THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of and for the three-month period ended March 31, 2023

(Unaudited)

EY
Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

Deloitte. Deloitte and Touche & Co.
Chartered Accountants

Head office - Riyadh
License #323/11/96
Date 10/3/1419
www.deloitte.com

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of **The Saudi Investment Bank** ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2023, and the interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Regulatory Matters

As required by the Saudi Central Bank ("SAMA"), certain capital adequacy information has been disclosed in note 17 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 17 to the relevant analysis prepared by the Bank for its submission to SAMA and found no material inconsistencies.

for Ernst & Young Professional Services	Deloitte and Touche & Co. Chartered Accountants P.O. Box 213 Riyadh 11411, Kingdom of Saudi Arabia
Rashid S. Roshod Certified Public Accountant License No. 366	**Waleed bin Moh'd Sobahi** Certified Public Accountant License No. 378

14 Shawwal 1444H
(4 May, 2023)

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Amounts in SAR'000

	Notes	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
ASSETS				
Cash and balances with SAMA	5a	**11,158,699**	6,401,258	4,829,552
Due from banks and other financial institutions, net	6,14	**3,040,601**	1,304,701	10,709,908
Investments, net	7a,14	**30,053,801**	28,179,959	29,633,143
Positive fair values of derivatives, net	11a,14	**666,413**	713,003	648,809
Loans and advances, net	8a,14	**73,631,642**	68,883,198	59,936,256
Investments in associates		**941,224**	922,985	899,089
Other real estate		**451,981**	451,981	451,981
Property, equipment, and right of use assets, net		**1,186,793**	1,212,374	981,690
Intangible assets, net		**441,850**	428,342	372,863
Other assets, net		**328,384**	572,811	794,832
Total assets		**121,901,388**	109,070,612	109,258,123
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions, net	9,14	**24,040,560**	20,892,470	23,545,538
Customers' deposits	10,14	**79,215,858**	69,578,526	68,353,032
Negative fair values of derivatives, net	11a,14	**43,626**	47,045	172,736
Other liabilities		**1,818,134**	1,762,875	1,680,033
Total liabilities		**105,118,178**	92,280,916	93,751,339
Equity				
Share capital		**10,000,000**	10,000,000	10,000,000
Statutory reserve		**3,376,000**	3,376,000	2,999,000
Other reserves	7c	**(1,104,827)**	(1,207,944)	17,512
Retained earnings		**1,347,037**	956,640	990,272
Proposed dividend	20	**450,000**	450,000	-
Shareholders' equity		**14,068,210**	13,574,696	14,006,784
Tier I Sukuk	18	**2,715,000**	3,215,000	1,500,000
Total equity		**16,783,210**	16,789,696	15,506,784
Total liabilities and equity		**121,901,388**	109,070,612	109,258,123

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

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

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

	Notes	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Special commission income		**1,606,832**	731,506
Special commission expense		**765,145**	142,344
Net special commission income		**841,687**	589,162
Fee income from banking services, net		**70,948**	95,953
Exchange income, net		**54,559**	42,804
Unrealized loss on FVTPL financial instruments, net		**(16,500)**	(18,709)
Realized gain on FVTPL financial instruments, net		**109**	575
Gains on disposals of FVOCI debt securities, net		**8,806**	7,357
Total operating income		**959,609**	717,142
Salaries and employee-related expenses		**198,185**	178,319
Rent and premises related expenses		**18,569**	19,416
Depreciation and amortization		**42,309**	36,515
Other general and administrative expenses		**161,961**	110,501
Operating expenses before provisions for credit and other losses		**421,024**	344,751
Provisions for credit and other losses		**81,352**	37,761
Total operating expenses		**502,376**	382,512
Operating income		**457,233**	334,630
Share in earnings of associates		**18,241**	15,389
Income before provisions for Zakat		**475,474**	350,019
Provisions for Zakat		**66,567**	63,003
Net income		**408,907**	287,016
Basic and diluted earnings per share (expressed in SAR per share)	16	**0.39**	0.27

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

	Three month period ended	
	March 31, 2023	March 31, 2022
Net income	**408,907**	287,016
Other comprehensive income		
Items that cannot be reclassified to the interim condensed consolidated statement of income in subsequent periods:		
Net change in fair value of equity investments held at fair value through other comprehensive income	**(14,763)**	(747)
Items that can be reclassified to the interim condensed consolidated statement of income in subsequent periods:		
Net change in fair value of debt securities held at fair value through other comprehensive income	**126,686**	(533,603)
Fair value gains transferred to interim condensed consolidated statement of income on disposals of FVOCI debt securities, net	**(8,806)**	(7,357)
Total other comprehensive income (loss)	**103,117**	(541,707)
Total comprehensive income (loss)	**512,024**	(254,691)

