THE SAUDI INVESTMENT BANK
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of and for the nine-month period ended September 30, 2023

(Unaudited)

EY
Building a better working world

ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)
Paid-up capital (SR 5,500,000) (Five million and five hundred thousand Saudi Riyal)
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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 September 2023, and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2023, and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended, and 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.

Ernst & Young Professional Services

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17 Rabi' al-Thani 1445H
(November 1, 2023)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Amounts in SAR'000

	Notes	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
ASSETS				
Cash and balances with SAMA	5a	**9,739,407**	6,401,258	6,927,744
Due from banks and other financial institutions, net	6,14	**2,486,391**	1,304,701	3,132,801
Investments, net	7a,14	**32,754,383**	28,179,959	26,943,708
Positive fair values of derivatives, net	11a,14	**945,824**	713,003	1,051,856
Loans and advances, net	8a,14	**80,200,810**	68,883,198	64,665,179
Investments in associates		**942,338**	922,985	906,855
Other real estate		**451,981**	451,981	451,981
Property, equipment, and right of use assets, net		**1,171,184**	1,212,374	969,388
Intangible assets, net		**477,729**	428,342	411,536
Other assets, net		**656,387**	572,811	1,075,587
Total assets		**129,826,434**	109,070,612	106,536,635
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions, net	9,14	**25,885,060**	20,892,470	20,104,905
Customers' deposits	10,14	**85,454,528**	69,578,526	67,604,821
Negative fair values of derivatives, net	11a,14	**47,135**	47,045	471,451
Other liabilities		**1,900,974**	1,762,875	1,847,186
Total liabilities		**113,287,697**	92,280,916	90,028,363
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	7f	**(1,323,184)**	(1,207,944)	(1,220,891)
Retained earnings		**1,770,921**	956,640	1,515,163
Proposed dividend	21	**-**	450,000	-
Shareholders' equity		**13,823,737**	13,574,696	13,293,272
Tier I Sukuk	19	**2,715,000**	3,215,000	3,215,000
Total equity		**16,538,737**	16,789,696	16,508,272
Total liabilities and equity		**129,826,434**	109,070,612	106,536,635

Abdallah Salih Jum'ah **Chairman**	**Faisal Al-Omran** **Chief Executive Officer**	**Saad Altayyar** **Chief Financial Officer**

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

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

	Notes	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Special commission income		**1,976,803**	1,103,018	**5,383,445**	2,723,207
Special commission expense		**1,089,920**	345,141	**2,791,369**	703,954
Net special commission income		**886,883**	757,877	**2,592,076**	2,019,253
Fee income from banking services, net		**81,809**	66,492	**233,418**	234,504
Exchange income, net		**53,061**	51,750	**160,763**	140,155
Unrealized loss on FVTPL financial instruments, net		**(16,500)**	(18,228)	**(49,500)**	(55,667)
Realized (loss) / gain on FVTPL financial instruments, net		**(552)**	(532)	**1,677**	1,351
Gains on disposals of FVOCI debt securities, net		**61**	852	**15,233**	8,212
Other income		**-**	3	**-**	3
Total operating income		**1,004,762**	858,214	**2,953,667**	2,347,811
Salaries and employee-related expenses		**197,010**	191,693	**590,447**	546,148
Rent and premises related expenses		**20,528**	15,639	**58,227**	50,268
Depreciation and amortization		**39,111**	39,128	**122,862**	114,192
Other general and administrative expenses		**148,283**	117,841	**460,622**	337,833
Operating expenses before provisions for credit and other losses		**404,932**	364,301	**1,232,158**	1,048,441
Provisions (reversals) for credit and other losses		**87,427**	(149,018)	**248,337**	(57,651)
Total operating expenses		**492,359**	215,283	**1,480,495**	990,790
Operating income		**512,403**	642,931	**1,473,172**	1,357,021
Share in earnings of associates		**24,356**	27,758	**55,134**	54,725
Income before provisions for Zakat		**536,759**	670,689	**1,528,306**	1,411,746
Provisions for Zakat	20	**75,116**	120,724	**213,964**	254,115
Net income		**461,643**	549,965	**1,314,342**	1,157,631
Basic and diluted earnings per share (expressed in SAR per share)	16	**0.45**	0.53	**1.21**	1.10

Abdallah Salih Jum'ah	**Faisal Al-Omran**	**Saad Altayyar**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

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

	Three-month period ended		Nine -month period ended	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Net income	**461,643**	549,965	**1,314,342**	1,157,631
Other comprehensive income (loss)				
Items that cannot be reclassified to the interim consolidated statement of income in subsequent periods:				
Net change in fair value of equity investments held at fair value through other comprehensive income (loss)	**84,601**	(29,627)	**102,838**	(134,463)
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 loss	**(286,682)**	(420,443)	**(202,000)**	(1,637,435)
Fair value gains transferred to interim consolidated statement of income on disposal of FVOCI debt securities, net	**(61)**	(852)	**(15,233)**	(8,212)
Total other comprehensive loss	**(202,142)**	(450,922)	**(114,395)**	(1,780,110)
Total comprehensive income (loss)	**259,501**	99,043	**1,199,947**	(622,479)

Abdallah Salih Jum'ah **Chairman**	**Faisal Al-Omran** **Chief Executive Officer**	**Saad Altayyar** **Chief Financial Officer**

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THE SAUDI INVESTMENT BANK
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

