,367	174,576
Share in earnings of associates	9a	(26,967)	(9,661)
		<u>855,220</u>	<u>860,863</u>
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		(14,647)	23,452
Due from banks and other financial institutions maturing after three months from acquisition date		312	-
Loans and advances		(4,506,210)	(1,520,741)
Positive fair values of derivatives		(165,221)	197,993
Other assets		(684,467)	(13,035)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions, net		2,877,190	983,023
Customers' deposits		5,898,523	(293,047)
Negative fair values of derivatives		134,849	(30,060)
Other liabilities		30,466	(262,455)
		<u>4,426,015</u>	<u>(54,007)</u>
Zakat payments		(225,807)	(254,336)
Net cash provided from (used in) operating activities		<u>4,200,208</u>	<u>(308,343)</u>
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments		2,396,561	3,793,272
Purchases of investments		(3,292,365)	(3,168,134)
Dividends received from associates	9a	31,571	18,013
Acquisitions of property, equipment, and intangibles		(95,654)	(99,757)
Net cash (used in) provided from investing activities		<u>(959,887)</u>	<u>543,394</u>



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THE SAUDI INVESTMENT BANK

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS - Continued (Unaudited)

Amounts in SAR'000

		Six month period ended	
	Notes	June 30, 2022	June 30, 2021
FINANCING ACTIVITY			
Dividends payment		(525,000)	-
Repayment of term loans		-	(2,000,000)
Issuance of Tier I Sukuk		2,000,000	-
Repayment of Tier I Sukuk		(285,000)	-
Tier I Sukuk costs		(43,551)	(55,184)
Net cash provided from (used in) financing activity		1,146,449	(2,055,184)
Net increase (decrease) in cash and cash equivalents		4,386,770	(1,820,133)
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		4,386,770	(1,820,133)
Cash and cash equivalents at the end of the period	5b	12,394,054	5,446,651
Supplemental special commission information			
Special commission received		1,616,088	1,481,171
Special commission paid		360,590	295,480
Supplemental non-cash information			
Total other comprehensive loss (income)		(1,329,188)	10,073



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THE SAUDI INVESTMENT BANK

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 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 June 30, 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 six month period ended June 30, 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 Muharram 4, 1444H, corresponding to August 2, 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;

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**Amounts in SAR'000****For the six month periods ended June 30, 2022 and 2021****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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

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	<p>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.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in statement of income.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs an entity includes when assessing whether a contract will be loss-making.</p> <p>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'.</p>	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 June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Cash on hand	945,012	754,291	768,354
Reverse repurchase agreement	8,529,000	2,290,000	2,870,000
Other balances, net	(109,541)	(491,067)	(236,802)
Cash and balances before statutory deposit (note 5b)	9,364,471	2,553,224	3,401,552
Statutory deposit	3,363,102	3,348,455	3,203,097
Cash and balances with SAMA	12,727,573	5,901,679	6,604,649

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.

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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 June 30, 2022 and 2021 and as of December 31, 2021 are comprised of the following:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Cash and balances with SAMA excluding statutory deposit (note 5a)	9,364,471	2,553,224	3,401,552
Due from banks and other financial institutions maturing within three months from the date of acquisition	3,029,583	5,454,060	2,045,099
Cash and cash equivalents	12,394,054	8,007,284	5,446,651

6. Due from banks and other financial institutions, net

- a) Due from banks and other financial institutions, net as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Current accounts	2,772,427	2,360,185	1,545,091
Money market placements	257,194	3,094,225	500,008
Total due from banks and other financial institutions	3,029,621	5,454,410	2,045,099
Allowance for credit losses	(6,126)	(8,632)	(4,325)
Due from banks and other financial institutions, net	3,023,495	5,445,778	2,040,774

- b) The movement of the allowance for credit losses for due from banks and other financial institutions for the six month periods ended June 30, 2022 and 2021 and the year ended December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Balances at the beginning of the year/period	8,632	3,202	3,202
Provision for credit losses (note 25)	(2,506)	5,430	1,123
Balances at the end of the year/period	6,126	8,632	4,325

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7. Investments, net

a) Investments, net as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
<u>Investments - amortized cost</u>			
Fixed rate debt securities	3,853,931	-	-
Floating rate debt securities	8,031	-	-
Total debt securities	3,861,962	-	-
Allowance for credit losses	(2,230)	-	-
Investments - amortized cost (net)	3,859,732	-	-
<u>Investments – FVOCI</u>			
Fixed rate debt securities	22,948,394	27,320,882	27,858,600
Floating rate debt securities	1,191,300	1,022,190	1,450,973
Total debt securities	24,139,694	28,343,072	29,309,573
Equities	249,086	356,023	371,707
Investments – FVOCI	24,388,780	28,699,095	29,681,280
<u>Investments – FVTPL</u>			
Mutual funds	121,817	128,474	145,882
Other securities	10,770	14,182	33,443
Investments – FVTPL	132,587	142,656	179,325
Investments, net	28,381,099	28,841,751	29,860,605