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Shankar Chattanathan
Chief Financial Officer

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

Three- month period ended March 31, 2023 (SAR'000)

	Note	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividend	Shareholders' equity	Tier I Sukuk	Total equity
Balances at the beginning of the period (Audited)		10,000,000	3,376,000	(1,207,944)	956,640	450,000	13,574,696	3,215,000	16,789,696
Net income		-	-	-	408,907	-	408,907	-	408,907
Total other comprehensive income		-	-	103,117	-	-	103,117	-	103,117
Total comprehensive income		-	-	103,117	408,907	-	512,024	-	512,024
Tier I Sukuk costs		-	-	-	(18,510)	-	(18,510)	-	(18,510)
Repayment of Tier I Sukuk	18	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Issuance of Tier I Sukuk	18	-	-	-	-	-	-	500,000	500,000
Balances at the end of the period		10,000,000	3,376,000	(1,104,827)	1,347,037	450,000	14,068,210	2,715,000	16,783,210

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Shankar Chattanathan
Chief Financial Officer

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

Three-month period ended March 31, 2022 (SAR'000)

	Note	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		-	-	-	287,016	-	-	**287,016**	-	287,016
Total other comprehensive loss		-	-	(541,707)	-	-	-	**(541,707)**	-	(541,707)
Total comprehensive loss		**-**	**-**	**(541,707)**	**287,016**	**-**	**-**	**(254,691)**	**-**	**(254,691)**
Dividends paid	20	-	-	-	-	(525,000)	-	**(525,000)**	-	(525,000)
Tier I Sukuk costs		-	-	-	(15,000)	-	-	**(15,000)**	-	(15,000)
Realized gain on disposal of FVOCI equity securities		-	-	(2,844)	2,844	-	-	**-**	-	-
Increase in share capital through issuance of bonus shares	20	2,500,000	-	-	-	-	(2,500,000)	**-**	-	-
Balances at the end of the period		**10,000,000**	**2,999,000**	**17,512**	**990,272**	**-**	**-**	**14,006,784**	**1,500,000**	**15,506,784**

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Shankar Chattanathan
Chief Financial Officer

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

	Notes	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
OPERATING ACTIVITIES			
Net income		**408,907**	287,016
Adjustments to reconcile net income to net cash generated from operating activities			
Net accretion of discounts and net amortization of premiums on investments, net		**(8,917)**	3,646
Net change in accrued special commission income		**(133,897)**	24,450
Net change in accrued special commission expense		**169,632**	21,319
Net change in deferred loan fees		**11,902**	6,724
Gains on disposals of FVOCI debt securities, net		**(8,806)**	(7,357)
Unrealized loss on FVTPL financial instruments, net		**16,500**	18,709
Realized gain on FVTPL financial instruments, net		**(109)**	(575)
Depreciation and amortization		**42,309**	36,515
Provisions for credit and other losses		**81,352**	37,761
Share in earnings of associates		**(18,241)**	(15,389)
		560,632	412,819
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		**(79,711)**	134,475
Due from banks and other financial institutions maturing after three months from acquisition date		**(378)**	-
Loans and advances		**(4,790,296)**	(2,229,576)
Positive fair values of derivatives		**47,006**	(40,888)
Other assets		**261,239**	(540,331)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions, net		**3,110,213**	1,753,441
Customers' deposits		**9,528,580**	6,835,276
Negative fair values of derivatives		**(3,448)**	(1,890)
Other liabilities		**(26,410)**	(104,742)
Net cash generated from operating activities		**8,607,427**	6,218,584
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments		**911,830**	1,023,231
Purchases of investments		**(2,540,648)**	(2,321,422)
Acquisitions of property, equipment, and intangibles		**(47,047)**	(49,509)
Net cash used in investing activities		**(1,675,865)**	(1,347,700)

Abdallah Salih Jum'ah
Chairman

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Chief Executive Officer

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Chief Financial Officer

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

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

	Notes	Three-month period ended March 31, 2023	March 31, 2022
FINANCING ACTIVITY			
Dividend payment		-	(525,000)
Repayment of Tier I Sukuk		**(1,000,000)**	-
Issuance of Tier I Sukuk		**500,000**	-
Tier I Sukuk costs		**(18,510)**	(15,000)
Net cash used in financing activity		**(518,510)**	(540,000)
Net increase in cash and cash equivalents		**6,413,052**	4,330,884
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		**4,156,381**	8,007,284
Net increase in cash and cash equivalents		**6,413,052**	4,330,884
Cash and cash equivalents at the end of the period	5b	**10,569,433**	12,338,168
Supplemental special commission information			
Special commission received		**1,472,935**	754,454
Special commission paid		**618,487**	148,205
Supplemental non-cash information			
Total other comprehensive income / (loss)		**103,117**	(541,707)

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

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three-month periods ended March 31, 2023 and 2022

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, 2022: 51 branches; and March 31, 2022: 51 branches) in KSA. The address of the Bank's Head Office is as follows:

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

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

2. Basis of preparation

These interim condensed consolidated financial statements as of and for the three month period ended March 31, 2023 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, 2022.