Nine-month period ended September 30, 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		-	-	-	1,314,342	-	**1,314,342**	-	**1,314,342**
Total other comprehensive loss		-	-	(114,395)	-	-	**(114,395)**	-	**(114,395)**
Total comprehensive income (loss)		-	-	**(114,395)**	**1,314,342**	-	**1,199,947**	-	**1,199,947**
Dividends paid	21	-	-	-	(400,000)	(450,000)	**(850,000)**	-	**(850,000)**
Tier I Sukuk costs		-	-	-	(100,906)	-	**(100,906)**	-	**(100,906)**
Realized gain on disposal of FVOCI equity securities		-	-	(845)	845	-	-	-	-
Repayment of Tier I Sukuk	19	-	-	-	-	-	-	(1,000,000)	**(1,000,000)**
Issuance of Tier I Sukuk	19	-	-	-	-	-	-	500,000	**500,000**
Balances at the end of the period		**10,000,000**	**3,376,000**	**(1,323,184)**	**1,770,921**	-	**13,823,737**	**2,715,000**	**16,538,737**

Abdallah Salih Jum'ah
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THE SAUDI INVESTMENT BANK
(A Saudi Joint Stock Company)

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

	Notes	Nine-month period ended September 30, 2022 (SAR'000)								
		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		-	-	-	1,157,631	-	-	1,157,631	-	1,157,631
Total other comprehensive loss		-	-	(1,780,110)	-	-	-	(1,780,110)	-	(1,780,110)
Total comprehensive (loss) income		-	-	(1,780,110)	1,157,631	-	-	(622,479)	-	(622,479)
Dividends paid	21	-	-	-	(300,000)	(525,000)	-	(825,000)	-	(825,000)
Tier I Sukuk costs		-	-	-	(60,724)	-	-	(60,724)	-	(60,724)
Realized gain on disposal of FVOCI equity securities		-	-	(2,844)	2,844	-	-	-	-	-
Increase in share capital through issuance of bonus shares	21	2,500,000	-	-	-	-	(2,500,000)	-	-	-
Repayment of Tier I Sukuk	19	-	-	-	-	-	-	-	(285,000)	(285,000)
Issuance of Tier I Sukuk	19	-	-	-	-	-	-	-	2,000,000	2,000,000
Balances at the end of the period		10,000,000	2,999,000	(1,220,891)	1,515,163	-	-	13,293,272	3,215,000	16,508,272

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Saad Altayyar
Chief Financial Officer

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

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

	Notes	Nine-month period ended September 30, 2023	September 30, 2022
OPERATING ACTIVITIES			
Net income		**1,314,342**	1,157,631
Adjustments to reconcile net income to net cash generated from operating activities			
Losses on disposal of property and equipment, net		**88**	-
Gains on disposals of FVOCI debt securities, net		**(15,233)**	(8,212)
Unrealized loss on FVTPL financial instruments, net		**49,500**	55,667
Realized gain on FVTPL financial instruments, net		**(1,677)**	(1,351)
Depreciation and amortization		**122,862**	114,192
Provisions (reversal) for credit and other losses		**248,337**	(57,651)
Share in earnings of associates		**(55,134)**	(54,725)
		1,663,085	1,205,551
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		**(534,831)**	116,484
Loans and advances		**(11,586,767)**	(6,776,924)
Fair values of derivatives, net		**(232,731)**	(146,581)
Other assets		**(63,195)**	(826,918)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions, net		**4,992,590**	(1,687,703)
Customers' deposits		**15,876,002**	6,089,939
Other liabilities		**377,878**	156,074
		10,492,031	(1,870,078)
Zakat payments		**(203,963)**	(225,807)
Net cash generated from (used in) operating activities		**10,288,068**	(2,095,885)
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments		**1,407,613**	4,147,495
Purchases of investments		**(6,144,078)**	(3,991,728)
Dividends received from associates		**35,780**	31,570
Purchase of property, equipment, and intangible assets		**(151,607)**	(94,312)
Net cash (used in) generated from investing activities		**(4,852,292)**	93,025

Abdallah Salih Jum'ah	Faisal Al-Omran	Saad Altayyar
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

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

	Notes	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
FINANCING ACTIVITY			
Dividend payment		**(850,000)**	(825,000)
Repayment of Tier I Sukuk		**(1,000,000)**	(285,000)
Issuance of Tier I Sukuk		**500,000**	2,000,000
Tier I Sukuk costs		**(100,906)**	(60,724)
Net cash (used in) generated from financing activity		**(1,450,906)**	829,276
Net increase (decrease) in cash and cash equivalents		**3,984,870**	(1,173,584)
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		**4,156,381**	8,007,284
Net increase (decrease) in cash and cash equivalents		**3,984,870**	(1,173,584)
Cash and cash equivalents at the end of the period	5b	**8,141,251**	6,833,700
Supplemental special commission information			
Special commission received		**4,879,747**	2,541,228
Special commission paid		**2,399,112**	651,335
Supplemental non-cash information			
Total other comprehensive loss		**(114,395)**	(1,780,110)

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Saad Altayyar
Chief Financial Officer

The accompanying notes 1 to 25 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 Nine-month periods ended September 30, 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 September 30, 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 nine-month period ended September 30, 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 16 Rabi' Al Thani, 1445H, corresponding to October 31, 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;

3. Basis of consolidation - continued

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;

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;

Amounts in SAR'000

3. Basis of consolidation – continued

- 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, 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 recognize 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.
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after January 01, 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the Nine-month periods ended September 30, 2023 and 2022

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

a) Cash and balances with SAMA as of September 30, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Cash on hand	**619,865**	721,189	735,135
Reverse repurchase agreement	**5,264,000**	2,276,000	3,064,000
Other balances, net	**(230,618)**	(147,260)	(103,362)
Cash and balances before statutory deposit	**5,653,247**	2,849,929	3,695,773
Statutory deposit	**4,086,160**	3,551,329	3,231,971
Cash and balances with SAMA	**9,739,407**	6,401,258	6,927,744

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 previous 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 September 30, 2023 and 2022 and as of December 31, 2022 are comprised of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Cash and balances with SAMA excluding statutory deposit (note 5a)	**5,653,247**	2,849,929	3,695,773
Due from banks and other financial institutions maturing within three months from the date of acquisition	**2,488,004**	1,306,452	3,137,927
Cash and cash equivalents	**8,141,251**	4,156,381	6,833,700