The Group's investments in equities include SAR 8.6 million as of June 30, 2022 (December 31, 2021: SAR 8.6 million, and June 30, 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 240.4 million as of June 30, 2022 (December 31, 2021: SAR 347.3 million, and June 30, 2021: SAR 363.0 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 June 30, 2022, investments include SAR 13.5 billion (December 31, 2021: SAR 14.0 billion, and June 30, 2021: SAR 13.6 billion) which have been pledged under repurchase agreements with other financial institutions. Refer note 12.

b) The movement of the allowance for credit losses for investments for the six month periods ended June 30, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Balances at the beginning of the year/period	26,185	31,385	31,385
Provision for credit losses (note 25)	2,097	(5,200)	1,057
Balances at the end of the year/period	28,282	26,185	32,442

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7. Investments, net - continued

- c) Other reserves classified in shareholders' equity as of June 30, 2022 and 2021 and as of December 31, 2021 are comprised of the following:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Unrealized (losses) gains on revaluation of debt securities at FVOCI before allowance for credit losses	(639,671)	584,548	725,062
Allowance for credit losses on debt securities at FVOCI	26,052	26,185	32,442
Unrealized (losses) gains on revaluation of debt securities at FVOCI after allowance for credit losses	(613,619)	610,733	757,504
Unrealized (losses) gains on revaluation of equities held at FVOCI	(129,501)	(21,821)	74,407
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	(769,969)	562,063	802,116

8. Loans and advances, net

- a) Loans and advances, net classified as held at amortized cost as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	42,560,145	4,974,113	10,247,734	57,781,992
Stage 2	1,691,454	1,745,559	62,403	3,499,416
Stage 3	974,480	831,521	884	1,806,885
Total performing loans and advances	45,226,079	7,551,193	10,311,021	63,088,293
Non performing loans and advances	26,767	1,083,451	128,908	1,239,126
Total loans and advances	45,252,846	8,634,644	10,439,929	64,327,419
Allowance for credit losses	(762,051)	(1,159,609)	(143,066)	(2,064,726)
Loans and advances, net	44,490,795	7,475,035	10,296,863	62,262,693

	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

	June 30, 2021 (Unaudited)			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	38,185,690	2,943,428	10,197,367	51,326,485
Stage 2	3,279,092	1,011,622	100,610	4,391,324
Stage 3	739,602	627,315	450	1,367,367
Total performing loans and advances	42,204,384	4,582,365	10,298,427	57,085,176
Non performing loans and advances	32,440	970,751	99,594	1,102,785
Total loans and advances	42,236,824	5,553,116	10,398,021	58,187,961
Allowance for credit losses	(843,944)	(861,328)	(186,763)	(1,892,035)
Loans and advances, net	41,392,880	4,691,788	10,211,258	56,295,926

- b) The movement of the allowance for credit losses for loans and advances for the six month periods ended June 30, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Balances at the beginning of the year/period	1,965,233	1,755,424	1,755,424
Provision for credit losses (note 25)	72,051	254,432	175,005
Net recoveries / (write-offs)	27,442	(44,623)	(38,394)
Balances at the end of the year/period (i)	2,064,726	1,965,233	1,892,035

- i. Owing to the economic conditions posed by COVID-19 pandemic, the Group recognized an ECL provision of SAR 122.0 million as of June 30, 2022 (June 30, 2021: SAR 243.3 million) for its loans and advances portfolio as a result of post-model overlays. Refer to note 26 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 six month periods ended June 30, 2022 and 2021, and for the year ended December 31, 2021, is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Balance at the beginning of the year / period	883,700	845,744	845,744
Share in earnings	26,967	54,808	9,661
Dividends	(31,571)	(18,013)	(18,013)
Share of other comprehensive income	-	1,161	-
Balance at the end of the year / period	879,096	883,700	837,392

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9. Investments in associates - continued

- b) The following table summarizes the associates' assets, liabilities, and equity as of June 30, 2022 and 2021, and income and expense for the six month periods then ended:

	June 30, 2022 (Unaudited)			June 30, 2021 (Unaudited)		
	AMEX	YANAL	AMLAK	AMEX	YANAL	AMLAK
Total assets	979,500	1,525,174	3,567,471	663,228	1,526,533	3,653,520
Total liabilities	623,932	611,537	2,376,450	349,500	641,801	2,479,002
Equity	355,568	913,637	1,191,021	313,728	884,732	1,174,518
Total income	88,466	28,847	71,114	99,378	51,191	55,943
Total expenses	10,181	11,603	44,176	110,070	31,262	30,744