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands, 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, 2022.

These interim condensed consolidated financial statements were approved by the Bank's Board of Directors on Shawwal 13, 1444H, corresponding to May 3, 2023.

3. Basis of consolidation

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

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

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

3. Basis of consolidation – continued

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

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

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

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

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

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

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

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

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

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.

Amounts in SAR'000

3. Basis of consolidation – continued

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, 2022.

Other Standards, amendments or interpretations

The following standards, amendments or interpretations effective for annual periods beginning on or after January 1, 2023, did not have a significant impact on the Group's interim condensed consolidated financial statements:

Standard, interpretation, amendments	Description	Effective date
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 01, 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 01, 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	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 01, 2023.
Definition of Accounting Estimates – Amendments to IAS 8	The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.	Annual periods beginning on or after January 01, 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three-month periods ended March 31, 2023 and 2022

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

a) Cash and balances with SAMA as of March 31, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Cash on hand	**750,879**	721,189	805,434
Reverse repurchase agreement	**6,970,000**	2,276,000	765,000
Other balances, net	**(193,220)**	(147,260)	45,138
Cash and balances before statutory deposit (note 5b)	**7,527,659**	2,849,929	1,615,572
Statutory deposit	**3,631,040**	3,551,329	3,213,980
Cash and balances with SAMA	**11,158,699**	6,401,258	4,829,552

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.

b) Cash and cash equivalents included in the interim condensed consolidated statement of cash flows as of March 31, 2023 and 2022 and as of December 31, 2022 are comprised of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Cash and balances with SAMA excluding statutory deposit (note 5a)	**7,527,659**	2,849,929	1,615,572
Due from banks and other financial institutions maturing within three months from the date of acquisition	**3,041,774**	1,306,452	10,722,596
Cash and cash equivalents	**10,569,433**	4,156,381	12,338,168

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the three-month periods ended March 31, 2023 and 2022

6. Due from banks and other financial institutions, net

Due from banks and other financial institutions, net as of March 31, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Current accounts	**1,024,982**	1,109,990	5,397,834
Money market placements	**2,017,027**	196,462	5,324,913
Total due from banks and other financial institutions	**3,042,009**	1,306,452	10,722,747
Allowance for credit losses	**(1,408)**	(1,751)	(12,839)
Due from banks and other financial institutions, net	**3,040,601**	1,304,701	10,709,908

7. Investments, net

a) Investments, net as of March 31, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Investments - amortized cost			
Fixed rate debt securities	**8,569,955**	6,166,576	2,607,604
Floating rate debt securities	**110,532**	60,092	-
Allowance for credit losses	**(2,826)**	(2,826)	(1,479)
Investments - amortized cost (net)	**8,677,661**	6,223,842	2,606,125
Investments – FVOCI			
Fixed rate debt securities	**20,206,408**	20,774,386	25,347,269
Floating rate debt securities	**994,929**	991,383	1,192,918
Total debt securities	**21,201,337**	21,765,769	26,540,187
Equities	**161,850**	176,613	352,424
Investments – FVOCI	**21,363,187**	21,942,382	26,892,611
Investments – FVTPL			
Mutual funds	**10,034**	10,034	120,239
Other securities	**2,919**	3,701	14,168
Investments – FVTPL	**12,953**	13,735	134,407
Investments, net	**30,053,801**	28,179,959	29,633,143

The Group also holds strategic investments in equities totaling SAR 161.8 million as of March 31, 2023 (December 31, 2022: SAR 176.6 million, and March 31, 2022: SAR 343.7 million) including the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, SIMAH (the Saudi Credit Bureau), and the Saudi Company for Registration of Finance Lease Contracts.

As of March 31, 2023, investments include SAR 15.8 billion (December 31, 2022: SAR 12.5 billion, and March 31, 2022: SAR 14.3 billion) which have been pledged under repurchase agreements with other financial institutions. Refer note 9.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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For the three-month periods ended March 31, 2023 and 2022