6. Due from banks and other financial institutions, net

Due from banks and other financial institutions, net as of September 30, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Current accounts	**1,431,195**	1,109,990	2,051,951
Money market placements	**1,056,809**	196,462	1,085,976
Total due from banks and other financial institutions	**2,488,004**	1,306,452	3,137,927
Allowance for credit losses	**(1,613)**	(1,751)	(5,126)
Due from banks and other financial institutions, net	**2,486,391**	1,304,701	3,132,801

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7. Investments, net

a) Investments, net as of September 30, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Held at amortized cost – debt securities	**12,353,458**	6,226,668	4,865,562
Allowance for credit losses	**(3,996)**	(2,826)	(2,230)
Held at amortized cost – debt securities, net	**12,349,462**	6,223,842	4,863,332
FVOCI – debt securities	**20,085,149**	21,765,769	21,726,757
FVOCI – equity securities	**281,370**	176,613	221,562
FVTPL	**38,402**	13,735	132,057
Investments, net	**32,754,383**	28,179,959	26,943,708

The Group holds strategic investments in equities totaling SAR 274.4 million as of September 30, 2023 (December 31, 2022: SAR 176.6 million, and September 30, 2022: SAR 221.6 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 September 30, 2023, investments include SAR 18.8 billion (December 31, 2022: SAR 12.5 billion, and September 30, 2022: SAR 11.9 billion) which have been pledged under repurchase agreements with other financial institutions. Refer note 9.

b) Investments, net are classified by counterparty as of September 30, 2023 and 2022 and as of December 31, 2022 as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Government and quasi-government	**19,491,286**	18,897,860	17,911,166
Corporate	**4,797,784**	4,496,381	4,598,891
Banks and other financial institutions	**8,465,313**	4,785,718	4,433,651
Total	**32,754,383**	28,179,959	26,943,708

c) The movement of the allowance for credit losses of investments for the Nine-month periods ended September 30, 2023 and 2022 and for the year ended December 31, 2022 is summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Balances at the beginning of the year/period	**10,438**	26,185	26,185
Provision / (Reversals) for credit losses	**772**	(15,747)	2,148
Balances at the end of the year/period	**11,210**	10,438	28,333

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the Nine-month periods ended September 30, 2023 and 2022

7. Investments, net – continued

d) Investments, net as of September 30, 2023 and 2022 and as of December 31, 2022 by type of securities are summarized as follows:

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)			September 30, 2022 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Investments - FVOCI									
Fixed rate debt securities	14,888,937	4,383,686	19,272,623	16,063,799	4,710,587	20,774,386	16,106,152	4,629,565	20,735,717
Bonds	6,233,559	3,637,150	9,870,709	6,831,775	3,931,578	10,763,353	6,764,605	3,861,040	10,625,645
Sukuk	8,655,378	746,536	9,401,914	9,232,024	779,009	10,011,033	9,341,547	768,525	10,110,072
Floating rate debt securities	812,526	-	812,526	819,893	171,490	991,383	822,331	168,709	991,040
Bonds	-	-	-	-	171,490	171,490	-	168,709	168,709
Sukuk	812,526	-	812,526	819,893	-	819,893	822,331	-	822,331
Total debt securities	15,701,463	4,383,686	20,085,149	16,883,692	4,882,077	21,765,769	16,928,483	4,798,274	21,726,757
Equities	281,370	-	281,370	176,613	-	176,613	221,562	-	221,562
Investments – FVOCI	15,982,833	4,383,686	20,366,519	17,060,305	4,882,077	21,942,382	17,150,045	4,798,274	21,948,319
Investments – FVTPL									
Mutual funds	36,608	-	36,608	10,034	-	10,034	121,353	-	121,353
Other securities	-	1,794	1,794	-	3,701	3,701	-	10,704	10,704
Investments – FVTPL	36,608	1,794	38,402	10,034	3,701	13,735	121,353	10,704	132,057
Investments – amortized cost, net									
Fixed rate debt securities	4,208,060	8,030,977	12,239,037	2,202,521	3,961,229	6,163,750	1,353,338	3,451,114	4,804,452
Bonds	2,202,197	7,842,961	10,045,158	1,057,889	3,774,353	4,832,242	211,056	3,263,121	3,474,177
Sukuk	2,005,863	188,016	2,193,879	1,144,632	186,876	1,331,508	1,142,282	187,993	1,330,275
Floating rate debt securities	101,187	9,238	110,425	50,977	9,115	60,092	50,375	8,505	58,880
Bonds	-	9,238	9,238	-	9,115	9,115	-	8,505	8,505
Sukuk	101,187	-	101,187	50,977	-	50,977	50,375	-	50,375
Investments – amortized cost, net	4,309,247	8,040,215	12,349,462	2,253,498	3,970,344	6,223,842	1,403,713	3,459,619	4,863,332
Investments, net	20,328,688	12,425,695	32,754,383	19,323,837	8,856,122	28,179,959	18,675,111	8,268,597	26,943,708

Amounts in SAR'000

7. Investments, net – continued

e) The composition of Investments, net as of September 30, 2023 and 2022 and as of December 31, 2022 is as follows:

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)			September 30, 2022 (Unaudited)		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments - FVOCI									
Fixed rate debt securities	**18,912,033**	**360,590**	**19,272,623**	20,404,966	369,420	20,774,386	20,373,737	361,980	20,735,717
Bonds	**9,870,709**	**-**	**9,870,709**	10,763,353	-	10,763,353	10,625,645	-	10,625,645
Sukuk	**9,041,324**	**360,590**	**9,401,914**	9,641,613	369,420	10,011,033	9,748,092	361,980	10,110,072
Floating rate debt securities	**-**	**812,526**	**812,526**	171,490	819,893	991,383	168,709	822,331	991,040
Bonds	**-**	**-**	**-**	171,490	-	171,490	168,709	-	168,709
Sukuk	**-**	**812,526**	**812,526**	-	819,893	819,893	-	822,331	822,331
Total debt securities	**18,912,033**	**1,173,116**	**20,085,149**	20,576,456	1,189,313	21,765,769	20,542,446	1,184,311	21,726,757
Equities	**276,727**	**4,643**	**281,370**	171,970	4,643	176,613	208,278	13,284	221,562
Investments – FVOCI	**19,188,760**	**1,177,759**	**20,366,519**	20,748,426	1,193,956	21,942,382	20,750,724	1,197,595	21,948,319
Investments – FVTPL									
Mutual funds	**-**	**36,608**	**36,608**	-	10,034	10,034	-	121,353	121,353
Other securities	**-**	**1,794**	**1,794**	-	3,701	3,701	-	10,704	10,704
Investments – FVTPL	**-**	**38,402**	**38,402**	-	13,735	13,735	-	132,057	132,057
Investments – amortized cost, net									
Fixed rate debt securities	**11,546,143**	**692,894**	**12,239,037**	5,760,456	403,294	6,163,750	4,397,981	406,471	4,804,452
Bonds	**10,045,158**	**-**	**10,045,158**	4,832,242	-	4,832,242	3,474,176	-	3,474,176
Sukuk	**1,500,985**	**692,894**	**2,193,879**	928,214	403,294	1,331,508	923,805	406,471	1,330,276
Floating rate debt securities	**9,238**	**101,187**	**110,425**	9,115	50,977	60,092	8,505	50,375	58,880
Bonds	**9,238**	**-**	**9,238**	9,115	-	9,115	8,505	-	8,505
Sukuk	**-**	**101,187**	**101,187**	-	50,977	50,977	-	50,375	50,375
Investments – amortized cost, net	**11,555,381**	**794,081**	**12,349,462**	5,769,571	454,271	6,223,842	4,406,486	456,846	4,863,332
Investments, net	**30,744,141**	**2,010,242**	**32,754,383**	26,517,997	1,661,962	28,179,959	25,157,210	1,786,498	26,943,708

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For the Nine-month periods ended September 30, 2023 and 2022

7. Investments, net – continued

f) Other reserves classified in shareholders' equity as of September 30, 2023 and 2022 and as of December 31, 2022 are comprised of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Unrealized losses on revaluation of debt securities at FVOCI before allowance for credit losses	**(1,218,054)**	(1,001,219)	(1,063,861)
Allowance for credit losses on debt securities at FVOCI	**7,214**	7,612	26,103
Unrealized (losses) on revaluation of debt securities at FVOCI after allowance for credit losses	**(1,210,840)**	(993,607)	(1,037,758)
Unrealized (losses) on revaluation of equities held at FVOCI	**(102,042)**	(204,035)	(156,284)
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	**(1,323,184)**	(1,207,944)	(1,220,891)

8. Loans and advances, net

a) Loans and advances, net classified as held at amortized cost as of September 30, 2023 and 2022 and as of December 31, 2022 and are summarized as follows:

	September 30, 2023 (Unaudited)			
	Commercial and other	**Overdrafts**	**Consumer**	**Total**
Stage 1	**62,148,354**	**3,799,570**	**10,142,348**	**76,090,272**
Stage 2	**2,596,852**	**695,579**	**71,615**	**3,364,046**
Stage 3	**1,052,139**	**534,761**	**441**	**1,587,341**
Total performing loans and advances	**65,797,345**	**5,029,910**	**10,214,404**	**81,041,659**
Non performing loans and advances	**-**	**1,130,021**	**87,516**	**1,217,537**
Total loans and advances	**65,797,345**	**6,159,931**	**10,301,920**	**82,259,196**
Allowance for credit losses	**(761,291)**	**(1,186,548)**	**(110,547)**	**(2,058,386)**
Loans and advances, net	**65,036,054**	**4,973,383**	**10,191,373**	**80,200,810**

	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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
Amounts in SAR'000
For the Nine-month periods ended September 30, 2023 and 2022

8. Loans and advances, net - continued

	September 30, 2022 (Unaudited)			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	45,648,339	4,565,355	10,450,767	60,664,461
Stage 2	2,432,550	651,371	62,558	3,146,479
Stage 3	951,084	794,336	444	1,745,864
Total performing loans and advances	49,031,973	6,011,062	10,513,769	65,556,804
Non performing loans and advances	-	1,082,935	115,737	1,198,672
Total loans and advances	49,031,973	7,093,997	10,629,506	66,755,476
Allowance for credit losses	(766,148)	(1,188,800)	(135,349)	(2,090,297)
Loans and advances, net	48,265,825	5,905,197	10,494,157	64,665,179

Total loans and advances include Shariah based loans and advances as of September 30, 2023 amounted to SAR 52.7 billion (December 31, 2022: SAR 47.3 billion; September 30, 2022: SAR 46.0 billion).

b) The movement of the allowance for credit losses for the Nine-month periods ended September 30, 2023 and 2022 and for the year ended December 31, 2022 is summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Balances at the beginning of the year/period	**1,804,869**	1,962,615	1,962,615
Provision (Reversal) for credit losses	**261,875**	150,673	(98,485)
Write-offs	**(52,976)**	(608,748)	(68,290)
Recoveries	**44,618**	300,329	294,457
Balances at the end of the year/period (i)	**2,058,386**	1,804,869	2,090,297

i. The Group recognized an ECL provision of SAR 35.4 million as of September 30, 2023 (September 30, 2022: SAR 114.7 million) for its loans and advances portfolio as a result of post-model overlays.