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 Intangible assets, net

- a) Property, equipment, and right of use assets, net as of June 30, 2022 and 2021 and as of December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Land and buildings	1,118,124	1,110,405	1,102,093
Leasehold improvements	182,805	180,834	179,353
Furniture, equipment and vehicles	431,937	428,226	414,888
Right of Use leased assets	311,072	314,256	315,358
Total cost	2,043,938	2,033,721	2,011,692
Less accumulated depreciation	(1,074,115)	(1,035,160)	(987,615)
Subtotal	969,823	998,561	1,024,077
Projects pending completion	-	987	818
Property, equipment, and right of use assets, net	969,823	999,548	1,024,895

- b) Intangible assets, net as of June 30, 2022 and 2021 and as of December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Software	602,697	561,253	526,295
Goodwill	18,295	18,295	18,295
Total cost	620,992	579,548	544,590
Less accumulated amortization	(312,137)	(282,987)	(255,299)
Subtotal	308,855	296,561	289,291
Projects pending completion	95,684	72,718	61,266
Intangible assets, net	404,539	369,279	350,557

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11. Other assets, net and other liabilities

a) Other assets, net as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Customer and other receivables	178,694	172,958	78,807
Prepaid expenses	51,553	36,763	34,695
Others (i)	696,602	17,607	42,536
Total other assets	926,849	227,328	156,038
Less allowance for credit losses	(141)	(94)	(154)
Other assets, net	926,708	227,234	155,884

i. Others include margins held under Global Master Repurchase Agreements ("GMRA") as of June 30, 2022.

b) The movement of the allowance for credit losses for the six month periods ended June 30, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Balances at the beginning of the year / period	94	275	275
Provision for credit losses (note 25)	47	(181)	(121)
Balances at the end of the year/period	141	94	154

c) Other liabilities as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Zakat settlement liability, net	239,612	235,262	352,985
Accrued expenses	222,587	164,775	143,799
Allowance for credit losses for financial guarantee contracts	214,972	204,131	208,066
Lease liabilities	205,977	231,890	234,809
Employee end of service benefits	204,815	193,747	201,047
Accrued Zakat	147,198	236,161	106,482
Accrued salaries and employee related benefits	115,014	242,278	160,460
Customer related liabilities	71,826	69,675	94,877
Allowance for legal proceedings	48,129	49,000	48,988
Deferred government grant income	19,336	54,745	101,677
Deferred fees	13,574	10,763	10,044
Others	122,034	86,381	102,907
Total	1,625,074	1,778,808	1,766,141

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12. Due to banks and other financial institutions, net

- a) Due to banks and other financial institutions, net as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Current accounts	5,597	7,162	4,232
Repurchase agreements	14,143,703	13,385,749	12,907,121
Money market deposits	2,025,329	2,233,042	1,413,692
Deposits from SAMA, net (note 12b)	8,529,015	6,166,655	6,721,326
Due to banks and other financial institutions, net	24,703,644	21,792,608	21,046,371

- b) Deposits from SAMA, net as of June 30, 2022 and 2021 and as of December 31, 2021 are comprised of the following:

<u>Maturity Year</u>	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
2021	-	-	3,178,175
2022	2,500,000	2,500,000	-
2023	2,825,340	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	8,760,069	6,460,069	7,068,244
Less: Unamortized discount	(231,054)	(293,414)	(346,918)
Deposits from SAMA, net	8,529,015	6,166,655	6,721,326

13. Customers' deposits

Customers' deposits as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Time deposits	28,993,912	25,145,207	24,023,626
Savings deposits	2,663,234	2,147,244	1,054,223
Total special commission bearing deposits	31,657,146	27,292,451	25,077,849
Demand deposits	32,395,420	31,951,963	32,792,875
Other deposits	3,406,007	2,240,583	1,911,662
Customers' deposits	67,458,573	61,484,997	59,782,386

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14. Derivatives

- a) The table below sets out the positive and negative fair values of derivative financial instruments together with their notional amounts as of June 30, 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.