7. Investments, net - continued

b) The movement of the allowance for credit losses of investments for the three-month periods ended March 31, 2023 and 2022 and for the year ended December 31, 2022 is summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Balances at the beginning of the year/period	**10,438**	26,185	26,185
Provision for credit losses / (Reversals)	**447**	(15,747)	3,726
Balances at the end of the year/period	**10,885**	10,438	29,911

c) Other reserves classified in shareholders' equity as of March 31, 2023 and 2022 and as of December 31, 2022 are comprised of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Unrealized (losses) gains on revaluation of debt securities at FVOCI before allowance for credit losses	**(887,213)**	(1,001,219)	41,341
Allowance for credit losses on debt securities at FVOCI	**8,059**	7,612	28,432
Unrealized (losses) gains on revaluation of debt securities at FVOCI after allowance for credit losses	**(879,154)**	(993,607)	69,773
Unrealized (losses) on revaluation of equities held at FVOCI	**(215,371)**	(204,035)	(25,412)
Actuarial losses on defined benefit plans	**(8,751)**	(8,751)	(25,298)
Share of other comprehensive loss of associates	**(1,551)**	(1,551)	(1,551)
Other reserves	**(1,104,827)**	(1,207,944)	17,512

8. Loans and advances, net

a) Loans and advances, net classified as held at amortized cost as of March 31, 2023 and 2022 and as of December 31, 2022 and are summarized as follows:

	March 31, 2023 (Unaudited)			
	Commercial and other	**Overdrafts**	**Consumer**	**Total**
Stage 1	**54,169,081**	**4,609,945**	**10,261,213**	**69,040,239**
Stage 2	**3,123,290**	**626,737**	**70,060**	**3,820,087**
Stage 3	**1,127,031**	**391,539**	**442**	**1,519,012**
Total performing loans and advances	**58,419,402**	**5,628,221**	**10,331,715**	**74,379,338**
Non performing loans and advances	**6,925**	**1,026,185**	**102,518**	**1,135,628**
Total loans and advances	**58,426,327**	**6,654,406**	**10,434,233**	**75,514,966**
Allowance for credit losses	**(831,141)**	**(932,043)**	**(120,140)**	**(1,883,324)**
Loans and advances, net	**57,595,186**	**5,722,363**	**10,314,093**	**73,631,642**

Amounts in SAR'000

8. Loans and advances, net - continued

	December 31, 2022 (Audited)			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	50,037,228	4,159,281	10,569,813	64,766,322
Stage 2	2,620,465	717,535	71,272	3,409,272
Stage 3	1,035,361	363,600	6,158	1,405,119
Total performing loans and advances	53,693,054	5,240,416	10,647,243	69,580,713
Non performing loans and advances	-	998,626	108,728	1,107,354
Total loans and advances	53,693,054	6,239,042	10,755,971	70,688,067
Allowance for credit losses	(759,481)	(914,783)	(130,605)	(1,804,869)
Loans and advances, net	52,933,573	5,324,259	10,625,366	68,883,198

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

b) The movement of the allowance for credit losses for the three-month periods ended March 31, 2023 and 2022 and for the year ended December 31, 2022 is summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Balances at the beginning of the year/period	**1,804,869**	**1,962,615**	1,965,233
Provision for credit losses	**77,631**	**150,673**	18,899
Write-offs	**(20,412)**	**(608,748)**	(16,726)
Recoveries	**21,236**	**300,329**	52,242
Balances at the end of the year/period (i)	**1,883,324**	**1,804,869**	2,019,648

i. Owing to the challenging macro-economic conditions, the Group recognized an ECL provision of SAR 37 million as of March 31, 2023 (March 31, 2022: SAR 181 million) for its loans and advances portfolio as a result of post-model overlays.

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9. Due to banks and other financial institutions, net

Due to banks and other financial institutions, net as of March 31, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Current accounts	**4,667**	3,327	6,206
Repurchase agreements	**15,536,464**	12,976,300	13,988,216
Money market deposits	**2,819,363**	1,807,659	3,353,281
Deposits from SAMA, net	**5,680,066**	6,105,184	6,197,835
Total	**24,040,560**	20,892,470	23,545,538

10. Customers' deposits

Customers' deposits as of March 31, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Time deposits	**44,141,379**	35,603,680	26,424,814
Savings deposits	**3,431,248**	2,739,319	2,233,019
Total special commission bearing deposits	**47,572,627**	38,342,999	28,657,833
Demand deposits	**28,452,644**	27,766,576	37,190,718
Other deposits	**3,190,587**	3,468,951	2,504,481
Customers' deposits	**79,215,858**	69,578,526	68,353,032

11. Derivatives

a) The table below sets out the positive and negative fair values of derivative financial instruments together with their notional amounts as of March 31, 2023 and 2022 and as of December 31, 2022. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period / year, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of market risk nor of the Group's exposure to credit risk, which is generally limited to the net positive fair value of the derivatives.