9. Due to banks and other financial institutions, net

Due to banks and other financial institutions, net as of September 30, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Current accounts	**25,243**	3,327	10,763
Repurchase agreements	**17,651,901**	12,976,300	12,511,625
Money market deposits	**1,994,831**	1,807,659	1,522,322
Deposits from SAMA, net	**6,213,085**	6,105,184	6,060,195
Due to banks and other financial institutions, net	**25,885,060**	20,892,470	20,104,905

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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10. Customers' deposits

Customers' deposits as of September 30, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Time deposits	**51,444,137**	35,603,680	32,407,756
Savings deposits	**2,671,798**	2,739,319	1,664,201
Total special commission bearing deposits	**54,115,935**	38,342,999	34,071,957
Demand deposits	**28,200,388**	27,766,576	29,597,238
Other deposits	**3,138,205**	3,468,951	3,935,626
Customers' deposits	**85,454,528**	69,578,526	67,604,821

Customers' deposits include Shariah based deposits as of September 30, 2023 amounted to SAR 39.6 billion (December 31, 2022: SAR 47.6 billion; September 30, 2022: SAR 48.7 billion).

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 September 30, 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.

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)			September 30, 2022 (Unaudited)		
	Fair value		**Notional**	Fair value		Notional	Fair value		Notional
	Positive	**Negative**	**amount**	Positive	Negative	amount	Positive	Negative	amount
Held for trading:									
Forward foreign exchange contracts	**7,674**	**7,427**	**5,020,235**	1,642	6,234	4,251,090	7,724	7,662	1,696,627
Special commission rates instruments	**374,197**	**374,280**	**16,065,121**	290,803	291,282	16,298,410	253,674	251,025	15,631,960
Held as fair value hedges:									
Commission rate swaps	**572,644**	**-**	**8,286,262**	463,182	-	9,076,117	457,075	-	9,067,185
CSA / EMIR cash margins	**(58,382)**	**(334,572)**	**-**	(141,815)	(250,471)	-	226,782	212,764	-
Subtotal	**896,133**	**47,135**	**29,371,618**	613,812	47,045	29,625,617	945,255	471,451	26,395,772
Associated company put option (note 11c)	**49,691**	**-**	**-**	99,191	-	-	106,601	-	-
Total	**945,824**	**47,135**	**29,371,618**	713,003	47,045	29,625,617	1,051,856	471,451	26,395,772

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.

Amounts in SAR'000

11. Derivatives - continued

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 September 30, 2023, the CSA and EMIR net cash collateral amounts held by counterparties in favor of the Bank totaled SAR 276.2 million (December 31, 2022: SAR 108.6 million, and September 30, 2022: SAR 14.1 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 September 30, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Letters of credit	**2,732,184**	2,490,701	2,507,742
Letters of guarantee	**10,707,973**	9,733,193	8,969,874
Acceptances	**1,060,533**	1,078,273	908,741
Total financial guarantee contracts	**14,500,690**	13,302,167	12,386,357
Irrevocable commitments to extend credit	**1,305,287**	2,674,461	774,591
Credit-related commitments and contingencies	**15,805,977**	15,976,628	13,160,948

b) The credit quality of financial guarantee contracts as of September 30, 2023 and 2022 and as of December 31, 2022 are summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Stage 1	**14,063,403**	12,873,094	11,741,481
Stage 2	**264,743**	238,636	448,579
Stage 3	**172,544**	190,437	196,297
Total	**14,500,690**	13,302,167	12,386,357

Amounts in SAR'000

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

c) The movement of the allowance for credit losses for financial guarantee contracts for the Nine-month periods ended September 30, 2023 and 2022 and for the year ended December 31, 2022 is summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Balances at the beginning of the year/period	**241,688**	204,131	204,131
Provision (Reversal) for credit losses	**(21,531)**	37,557	28,801
Balances at the end of the year/period	**220,157**	241,688	232,932

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.

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.

Amounts in SAR'000

13. Operating segments - continued

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 September 30, 2023 and 2022, and its total operating income, expenses, and Income before provisions for Zakat for the nine month periods then ended, are as follows:

	September 30, 2023 (Unaudited)					
	Retail Banking	**Corporate Banking**	**Treasury and Investments**	**Asset Management and Brokerage**	**Other**	**Total**
Total assets	**21,595,576**	**58,301,857**	**46,210,451**	**715,187**	**3,003,363**	**129,826,434**
Total liabilities	**23,226,920**	**8,238,352**	**78,870,968**	**63,865**	**2,887,592**	**113,287,697**
Net special commission income (loss)	**720,636**	**2,906,424**	**(1,024,565)**	**41,866**	**(52,285)**	**2,592,076**
FTP net transfers	**125,205**	**(1,967,186)**	**1,826,892**	**-**	**15,089**	**-**
Net FTP contribution	**845,841**	**939,238**	**802,327**	**41,866**	**(37,196)**	**2,592,076**
Fee income (loss) from banking services, net	**12,791**	**94,305**	**29,418**	**115,628**	**(18,724)**	**233,418**
Other operating income (loss)	**75,733**	**54,483**	**126,497**	**1,677**	**(130,217)**	**128,173**
Total operating income (loss)	**934,365**	**1,088,026**	**958,242**	**159,171**	**(186,137)**	**2,953,667**
Direct operating expenses	**287,164**	**58,151**	**36,267**	**78,046**	**-**	**459,628**
Indirect operating expenses	**309,012**	**162,231**	**301,287**	**-**	**-**	**772,530**
Provisions for credit and other losses	**98,440**	**149,186**	**632**	**79**	**-**	**248,337**
Total operating expenses	**694,616**	**369,568**	**338,186**	**78,125**	**-**	**1,480,495**
Operating income (loss)	**239,749**	**718,458**	**620,056**	**81,046**	**(186,137)**	**1,473,172**
Share in earnings of associates	**-**	**-**	**55,134**	**-**	**-**	**55,134**
Income (loss) before provisions for Zakat	**239,749**	**718,458**	**675,190**	**81,046**	**(186,137)**	**1,528,306**