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)			June 30, 2021 (Unaudited)		
	<u>Fair value</u>		Notional amount	<u>Fair value</u>		Notional amount	<u>Fair value</u>		Notional amount
	Positive	Negative		Positive	Negative		Positive	Negative	
Held for trading:									
Forward foreign exchange contracts	7,855	9,582	1,764,495	4,148	2,837	2,606,683	4,264	4,194	1,735,401
Commission rate swaps	171,202	169,242	8,470,584	138,503	137,702	8,478,876	135,027	134,151	8,573,243
Commission rate options	119,082	119,074	6,922,619	190,441	190,434	7,747,058	244,107	244,099	8,055,100
Held as fair value hedges:									
Commission rate swaps	130,708	-	10,523,874	-	686,300	12,116,598	-	949,059	12,580,109
CSA / EMIR cash margins	216,444	(13,693)	-	167,277	(787,126)	-	179,239	(1,034,211)	-
Subtotal	645,291	284,205	27,681,572	500,369	230,147	30,949,215	562,637	297,292	30,943,853
Associated company put option (note 14c)	125,600	-	-	163,602	-	-	255,575	-	-
Total	770,891	284,205	27,681,572	663,971	230,147	30,949,215	818,212	297,292	30,943,853

- 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.

As of June 30, 2022, the CSA and EMIR net cash collateral amounts held by counterparties in favor of the Bank totaled SAR 230.1 million (December 31, 2021: SAR 954.4 million, and June 30, 2021: SAR 1,213 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 14a. 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.

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15. Commitments, contingencies, and financial guarantee contracts

- a) The Group's credit-related commitments and contingencies as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Letters of credit	2,289,344	2,482,529	2,349,732
Letters of guarantee	8,598,146	9,262,957	8,744,418
Acceptances	753,125	718,144	875,802
Total financial guarantee contracts	11,640,615	12,463,630	11,969,952
Irrevocable commitments to extend credit	220,885	251,302	474,507
Credit-related commitments and contingencies	11,861,500	12,714,932	12,444,459

- b) The credit quality of financial guarantee contracts as of June 30, 2022 and 2021 and as of December 31, 2021 are summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Stage 1	10,970,096	11,377,970	10,974,319
Stage 2	471,864	685,228	597,181
Stage 3	198,655	400,432	398,452
Total	11,640,615	12,463,630	11,969,952

- c) The movement of the allowance for credit losses for financial guarantee contracts for the six month periods ended June 30, 2022 and 2021 and for the year ended December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Balances at the beginning of the year/period	204,131	210,554	210,554
Provision for credit losses (note 25)	10,841	(6,423)	(2,488)
Balances at the end of the year/period	214,972	204,131	208,066

- 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.

16. 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.

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16. Operating segments - continued

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 June 30, 2022 and 2021, and its total operating income, expenses, and Income before provisions for Zakat for the six month periods then ended, is as follows:

	June 30, 2022 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury and Investments	Asset Management and Brokerage	Other	Total
Total assets	20,256,167	41,507,565	44,826,670	658,704	3,548,792	110,797,898
Total liabilities	23,718,200	10,416,355	58,354,036	54,771	1,528,134	94,071,496
Net special commission income (loss)	345,297	730,892	189,450	21,024	(27,992)	1,258,671
FTP net transfers	116,657	(300,572)	174,854	-	9,061	-
Net FTP contribution	461,954	430,320	364,304	21,024	(18,931)	1,258,671
Fee income from banking services, net	26,650	55,533	11,834	83,716	(7,016)	170,717
Other operating income (loss)	40,820	33,663	58,321	1,886	(74,481)	60,209
Total operating income (loss)	529,424	519,516	434,459	106,626	(100,428)	1,489,597
Direct operating expenses	162,201	35,383	22,449	53,167	-	273,200
Indirect operating expenses	164,376	86,298	160,266	-	-	410,940
Provisions for credit and other losses	49,200	42,529	(409)	47	-	91,367
Total operating expenses	375,777	164,210	182,306	53,214	-	775,507
Operating income (loss)	153,647	355,306	252,153	53,412	(100,428)	714,090
Share in earnings of associates	-	-	26,967	-	-	26,967
Income (loss) before provisions for Zakat	153,647	355,306	279,120	53,412	(100,428)	741,057

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

16. Operating segments - continued

	June 30, 2021 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury and Investments	Asset Management and Brokerage	Other	Total
Total assets	18,195,306	37,576,605	39,357,884	607,327	2,672,253	98,409,375
Total liabilities	22,344,072	7,290,717	52,580,855	87,305	589,241	82,892,190
Net special commission income	341,710	588,196	200,325	11,793	(10,521)	1,131,503
FTP net transfers	19,847	(245,546)	228,997	-	(3,298)	-
Net FTP contribution	361,557	342,650	429,322	11,793	(13,819)	1,131,503
Fee income from banking services, net	14,266	56,386	16,335	104,209	(11,520)	179,676
Other operating income (loss)	27,308	25,526	23,761	6,327	(38,335)	44,587
Total operating income (loss)	403,131	424,562	469,418	122,329	(63,674)	1,355,766
Direct operating expenses	153,969	35,877	24,229	46,126	17	260,218
Indirect operating expenses	141,375	74,221	137,840	-	-	353,436
Provisions for credit and other losses	94,651	77,867	2,179	(121)	-	174,576
Total operating expenses	389,995	187,965	164,248	46,005	17	788,230
Operating income (loss)	13,136	236,597	305,170	76,324	(63,691)	567,536
Share in earnings of associates	-	-	9,661	-	-	9,661
Income (loss) before provisions for Zakat	13,136	236,597	314,831	76,324	(63,691)	577,197

17. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

17. 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 June 30, 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.