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)			March 31, 2022 (Unaudited)		
	Fair value		**Notional amount**	Fair value		Notional amount	Fair value		Notional amount
	Positive	**Negative**		Positive	Negative		Positive	Negative	
Held for trading:									
Forward foreign exchange contracts	**3,759**	**4,066**	**4,395,978**	1,642	6,234	4,251,090	**3,199**	**2,852**	**2,158,174**
Special commission rates instruments	**271,864**	**272,371**	**14,802,083**	290,803	291,282	16,298,410	**282,337**	**281,440**	**15,998,859**
Held as fair value hedges:									
Commission rate swaps	**351,013**	**-**	**8,677,603**	463,182	-	9,076,117	**-**	**167,296**	**11,908,526**
CSA / EMIR cash margins	**(42,914)**	**(232,811)**	**-**	(141,815)	(250,471)	-	**218,674**	**(278,852)**	**-**
Subtotal	**583,722**	**43,626**	**27,875,664**	613,812	47,045	29,625,617	**504,210**	**172,736**	**30,065,559**
Associated company put option (note 11c)	**82,691**	**-**	**-**	99,191	-	-	**144,599**	**-**	**-**
Total	**666,413**	**43,626**	**27,875,664**	713,003	47,045	29,625,617	**648,809**	**172,736**	**30,065,559**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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For the three-month periods ended March 31, 2023 and 2022

11. Derivatives - continued

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 March 31, 2023, the CSA and EMIR net cash collateral amounts held by counterparties in favor of the Bank totaled SAR 189.9 million (December 31, 2022: SAR 108.6 million, and March 31, 2022: SAR 497.5 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 11a. 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.

12. Commitments, contingencies, and financial guarantee contracts

a) The Group's credit-related commitments and contingencies as of March 31, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Letters of credit	**2,645,815**	2,490,701	2,622,974
Letters of guarantee	**9,747,435**	9,733,193	8,446,755
Acceptances	**742,336**	1,078,273	738,714
Total financial guarantee contracts	**13,135,586**	13,302,167	11,808,443
Irrevocable commitments to extend credit	**1,462,598**	2,674,461	407,350
Credit-related commitments and contingencies	**14,598,184**	15,976,628	12,215,793

Amounts in SAR'000

12. Commitments, contingencies, and financial guarantee contracts - continued

b) The credit quality of financial guarantee contracts as of March 31, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Stage 1	**12,622,387**	12,873,094	11,086,063
Stage 2	**328,025**	238,636	607,951
Stage 3	**185,174**	190,437	114,429
Total	**13,135,586**	13,302,167	11,808,443

c) The movement of the allowance for credit losses for financial guarantee contracts For the three month periods ended March 31, 2023 and 2022 and for the year ended December 31, 2022 is summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Balances at the beginning of the year/period	**241,688**	204,131	204,131
Provision for credit losses	**(1,508)**	37,557	4,673
Balances at the end of the year/period	**240,180**	241,688	208,804

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.

13. 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 condensed consolidated statement of income. Segment assets and liabilities are comprised of operating assets and liabilities. The Group's primary business is conducted in the Kingdom of Saudi Arabia.

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

The Group's reportable segments are as follows:

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

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

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

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

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

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13. Operating segments - continued

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

b) The segment information provided to the Bank's Board of Directors for the reportable segments for the Group's total assets and liabilities as of March 31, 2023 and 2022, and its total operating income, expenses, and Income before provisions for Zakat for the three month periods then ended, are as follows:

	March 31, 2023 (Unaudited)					
	Retail Banking	**Corporate Banking**	**Treasury and Investments**	**Asset Management and Brokerage**	**Other**	**Total**
Total assets	**20,826,928**	**52,468,301**	**45,100,224**	**662,980**	**2,842,955**	**121,901,388**
Total liabilities	**26,773,013**	**9,282,667**	**66,364,151**	**48,904**	**2,649,443**	**105,118,178**
Net special commission income (loss)	**219,010**	**812,353**	**(185,246)**	**13,438**	**(17,868)**	**841,687**
FTP net transfers	**50,173**	**(525,862)**	**475,614**	**-**	**75**	**-**
Net FTP contribution	**269,183**	**286,491**	**290,368**	**13,438**	**(17,793)**	**841,687**
Fee income / (loss) from banking services, net	**3,836**	**27,521**	**8,532**	**37,106**	**(6,047)**	**70,948**
Other operating income (loss)	**19,088**	**23,364**	**46,866**	**109**	**(42,453)**	**46,974**
Total operating income (loss)	**292,107**	**337,376**	**345,766**	**50,653**	**(66,293)**	**959,609**
Direct operating expenses	**81,575**	**13,289**	**8,018**	**27,325**	**694**	**130,901**
Indirect operating expenses	**116,049**	**60,926**	**113,148**	**-**	**-**	**290,123**
Provisions for credit and other losses	**33,809**	**47,443**	**100**	**-**	**-**	**81,352**
Total operating expenses	**231,433**	**121,658**	**121,266**	**27,325**	**694**	**502,376**
Operating income (loss)	**60,674**	**215,718**	**224,500**	**23,328**	**(66,987)**	**457,233**
Share in earnings of associates	**-**	**-**	**18,241**	**-**	**-**	**18,241**
Income (loss) before provisions for Zakat	**60,674**	**215,718**	**242,741**	**23,328**	**(66,987)**	**475,474**