	September 30, 2022 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury and Investments	Asset Management and Brokerage	Other	Total
Total assets	20,871,706	43,068,920	38,218,187	689,470	3,688,352	106,536,635
Total liabilities	24,370,146	10,915,239	53,266,387	69,712	1,406,879	90,028,363
Net special commission income (loss)	529,219	1,244,268	246,482	34,079	(34,795)	2,019,253
FTP net transfers	210,978	(509,563)	280,999	-	17,586	-
Net FTP contribution	740,197	734,705	527,481	34,079	(17,209)	2,019,253
Fee income (loss) from banking services, net	30,039	88,340	21,927	113,416	(19,218)	234,504
Other operating income (loss)	66,522	52,277	92,699	1,354	(118,798)	94,054
Total operating income (loss)	836,758	875,322	642,107	148,849	(155,225)	2,347,811
Direct operating expenses	246,233	55,922	34,832	78,056	-	415,043
Indirect operating expenses	253,359	133,014	247,025	-	-	633,398
Provisions (Reversals) for credit and other losses	75,389	(131,728)	(1,359)	44	3	(57,651)
Total operating expenses	574,981	57,208	280,498	78,100	3	990,790
Operating income (loss)	261,777	818,114	361,609	70,749	(155,228)	1,357,021
Share in earnings of associates	-	-	54,725	-	-	54,725
Income (loss) before provisions for Zakat	261,777	818,114	416,334	70,749	(155,228)	1,411,746

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.

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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 September 30, 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.

	September 30, 2023 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	**-**	**896,133**	**49,691**	**945,824**
Investments at FVOCI	**19,188,760**	**1,173,116**	**4,643**	**20,366,519**
Investments at FVTPL	**-**	**36,608**	**1,794**	**38,402**
Total	**19,188,760**	**2,105,857**	**56,128**	**21,350,745**
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	**-**	**47,135**	**-**	**47,135**
Total	**-**	**47,135**	**-**	**47,135**

	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

	September 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL	-	945,255	106,601	1,051,856
Investments at FVOCI	20,750,724	1,184,311	13,284	21,948,319
Investments at FVTPL	-	111,301	20,756	132,057
Total	20,750,724	2,240,867	140,641	23,132,232
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL	-	471,451	-	471,451
Total	-	471,451	-	471,451

14. Fair values of financial instruments - continued

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 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 September 30, 2023 interim condensed consolidated statement of income, which was estimated using valuation models, is SAR 49.5 million loss (September 30, 2022: SAR 57 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 (September 30, 2022: SAR 33.1 million) due to estimating operating results of the associated company, could increase or decrease by approximately SAR 10.5 million (September 30, 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 (September 30, 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.

Amounts in SAR'000

14. Fair values of financial instruments - continued

c) The movement of the Level 3 fair values for the Nine-month periods ended September 30, 2023 and 2022, and for the year ended December 31, 2022 is summarized as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Fair values at the beginning of the year/period	**117,569**	201,764	201,764
Net change in fair value	**(61,441)**	(82,907)	(61,123)
Sales during the year	**-**	(1,288)	-
Fair values at the end of the year/period	**56,128**	117,569	140,641

There were no transfers from either level 1 or level 2 to either level 2 or level 3 during the nine months period ended September 30, 2023.

d) The estimated fair values of financial assets and financial liabilities as of September 30, 2023, and 2022 and as of December 31, 2022 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:

	September 30, 2023 (Unaudited)	
	Carrying values	**Estimated fair values**
Financial assets:		
Due from banks and other financial institutions, net	**2,486,391**	**2,488,021**
Investments held at amortized cost, net	**12,349,462**	**11,734,870**
Loans and advances, net	**80,200,810**	**78,210,654**
Total	**95,036,663**	**92,433,545**
Financial liabilities:		
Due to banks and other financial institutions, net	**25,885,060**	**25,700,312**
Customers' deposits	**85,454,528**	**85,400,916**
Total	**111,339,588**	**111,101,228**

	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, net	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

	September 30, 2022 (Unaudited)	
	Carrying values	Estimated fair values
Financial assets:		
Due from banks and other financial institutions, net	3,132,801	3,132,801
Investments – held at amortized cost, net	4,863,332	4,392,698
Loans and advances, net	64,665,179	69,547,061
Total	72,661,312	77,072,560
Financial liabilities:		
Due to banks and other financial institutions, net	20,104,905	20,104,905
Customers' deposits	67,604,821	67,092,446
Total	87,709,726	87,197,351

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.

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 Nine-month periods ended September 30, 2023 and 2022 is summarized as follows:

	September 30, 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	**1,181,252**	**300**	**-**	**1,181,552**	**(119)**	**(19)**	**-**	**(138)**
Balances as of September 30, 2023	**2,486,925**	**1,079**	**-**	**2,488,004**	**1,542**	**71**	**-**	**1,613**

	September 30, 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	(2,316,179)	(304)	-	(2,316,483)	(3,457)	(49)	-	(3,506)
Balances as of September 30, 2022	3,137,174	753	-	3,137,927	5,008	118	-	5,126

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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 Nine-month periods ended September 30, 2023 and 2022 is summarized as follows:

	September 30, 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	**27,992,437**	**-**	**-**	**27,992,437**	**10,438**	**-**	**-**	**10,438**
Changes in exposures and re-measurements	**4,446,170**	**-**	**-**	**4,446,170**	**772**	**-**	**-**	**772**
Balances as of September 30, 2023	**32,438,607**	**-**	**-**	**32,438,607**	**11,210**	**-**	**-**	**11,210**

	September 30, 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	28,343,072	-	-	28,343,072	26,185	-	-	26,185
Changes in exposures and re-measurements	(1,750,753)	-	-	(1,750,753)	2,148	-	-	2,148
Balances as of September 30, 2022	26,592,319	-	-	26,592,319	28,333	-	-	28,333

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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 Nine-month periods ended September 30, 2023 and 2022 is summarized as follows:

	September 30, 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	**(577,502)**	**577,502**	**-**	**-**	**(3,061)**	**24,344**	**-**	**21,283**
Transfers from Stage 1 to Stage 3	**(100,226)**	**-**	**100,226**	**-**	**(1,308)**	**-**	**39,661**	**38,353**
Transfers from Stage 2 to Stage 1	**225,821**	**(225,821)**	**-**	**-**	**1,589**	**(5,673)**	**-**	**(4,084)**
Transfers from Stage 2 to Stage 3	**-**	**(105,389)**	**105,389**	**-**	**-**	**(4,202)**	**42,327**	**38,125**
Transfers from Stage 3 to Stage 1	**4,553**	**-**	**(4,553)**	**-**	**37**	**-**	**(1,482)**	**(1,445)**
Transfers from Stage 3 to Stage 2	**-**	**1,816**	**(1,816)**	**-**	**-**	**279**	**(1,048)**	**(769)**
Post-model overlays	**-**	**-**	**-**	**-**	**(15,251)**	**(1,125)**	**8,522**	**(7,854)**
Changes in exposures and re-measurements	**11,771,304**	**(293,334)**	**101,517**	**11,579,487**	**8,429**	**(18,484)**	**188,321**	**178,266**
Net movement for the period	**11,323,950**	**(45,226)**	**300,763**	**11,579,487**	**(9,565)**	**(4,861)**	**276,301**	**261,875**
Write-offs, net	**-**	**-**	**(8,358)**	**(8,358)**	**-**	**-**	**(8,358)**	**(8,358)**
Balances as of September 30, 2023	**76,090,272**	**3,364,046**	**2,804,878**	**82,259,196**	**352,634**	**323,411**	**1,382,341**	**2,058,386**

	September 30, 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	1,196,954	1,962,615
Transfers from Stage 1 to Stage 2	(161,828)	161,828	-	-	(1,615)	10,479	-	8,864
Transfers from Stage 1 to Stage 3	(121,279)	-	121,279	-	(1,087)	-	57,862	56,775
Transfers from Stage 2 to Stage 1	559,108	(559,108)	-	-	3,234	(10,111)	-	(6,877)
Transfers from Stage 2 to Stage 3	-	(354,781)	354,781	-	-	(55,055)	165,350	110,295
Transfers from Stage 3 to Stage 1	32,282	-	(32,282)	-	2,045	-	(32,710)	(30,665)
Transfers from Stage 3 to Stage 2	-	13,000	(13,000)	-	-	901	(2,794)	(1,893)
Post-model overlays	-	-	-	-	(48,764)	(33,538)	(28,094)	(110,396)
Changes in exposures and re-measurements	7,485,322	(319,829)	(404,531)	6,760,962	20,014	46,648	(191,250)	(124,588)
Net movement for the period	7,793,605	(1,058,890)	26,247	6,760,962	(26,173)	(40,676)	(31,636)	(98,485)
Write-offs, net	-	-	226,167	226,167	-	-	226,167	226,167
Balances as of September 30, 2022	60,664,461	3,146,479	2,944,536	66,755,476	315,895	382,917	1,391,485	2,090,297

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 Nine-month periods ended September 30, 2023 and 2022 is summarized as follows:

	September 30, 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	**(89,103)**	**89,103**	**-**	**-**	**(1,123)**	**2,147**	**-**	**1,024**
Transfers from Stage 1 to Stage 3	**(22,632)**	**-**	**22,632**	**-**	**(166)**	**-**	**11,201**	**11,035**
Transfers from Stage 2 to Stage 1	**429**	**(429)**	**-**	**-**	**3**	**(3)**	**-**	**-**
Transfers from Stage 2 to Stage 3	**-**	**(43,336)**	**43,336**	**-**	**-**	**(4,083)**	**20,169**	**16,086**
Transfers from Stage 3 to Stage 2	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in exposures and re-measurements	**1,301,615**	**(19,231)**	**(83,861)**	**1,198,523**	**13,931**	**(2,289)**	**(61,318)**	**(49,676)**
Net movement for the period	**1,190,309**	**26,107**	**(17,893)**	**1,198,523**	**12,645**	**(4,228)**	**(29,948)**	**(21,531)**
Balances as of September 30, 2023	**14,063,403**	**264,743**	**172,544**	**14,500,690**	**97,401**	**20,899**	**101,857**	**220,157**

	September 30, 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	(52,562)	52,562	-	-	(1,304)	4,283	-	2,979
Transfers from Stage 1 to Stage 3	(12,575)	-	12,575	-	(98)	-	6,025	5,927
Transfers from Stage 2 to Stage 1	153,996	(153,996)	-	-	1,810	(5,722)	-	(3,912)
Transfers from Stage 2 to Stage 3	-	(80,344)	80,344	-	-	(23,869)	38,723	14,854
Transfers from Stage 3 to Stage 2	-	1,412	(1,412)	-	-	11	(141)	(130)
Changes in exposures and re-measurements	274,652	(56,283)	(295,642)	(77,273)	2,044	12,849	(5,810)	9,083
Net movement for the period	363,511	(236,649)	(204,135)	(77,273)	2,452	(12,448)	38,797	28,801
Balances as of September 30, 2022	11,741,481	448,579	196,297	12,386,357	77,010	26,270	129,652	232,932

16. Basic and diluted earnings per share

Details of basic and diluted earnings per share for the three month and nine month periods ended September 30, 2023 and 2022 are as follows:

	Three-month period		**Nine-month period ended**	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Net income	**461,643**	549,965	**1,314,342**	1,157,631
Tier I Sukuk costs	**(15,750)**	(17,173)	**(100,906)**	(60,724)
Net income adjusted for Tier I Sukuk costs	**445,893**	532,792	**1,213,436**	1,096,907
Weighted average number of outstanding shares (in '000)	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Basic and diluted earnings per share (SAR)	**0.45**	0.53	**1.21**	1.10

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 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 September 30, 2023 and 2022 and as of December 31, 2022.