June 30, 2022 (Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	-	645,291	125,600	770,891
Investments at FVOCI	22,955,802	1,419,702	13,276	24,388,780
Investments at FVTPL	110,530	-	22,057	132,587
Total	23,066,332	2,064,993	160,933	25,292,258
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	-	284,205	-	284,205
Total	-	284,205	-	284,205
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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

17. Fair values of financial instruments - continued

	June 30, 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	-	562,637	255,575	818,212
Investments at FVOCI	25,417,074	4,250,934	13,272	29,681,280
Investments at FVTPL	134,967	-	44,358	179,325
Total	25,552,041	4,813,571	313,205	30,678,817
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	-	297,292	-	297,292
Total	-	297,292	-	297,292

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 June 30, 2022 interim consolidated statement of income, which was estimated using valuation models, is SAR 38 million loss (June 30, 2021: SAR 81 million loss).

Level 2 investments include debt securities which are comprised of Saudi corporate and bank 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.

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 14c). 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

17. Fair values of financial instruments - continued

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 (June 30, 2021: SAR 32.4 million) due to estimating operating results of the associated company, could increase or decrease by approximately SAR 14.6 million (June 30, 2021: SAR 13.7 million) due to estimating the detrimental effects on the operating results of the associated company which may arise from an exercise of the option, and could increase or decrease by approximately SAR 16.1 million (June 30, 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 six month periods ended June 30, 2022 and 2021, and for the year ended December 31, 2021 is summarized as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Fair values at the beginning of the year/period	201,764	397,016	397,016
Net change in fair value	(40,831)	(195,252)	(83,812)
Fair values at the end of the year/period	160,933	201,764	313,204

There were no transfers from either level 1 or level 2 to either level 2 or level 3 during the six months period ended June 30, 2022.

- d) The estimated fair values of financial assets and financial liabilities as of June 30, 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:

	June 30, 2022 (Unaudited)	
	Carrying values	Estimated fair values
Financial assets:		
Due from banks and other financial institutions, net	3,023,495	3,023,495
Investments held at amortized cost, net	3,859,732	3,645,310
Loans and advances, net	62,262,693	62,981,991
Total	69,145,920	69,650,796
Financial liabilities:		
Due to banks and other financial institutions, net	24,703,644	24,703,644
Customers' deposits	67,458,573	66,129,510
Total	92,162,217	90,833,154

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

17. Fair values of financial instruments - continued

	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	61,484,997	59,978,185
Total	83,277,605	81,770,793
	June 30, 2021 (Unaudited)	
	Carrying values	Estimated fair values
Financial assets:		
Due from banks and other financial institutions, net	2,040,774	2,040,774
Loans and advances, net	56,295,926	59,589,129
Total	58,336,700	61,629,903
Financial liabilities:		
Due to banks and other financial institutions, net	21,046,371	21,046,371
Customers' deposits	59,782,386	58,893,749
Total	80,828,757	79,940,120

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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**Amounts in SAR'000****For the six month periods ended June 30, 2022 and 2021****18. 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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

18. 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 six month periods ended June 30, 2022 and 2021 is summarized as follows:

	June 30, 2022 (Unaudited)			
	Gross Carrying Amounts SAR '000			Allowances for credit losses SAR '000
	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
Transfers from Stage 1 to Stage 2	(446,603)	446,603	-	-
Transfers from Stage 1 to Stage 3	(93,415)	-	93,415	-
Transfers from Stage 2 to Stage 1	491,531	(491,531)	-	-
Transfers from Stage 2 to Stage 3	-	(412,942)	412,942	-
Transfers from Stage 3 to Stage 1	3,901	-	(3,901)	-
Transfers from Stage 3 to Stage 2	-	45,356	(45,356)	-
Post-model overlays (note 26)	-	-	-	-
Changes in exposures and re-measurements	1,787,204	(506,628)	(332,430)	948,146
Net movement for the period	1,742,618	(919,142)	124,670	948,146
Write-offs, net	-	-	27,442	27,442
Balances as of June 30, 2022	99,960,827	3,972,512	3,244,666	107,178,005