	March 31, 2022 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury and Investments	Asset Management and Brokerage	Other	Total
Total assets	19,583,240	39,904,279	45,894,661	628,494	3,247,449	109,258,123
Total liabilities	23,206,074	10,933,411	58,978,359	39,084	594,411	93,751,339
Net special commission income	156,157	330,759	92,754	9,492	-	589,162
FTP net transfers	42,106	(129,368)	87,262	-	-	-
Net FTP contribution	198,263	201,391	180,016	9,492	-	589,162
Fee income / (loss) from banking services, net	15,136	26,003	8,102	52,302	(5,590)	95,953
Other operating income (loss)	16,459	18,925	31,451	575	(35,383)	32,027
Total operating income (loss)	229,858	246,319	219,569	62,369	(40,973)	717,142
Direct operating expenses	67,283	17,352	10,703	26,085	-	121,423
Indirect operating expenses	89,331	46,899	87,098	-	-	223,328
Provisions (reversal) for credit and other losses	38,485	(8,657)	7,933	-	-	37,761
Total operating expenses	195,099	55,594	105,734	26,085	-	382,512
Operating income (loss)	34,759	190,725	113,835	36,284	(40,973)	334,630
Share in earnings of associates	-	-	15,389	-	-	15,389
Income (loss) before provisions for Zakat	34,759	190,725	129,224	36,284	(40,973)	350,019

14. Fair values of financial instruments

a) The Group measures certain financial instruments, such as derivatives, at fair value at each interim condensed 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 condensed 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.

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.

Amounts in SAR'000

14. Fair values of financial instruments - continued

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

b) The following table summarizes the fair values of financial assets and financial liabilities by level of fair value hierarchy recorded at fair value as of March 31, 2023 and 2022 and as of December 31, 2022. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	March 31, 2023 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	**-**	**583,722**	**82,691**	**666,413**
Investments at FVOCI	**20,162,442**	**1,196,102**	**4,643**	**21,363,187**
Investments at FVTPL	**-**	**-**	**12,953**	**12,953**
Total	**20,162,442**	**1,779,824**	**100,287**	**22,042,553**
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	**-**	**43,626**	**-**	**43,626**
Total	**-**	**43,626**	**-**	**43,626**

	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	-	613,812	99,191	713,003
Investments at FVOCI	20,748,426	1,189,313	4,643	21,942,382
investments at FVTPL	-	-	13,735	13,735
Total	20,748,426	1,803,125	117,569	22,669,120
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	-	47,045	-	47,045
Total	-	47,045	-	47,045

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

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

14. Fair values of financial instruments - continued

changes in fair value are recognized immediately in the interim condensed consolidated statement of comprehensive income without reversal of deferred day one profits and losses.

The total amount of the changes in fair value recognized in the March 31, 2023 interim condensed consolidated statement of income, which was estimated using valuation models, is SAR 17 million loss (March 31, 2022: SAR 19 million loss).

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

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

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

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 11c). For purposes of determining the fair value of the put option, the Bank uses a well-recognized and frequently used Binomial Option Pricing Model. This model requires certain inputs which are not observable in the current market place. Certain inputs are specifically stated within the master agreement with the associated company. Other inputs are based on the historical results of the associated company. These other inputs may require management's judgement including estimations about the future results of the associated company, the detrimental effects on the operating results of the associated company which may arise from an exercise of the option, and an estimate of the fair value of the underlying investment. Several of the inputs are also interdependent.

Should the significant estimations of inputs vary by plus or minus ten percent, the fair value could increase or decrease by approximately SAR 21.2 million (March 31, 2022: SAR 33.1 million) due to estimating operating results of the associated company, could increase or decrease by approximately SAR 10.5 million (March 31, 2022: SAR 14.6 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 12.3 million (March 31, 2022: SAR 16.1 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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14. Fair values of financial instruments - continued

c) The movement of the Level 3 fair values For the three month periods ended March 31, 2023 and 2022, and for the year ended December 31, 2022 is summarized as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Fair values at the beginning of the year/period	**117,569**	201,764	201,764
Net change in fair value	**(17,282)**	(82,907)	(19,744)
Sales during the year	**-**	(1,288)	-
Fair values at the end of the year/period	**100,287**	117,569	182,020

There were no transfers from either level 1 or level 2 to either level 2 or level 3 during the three months period ended March 31, 2023.