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Credit Risk RWA	**81,683,587**	89,789,240	85,592,654
Operational Risk RWA	**4,000,357**	5,410,981	5,091,578
Market Risk RWA	**4,588,441**	3,010,686	893,044
Total Pillar- I RWA	**90,272,386**	98,210,907	91,577,276
Tier I Capital	**16,794,628**	17,319,772	17,038,348
Tier II Capital	**590,075**	574,960	593,515
Total Tier I plus Tier II Capital	**17,384,703**	17,894,732	17,631,863
Capital Adequacy Ratios:			
CET I Ratio	**15.29%**	13.80%	14.50%
Tier I Ratio	**18.60%**	17.64%	18.61%
Tier I plus Tier II Ratio	**19.26%**	18.22%	19.25%

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 September 30, 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.

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17. Capital adequacy - continued

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 September 30, 2023 from SAR 548.3 million as of September 30, 2022 and December 31, 2022.

18. Related party disclosures

a) In the ordinary course of its activities, the Group transacts business with related parties. Related parties, balances, and transactions are governed by the Banking Control Law and regulations issued by SAMA.

b) The balances as of September 30, 2023 and 2022 and as of December 31, 2022, resulting from such transactions included in the consolidated financial statements are as follows:

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)	Sep. 30, 2022 (Unaudited)
Management of the Bank, their relatives and/or their affiliated entities:			
Loans and advances	**190,791**	248,303	242,724
Customers' deposits	**1,551,338**	2,134,535	2,654,456
Tier I Sukuk	**25,300**	25,300	25,300
Commitments and contingencies	**1,141,824**	508,353	509,831
Investments	**249,848**	607,740	249,121
Principal shareholders of the Bank and its management:			
Customers' deposits	**4,994,952**	3,823,077	3,821,370
Tier I Sukuk	**50,000**	50,000	50,000
Affiliates of the Bank, entities for which the investment is accounted for by the equity method of accounting, their management and relatives:			
Loans and advances	**1,287,361**	1,805,981	1,057,688
Customers' deposits	**1,279,403**	442,785	280,697
Tier I Sukuk	**12,000**	12,000	12,000
Commitments, contingencies and derivatives	**312,121**	277,259	102,050
Trusts for the benefit of the Bank's employees such as pension or other benefits plans that are managed by the Bank:			
Customers' deposits and other liabilities	**303,533**	303,092	282,104

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18. Related party disclosures - continued

c) Income and expense for the Nine-month periods ended September 30, 2023 and 2022, pertaining to transactions with related parties included in the interim condensed consolidated financial statements are as follows:

	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Unaudited)
Management of the Bank, their relatives and/or their affiliated entities:		
Special commission income	**32,246**	22,151
Special commission expense	**36,786**	9,990
Other expense	**31,710**	34,219
Fee income from banking services	**50**	31
Principal shareholders of the Bank and its management:		
Special commission expense	**112,929**	41,983
Rent and premises-related expenses (Building rental)	**5,819**	5,819
Affiliates of the Bank, entities for which the investment is accounted for by the equity method of accounting, their management and relatives:		
Special commission income	**152,575**	36,079
Special commission expense	**25,288**	430
Fee income from banking services	**197**	762
Other income	**3,658**	4,765
Other expense	**6,497**	15,065
Board of Directors and other Board Committee member remuneration	**6,792**	6,571

19. 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 September 30, 2023 and 2022 and as of December 31, 2022:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
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	2,000,000
February 6,2023	**500,000**	-	-
Total	**2,715,000**	3,215,000	3,215,000

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.

20. 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. The bank calculated the provision for Zakat during the period in accordance with the guidelines issued by ZATCA.

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.

21. Dividend and Bonus shares issuance

During the three-month period ended December 31, 2021, the Board of Directors proposed 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 nine-month period ended September 30, 2022, the cash dividends were paid, bonus shares were distributed and share capital was accordingly increased.

During the three month period ended September 30, 2022, the Board of Directors proposed an interim cash dividend of SAR 300 million equal to SAR 0.3 per share, for the year 2022, to 1,000 million eligible shares. The proposed cash dividend were paid during the three month period ended September 30, 2022.

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 second half of 2022, to 1,000 million eligible shares. The proposed cash dividend was approved by the Bank's shareholders in an ordinary general assembly meeting held on April 10, 2023. During the nine-month period ended September 30, 2023, the cash dividends were paid.

During the three month period ended September 30, 2023, the Board of Directors proposed an interim cash dividend of SAR 400 million equal to SAR 0.40 per share, first half of the fiscal year 2023, to 1,000 million eligible shares. The proposed cash dividend were paid during the three month period ended September 30, 2023.

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

A fundamental review and reform of major profit rate benchmarks are being undertaken globally. The IASB has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of an interest rate benchmark, including the replacement of an existing London Inter-bank Offer Rate ("LIBOR") with an alternative Risk-Free Rate ("RFR").

The bank had put in place a robust transition project for those contracts which reference LIBOR and to transition them to the alternate benchmarks as applicable. This transition project considered changes to systems, processes, risk management policies, and models, as well as accounting implications. Further, the Bank has actively approached customers for awareness and led communication and negotiations with affected counterparties. As of September 30, 2023, most of the impacted financial instruments have transitioned to alternate reference rate except for few complex legacy contracts referencing USD IBOR and transactions which will be repriced after 30 September, 2023, and will transition to alternate rate at the next repricing date. The Bank has no exposure to any other LIBOR rates.

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23. 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
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

24. 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.

25. Events after the reporting date

Subsequent to the period end, the Bank announced the Board of Directors recommendation to buy-back its shares with a maximum of 5,000,000 shares to retain them as Treasury shares and allocate them to the Employees Stock Incentive Plan.

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

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