	June 30, 2021 (Unaudited)			
	Gross Carrying Amounts SAR '000			Allowances for credit losses SAR '000
	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
Transfers from Stage 1 to Stage 2	(893,248)	893,248	-	-
Transfers from Stage 1 to Stage 3	(63,426)	-	63,426	-
Transfers from Stage 2 to Stage 1	394,407	(394,407)	-	-
Transfers from Stage 2 to Stage 3	-	(40,616)	40,616	-
Transfers from Stage 3 to Stage 1	7,497	-	(7,497)	-
Transfers from Stage 3 to Stage 2	-	3,438	(3,438)	-
Post-model overlays (note 26)	-	-	-	-
Changes in exposures and re-measurements	645,534	(9,272)	(47,473)	588,789
Net movement for the period	90,764	452,391	45,634	588,789
Write-offs, net	-	-	(38,394)	(38,394)
Balances as of June 30, 2021	93,733,361	4,989,427	2,868,604	101,591,392

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

18. 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 six month periods ended June 30, 2022 and 2021 is summarized as follows:

	June 30, 2022 (Unaudited)				June 30, 2021 (Unaudited)			
	Gross Carrying Amounts SAR'000			Total	Allowances for credit losses SAR '000			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
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	(2,424,964)	175	-	(2,424,789)	(2,532)	26	-	(2,506)
Balances as of June 30, 2022	3,028,389	1,232	-	3,029,621	5,933	193	-	6,126
	Gross Carrying Amounts SAR'000			Total	Allowances for credit losses SAR '000			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Balances as of December 31, 2020	2,169,016	928	-	2,169,944	3,092	110	-	3,202
Changes in exposures and re-measurements	(124,839)	(6)	-	(124,845)	1,123	-	-	1,123
Balances as of June 30, 2021	2,044,177	922	-	2,045,099	4,215	110	-	4,325

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

18. 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 six month periods ended June 30, 2022 and 2021 is summarized as follows:

	June 30, 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	(341,416)	-	-	(341,416)	2,097	-	-	2,097
Balances as of June 30, 2022	28,001,656	-	-	28,001,656	28,282	-	-	28,282
	June 30, 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	(650,336)	-	-	(650,336)	1,057	-	-	1,057
Balances as of June 30, 2021	29,309,573	-	-	29,309,573	32,442	-	-	32,442

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the six month periods ended June 30, 2022 and 2021

18. 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 six month periods ended June 30, 2022 and 2021 is summarized as follows:

	June 30, 2022 (Unaudited)				June 30, 2021 (Unaudited)			
	Gross Carrying Amounts SAR'000		Allowances for credit losses SAR '000		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	52,870,856	4,205,369	2,692,122	59,768,347
Transfers from Stage 1 to Stage 2	(388,605)	388,605	-	-	(388,605)	388,605	-	-
Transfers from Stage 1 to Stage 3	(80,840)	-	80,840	-	(80,840)	-	80,840	-
Transfers from Stage 2 to Stage 1	341,138	(341,138)	-	-	341,138	(341,138)	-	-
Transfers from Stage 2 to Stage 3	-	(332,598)	332,598	-	-	(332,598)	332,598	-
Transfers from Stage 3 to Stage 1	3,901	-	(3,901)	-	3,901	-	(3,901)	-
Transfers from Stage 3 to Stage 2	-	43,166	(43,166)	-	-	43,166	(43,166)	-
Post-model overlays (note 26)	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements	5,035,542	(463,988)	(39,924)	4,531,630	5,035,542	(463,988)	(39,924)	4,531,630
Net movement for the period	4,911,136	(705,953)	326,447	4,531,630	4,911,136	(705,953)	326,447	4,531,630
Write-offs, net	-	-	27,442	27,442	-	-	27,442	27,442
Balances as of June 30, 2022	57,781,992	3,499,416	3,046,011	64,327,419	57,781,992	3,499,416	3,046,011	64,327,419

	June 30, 2022 (Unaudited)				June 30, 2021 (Unaudited)			
	Gross Carrying Amounts SAR'000		Allowances for credit losses SAR '000		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	50,192,685	4,178,605	2,458,028	56,829,318
Transfers from Stage 1 to Stage 2	(780,727)	780,727	-	-	(780,727)	780,727	-	-
Transfers from Stage 1 to Stage 3	(63,426)	-	63,426	-	(63,426)	-	63,426	-
Transfers from Stage 2 to Stage 1	391,499	(391,499)	-	-	391,499	(391,499)	-	-
Transfers from Stage 2 to Stage 3	-	(40,616)	40,616	-	-	(40,616)	40,616	-
Transfers from Stage 3 to Stage 1	7,497	-	(7,497)	-	7,497	-	(7,497)	-
Transfers from Stage 3 to Stage 2	-	3,438	(3,438)	-	-	3,438	(3,438)	-
Post-model overlays (note 26)	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements	1,578,957	(139,331)	(42,589)	1,397,037	1,578,957	(139,331)	(42,589)	1,397,037
Net movement for the period	1,133,800	212,719	50,518	1,397,037	1,133,800	212,719	50,518	1,397,037
Write-offs, net	-	-	(38,394)	(38,394)	-	-	(38,394)	(38,394)
Balances as of June 30, 2021	51,326,485	4,391,324	2,470,152	58,187,961	51,326,485	4,391,324	2,470,152	58,187,961