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

	March 31, 2023 (Unaudited)	
	Carrying values	**Estimated fair values**
Financial assets:		
Due from banks and other financial institutions, net	**3,040,601**	3,040,601
Investments held at amortized cost, net	**8,677,661**	8,469,531
Loans and advances, net	**73,631,642**	73,173,059
Total	**85,349,904**	84,683,191
Financial liabilities:		
Due to banks and other financial institutions, net	**24,040,560**	24,040,560
Customers' deposits	**79,215,858**	79,008,571
Total	**103,256,418**	103,049,131

	December 31, 2022 (Audited)	
	Carrying values	Estimated fair values
Financial assets:		
Due from banks and other financial institutions, net	1,304,701	1,304,701
Investments – held at amortized cost	6,223,842	5,965,667
Loans and advances, net	68,883,198	66,342,387
Total	76,411,741	73,612,755
Financial liabilities:		
Due to banks and other financial institutions, net	20,892,470	20,892,470
Customers' deposits	69,578,526	68,939,563
Total	90,470,996	89,832,033

Amounts in SAR'000

14. Fair values of financial instruments - continued

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

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

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

15. 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.

15. Credit and financial risk management – continued

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.

15. Credit and financial risk management - continued

d) Reconciliations of gross carrying amounts and allowance for credit losses
Due from banks and other financial institutions

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for due from banks and other financial institutions For the three month periods ended March 31, 2023 and 2022 is summarized as follows:

	March 31, 2023 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	1,305,673	779	-	1,306,452	1,661	90	-	1,751
Changes in exposures and re-measurements	1,735,526	31	-	1,735,557	(347)	4	-	(343)
Balances as of March 31, 2023	3,041,199	810	-	3,042,009	1,314	94	-	1,408

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

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15. Credit and financial risk management - continued

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

Investments – debt securities

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for debt securities For the three-month periods ended March 31, 2023 and 2022 is summarized as follows:

	March 31, 2023 (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, 2022	27,992,437	-	-	27,992,437	10,438	-	-	10,438
Changes in exposures and re-measurements	1,889,387	-	-	1,889,387	447	-	-	447
Balances as of March 31, 2023	29,881,824	-	-	29,881,824	10,885	-	-	10,885

	March 31, 2022 (Unaudited)							
	Gross Carrying Amounts (FVOCI) SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	28,343,072	-	-	28,343,072	26,185	-	-	26,185
Changes in exposures and re-measurements	804,719	-	-	804,719	3,726	-	-	3,726
Balances as of March 31. 2022	29,147,791	-	-	29,147,791	29,911	-	-	29,911

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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15. Credit and financial risk management - continued

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

Loans and advances

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for loans and advances For the three-month periods ended March 31, 2023 and 2022 is summarized as follows:

	March 31, 2023 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	64,766,322	3,409,272	2,512,473	70,688,067	362,199	328,272	1,114,398	1,804,869
Transfers from Stage 1 to Stage 2	(428,679)	428,679	-	-	(2,179)	12,839	-	10,660
Transfers from Stage 1 to Stage 3	(40,137)	-	40,137	-	(436)	-	19,987	19,551
Transfers from Stage 2 to Stage 1	27,380	(27,380)	-	-	289	(2,269)	-	(1,980)
Transfers from Stage 2 to Stage 3	-	(108,254)	108,254	-	-	(5,011)	44,595	39,584
Transfers from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Transfers from Stage 3 to Stage 2	-	855	(855)	-	-	214	(578)	(364)
Post-model overlays	-	-	-	-	(3,982)	(2,534)	-	(6,516)
Changes in exposures and re-measurements	4,715,353	116,915	(6,193)	4,826,075	29,171	774	(13,249)	16,696
Net movement for the period	4,273,917	410,815	141,343	4,826,075	22,863	4,013	50,755	77,631
Write-offs, net	-	-	824	824	-	-	824	824
Balances as of March 31, 2023	69,040,239	3,820,087	2,654,640	75,514,966	385,062	332,285	1,165,977	1,883,324

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

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15. Credit and financial risk management - continued

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

Financial guarantee contracts

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for financial guarantee contracts For the three month periods ended March 31, 2023 and 2022 is summarized as follows:

	March 31, 2023 (Unaudited)							
	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	12,873,094	238,636	190,437	13,302,167	84,756	25,127	131,805	241,688
Transfers from Stage 1 to Stage 2	(114,870)	114,870	-	-	(1,221)	1,977	-	756
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	429	(429)	-	-	2	(3)	-	(1)
Transfers from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements	(136,266)	(25,052)	(5,263)	(166,581)	4,375	(1,305)	(5,333)	(2,263)
Net movement for the period	(250,707)	89,389	(5,263)	(166,581)	3,156	669	(5,333)	(1,508)
Balances as of March 31, 2023	12,622,387	328,025	185,174	13,135,586	87,912	25,796	126,472	240,180

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

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For the three-month periods ended March 31, 2023 and 2022

16. Basic and diluted earnings per share

Details of basic and diluted earnings per share For the three month periods ended March 31, 2023 and 2022 are as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Net income	**408,907**	287,016
Tier I Sukuk costs	**(18,510)**	(15,000)
Net income adjusted for Tier I Sukuk costs	**390,397**	272,016
Weighted average number of outstanding shares (in '000)	**1,000,000**	1,000,000
Basic and diluted earnings per share (SAR)	**0.39**	0.27

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

17. Capital adequacy

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 condensed consolidated statement of financial position assets, commitments, and notional amounts of derivatives, at a weighted amount to reflect their relative risk.