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18. 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 six month periods ended June 30, 2022 and 2021 is summarized as follows:

	June 30, 2022 (Unaudited)							
	Gross Carrying Amounts SAR'000			Total	Allowances for credit losses SAR '000			Total
	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	(57,998)	57,998	-	-	(1,341)	4,238	-	2,897
Transfers from Stage 1 to Stage 3	(12,575)	-	12,575	-	(98)	-	6,024	5,926
Transfers from Stage 2 to Stage 1	150,393	(150,393)	-	-	1,998	(5,705)	-	(3,707)
Transfers from Stage 2 to Stage 3	-	(80,344)	80,344	-	-	(23,869)	38,723	14,854
Transfers from Stage 3 to Stage 2	-	2,190	(2,190)	-	-	14	(219)	(205)
Changes in exposures and re-measurements	(487,694)	(42,815)	(292,506)	(823,015)	(3,574)	(752)	(4,598)	(8,924)
Net movement for the period	(407,874)	(213,364)	(201,777)	(823,015)	(3,015)	(26,074)	39,930	10,841
Balances as of June 30, 2022	10,970,096	471,864	198,655	11,640,615	71,543	12,644	130,785	214,972

	June 30, 2021 (Unaudited)							
	Gross Carrying Amounts SAR'000			Total	Allowances for credit losses SAR '000			Total
	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	(112,521)	112,521	-	-	(3,515)	7,701	-	4,186
Transfers from Stage 2 to Stage 1	2,908	(2,908)	-	-	36	(147)	-	(111)
Changes in exposures and re-measurements	(163,359)	130,065	(4,884)	(38,178)	2,979	(6,906)	(2,636)	(6,563)
Net movement for the period	(272,972)	239,678	(4,884)	(38,178)	(500)	648	(2,636)	(2,488)
Balances as of June 30, 2021	10,974,319	597,181	398,452	11,969,952	97,740	20,227	90,099	208,066

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18. 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 six month periods ended June 30, 2022 and 2021 is summarized as follows:

	June 30, 2022 (Unaudited)				June 30, 2021 (Unaudited)			
	Gross Carrying Amounts SAR'000			Total	Allowances for credit losses SAR '000			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Balances as of December 31, 2021	172,958	-	-	172,958	94	-	-	94
Changes in exposures and re-measurements	5,736	-	-	5,736	47	-	-	47
Balances as of June 30, 2022	178,694	-	-	178,694	141	-	-	141
	Gross Carrying Amounts SAR'000			Total	Allowances for credit losses SAR '000			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	73,696	-	-	73,696	275	-	-	275
Balances as of December 31, 2020	5,111	-	-	5,111	(121)	-	-	(121)
Changes in exposures and re-measurements	78,807	-	-	78,807	154	-	-	154
Balances as of June 30, 2021								

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 six month periods ended June 30, 2022 and 2021.

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19. 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 and six month periods ended June 30, 2022 and 2021 are as follows:

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income	320,650	287,770	607,666	501,265
Tier I Sukuk costs	(28,551)	(40,184)	(43,551)	(55,184)
Net income adjusted for Tier I Sukuk costs	292,099	247,586	564,115	446,081
Weighted average number of outstanding shares (in '000)	1,000,000	938,505	1,000,000	938,505
Basic and diluted earnings per share (SAR)	0.29	0.26	0.56	0.48

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 six month period ended June 30, 2022.

20. 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 June 30, 2022 and 2021 and as of December 31, 2021.

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Credit Risk RWA	81,872,030	79,052,694	74,451,084
Operational Risk RWA	5,091,578	5,091,578	5,112,624
Market Risk RWA	740,561	1,021,036	246,289
Total Pillar- I RWA	87,704,169	85,165,308	79,809,997
Tier I Capital	17,256,478	17,105,736	16,321,446
Tier II Capital	541,143	644,436	751,908
Total Tier I plus Tier II Capital	17,797,621	17,750,172	17,073,354
Capital Adequacy Ratios:			
Tier I Ratio	19.68%	20.09%	20.45%
Tier I plus Tier II Ratio	20.29%	20.84%	21.39%

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20. Capital adequacy - continued