The following table summarizes the Bank's Pillar I Risk Weighted Assets (RWA), Tier I and Tier II Capital, and corresponding Capital adequacy ratio percentages as of March 31, 2023 and 2022 and as of December 31, 2022.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Credit Risk RWA	**73,991,355**	89,789,240	83,838,314
Operational Risk RWA	**4,000,357**	5,410,981	5,091,578
Market Risk RWA	**7,081,472**	3,010,686	742,326
Total Pillar- I RWA	**85,073,184**	98,210,907	89,672,218
Tier I Capital	**17,039,101**	17,319,772	16,036,860
Tier II Capital	**599,066**	574,960	606,663
Total Tier I plus Tier II Capital	**17,638,167**	17,894,732	16,643,523
Capital Adequacy Ratios:			
Tier I Ratio	**20.03%**	17.64%	17.88%
Tier I plus Tier II Ratio	**20.73%**	18.22%	18.56%

Amounts in SAR'000

17. Capital adequacy - continued

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

As of March 31, 2023 and 2022, and as of December 31, 2022, the RWA, Tier I and Tier II capital, and capital adequacy ratios are calculated in accordance with SAMA's framework and guidelines regarding implementation of the capital reforms under Basel III.

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

In April 2020, SAMA issued a guidance document entitled "Guidance on Accounting and Regulatory Treatment of COVID-19 - Extraordinary Support Measures". Under the guidance, banks have been allowed to add-back up to 100% of the Day 1 impact of IFRS 9 as a transitional adjustment amount to Common Equity Tier 1 (CET1) for the two-year periods comprising 2020 and 2021. The add-back amount is then required to be phased-out on a straight-line basis over the subsequent 3 years. In this respect, the Group has opted to apply the transitional adjustment, and has included the Day 1 impact of IFRS 9 in its Tier I regulatory capital. As a result, the IFRS 9 transitional adjustment add back has reduced to SAR 274.2 million as of March 31, 2023 from SAR 548.3 million as of March 31, 2022 and December 31, 2022.

18. Tier I Sukuk

The Bank completed the establishment of a Shari'a compliant Tier I Sukuk Program (the Program) in 2016. The Program was approved by the Bank's regulatory authorities and shareholders. The following tranches of Tier I Sukuk issued under the program on the dates indicated below are outstanding as of March 31, 2023 and 2022 and as of December 31, 2022:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
June 6, 2017	**-**	**-**	285,000
March 21, 2018	**-**	**1,000,000**	1,000,000
April 15, 2019	**215,000**	**215,000**	215,000
June 29, 2022	**2,000,000**	**2,000,000**	-
February 6,2023	**500,000**	**-**	-
Total	**2,715,000**	**3,215,000**	1,500,000

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

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

19. Zakat

a) 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, 2022.

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.

b) 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 124 million is payable in December 2023.

20. Dividend and Bonus shares issuance

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

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

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

During the three-month period ended December 31, 2022, the Board of Directors proposed another cash dividend of SAR 450 million equal to SAR 0.45 per share, for the year 2022, to 1,000 million eligible shares.

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

Management is running a project on the Group's overall transition activities and continues to engage with various stakeholders to support an orderly transition. The project is significant in terms of scale and complexity and impacts the products, internal systems and processes. The Group has complied with the regulatory deadline of December 31, 2021 for the LIBOR transition and is now offering products based on overnight SOFR, Term SOFR and Islamic SOFR.

The Group is also exposed to the effects of USD LIBOR reform on its financial assets and liabilities through its borrowings under Repurchase Agreements, loans and advances and Special commission rate instruments used for hedging purposes. The following table contains details of all of the financial instruments that the Group holds as of March 31, 2023 which reference USD LIBOR:

	March 31, 2023 USD million
Measured at amortized cost:	
Loans and advances	**2,163**
Measured at FVOCI:	
Investments	**49**
Measured at FVTPL:	
Derivatives – notional amount	**3,404**

Amounts in SAR'000

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

As of March 31, 2023, the Group does not hold any financial assets or liabilities that reference GBP or EUR LIBOR.

22. 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, 2024. The standards and amendments, when applicable, will not have any material impact to the group Financial Statements.

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	1 January 2024
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024

23. 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 condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows.

24. Events after the reporting date

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