The Tier I and Tier II capital as of June 30, 2022 and 2021 and as of December 31, 2021 is comprised of the following:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
Total Equity	16,726,402	16,301,475	15,517,185
IFRS 9 transitional adjustment	548,371	822,556	822,556
Goodwill adjustment (note 10b)	(18,295)	(18,295)	(18,295)
Tier I Capital	17,256,478	17,105,736	16,321,446
Qualifying general provisions, net	541,143	644,436	751,908
Tier II Capital	541,143	644,436	751,908
Tier I plus Tier II Capital	17,797,621	17,750,172	17,073,354

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 June 30, 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 had opted to apply the transitional adjustment, and had included the Day 1 impact of IFRS 9 in its Tier I regulatory capital. As a result, the IFRS 9 transitional adjustment add back amounted to SAR 548.3 million as of June 30, 2022 and SAR 822.5 million as of December 31, 2021 and June 30, 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.

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21. Tier I Sukuk

The Bank completed the establishment of a Shari'a compliant Tier I Sukuk Program (the Program) in 2016 and 2022. The Program was approved by the Bank's regulatory authorities. The following tranches of Tier I Sukuk issued under the programs on the dates indicated below are outstanding as of June 30, 2022 and 2021 and as of December 31, 2021:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2021 (Unaudited)
November 16, 2016	-	-	500,000
June 6, 2017	-	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
June 29, 2022	2,000,000	-	-
Total	3,215,000	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 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.

22. Zakat

- a) The Bank's share capital and percentages of ownership as of June 30, 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:

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)		June 30, 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 24)	-	-	-	-	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 19a. The assessment for Bank's 2020 zakat declaration is in progress.

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.

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- 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.

23. 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, for the year 2020, 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 a cash dividend of SAR 525 million equal to SAR 0.7 per share, for the year 2021, 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.

24. 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 included 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 included 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.

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25. Operating expenses

Provisions for credit and other losses for the three month and six month periods ended June 30, 2022 and 2021 is summarized as follows:

	Three month period ended		Six month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
Provision for credit losses:				
Due from banks and other financial institutions (note 6b)	(6,713)	1,219	(2,506)	1,123
Investments (note 7b)	(1,629)	3,935	2,097	1,057
Loans and advances (note 8b)	53,152	105,578	72,051	175,005
Financial guarantee contracts (note 15c)	6,168	(819)	10,841	(2,488)
Other assets (note 11b)	47	(181)	47	(121)
Provisions for credit losses	51,025	109,732	82,530	174,576
Provision for other losses	2,581	-	8,837	-
Provisions for credit and other losses	53,606	109,732	91,367	174,576

26. 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 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 47.7 million and SAR 74.3 million as of June 30, 2022 for its corporate and MSME 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.

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26. Impact of COVID-19 on ECL and SAMA Programs - continued**SAMA support programs and initiatives****Deferred Payments Program ("DPP")**

In response to the pandemic, SAMA launched the Deferred Payments Program ("DPP") in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises ("MSME") as defined by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The payment reliefs were considered as short-term liquidity support to address borrowers' potential cash flow shortages. The accounting impact of the above changes in terms of the credit facilities were assessed and has been treated as per the requirements of IFRS 9 as modification in terms of arrangement. The DPP program has ended on March 31, 2022.

During the six month period ended June 30, 2022, SAR 18.8 million (June 30, 2021: SAR 19.9 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 19.3 million deferred grant income as at June 30, 2022 (December 31, 2021: SAR 54.7 million). During the six month period ended June 30, 2022, SAR 62.3 million (June 30, 2021: SAR 66.7 million) has been recognized in the interim consolidated statement of income with respect to the amortization of grant income on related deposits. The Group continues to evaluate the current macroeconomic situation including the impact of the pandemic.

27. 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.
- 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**Amounts in SAR'000****For the six month periods ended June 30, 2022 and 2021****27. IBOR ("Interbank Offer Rate") Transition - Interest Rate Benchmark Reforms - continued**

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 June 30, 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.

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28. 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	<p>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.</p> <p>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.</p> <p>Note that the IASB has issued a new exposure draft proposing changes to this amendment.</p>	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	<p>The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17.</p> <p>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.</p> <p>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.</p>	Annual periods beginning on or after January 1, 2023

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29. Comparative Figures

Certain prior period amounts have been reclassified to conform to current period presentation. However, there was no impact of such reclassifications on the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows.

30. Events after the reporting date

Subsequent to period end, the Bank announced the Board of Directors resolution to distribute an interim dividend of SAR 0.30 per share amounting to SAR 300 million. The dividends will be paid to the shareholders during the third quarter.

There were no other events after the reporting date which require disclosure or adjustment to these interim condensed consolidated financial statements.
