AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As of and for the six-month period ended 30 June 2022

KPMG

KPMG Professional Services
Riyadh Front
Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarters in Riyadh

EY
Building a better working world

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

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

Independent auditors' review report on the interim condensed consolidated financial statements

To: The Shareholders of
Al Rajhi Banking and Investment Corporation
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Al Rajhi Banking and Investment Corporation** (the "Bank") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2022, and the interim condensed consolidated statements of income and comprehensive income for the three-month and the six-month periods then ended, and the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is 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 International Standards on Auditing that are 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 Saudi Central Bank ("SAMA"), certain capital adequacy information has been disclosed in note 20 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 20 to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

KPMG Professional Services

Khalil Ibrahim Al Sedais
Certified Public Accountant
License no. 371

Ernst and Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License no. 437

05 Muharram 1444H
(03 August 2022)

KPMG Professional Services
(Professional Closed Joint Stock Company)
Paid-up capital SR 25,000,000
C.R. No. 1010425494

KPMG Professional Services
كي بي إم جي للاستشارات المهنية
C.R. 1010425494
R : 1.

EY
CR. 1010383821
Ernst & Young Professional Services (Professional LLC)

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

(SAR'000)

As at	Notes	**30 June 2022 (Unaudited)**	31 December 2021 (Audited)	30 June 2021 (Unaudited)
Assets				
Cash and balances with Central Banks	3	**37,713,730**	40,363,449	36,913,810
Due from banks and other financial institutions, net	4	**29,412,157**	26,065,392	26,212,976
Investments, net	5	**96,290,764**	84,138,142	74,201,967
Financing, net	7	**519,700,730**	452,830,657	390,295,755
Investment in associate		**327,439**	295,253	271,904
Investment properties, net		**1,378,310**	1,411,469	1,528,252
Property and equipment, net		**11,238,795**	10,665,799	10,473,335
Other assets, net		**13,717,122**	7,901,754	6,241,238
Total assets		**709,779,047**	623,671,915	546,139,237
Liabilities and equity				
Liabilities				
Due to banks and other financial institutions	8	**42,532,024**	17,952,140	14,085,256
Customers' deposits	9	**552,956,842**	512,072,213	447,506,182
Other liabilities		**32,376,998**	26,338,711	24,877,728
Total liabilities		**627,865,864**	556,363,064	486,469,166
Equity				
Share capital	16	**40,000,000**	25,000,000	25,000,000
Statutory reserve		**25,000,000**	25,000,000	25,000,000
Other reserves	11	**(244,528)**	309,394	476,653
Retained earnings		**10,657,711**	16,999,457	9,193,418
Equity attributable to shareholders of the Bank		**75,413,183**	67,308,851	59,670,071
Tier 1 Sukuk	19	**6,500,000**	-	-
Total equity		**81,913,183**	67,308,851	59,670,071
Total liabilities and equity		**709,779,047**	623,671,915	546,139,237

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

Authorized Board Member | Chief Executive Officer | Chief Financial Officer

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)

Interim Condensed Consolidated Statement of Income (Unaudited)

(SAR'000)

	Notes	For the three–month ended 30 June		For the six–month ended 30 June	
		2022	2021	**2022**	2021
Income					
Gross financing and investment income		**6,479,892**	5,243,319	**12,370,714**	10,157,896
Gross financing and investment return		**(913,129)**	(191,541)	**(1,463,779)**	(335,571)
Net financing and investment income		**5,566,763**	5,051,778	**10,906,935**	9,822,325
Fee from banking services, net		**1,162,721**	934,297	**2,310,420**	1,843,096
Exchange income, net		**307,632**	183,900	**544,623**	359,384
Other operating income, net		**110,742**	166,343	**342,444**	259,093
Total operating income		**7,147,858**	6,336,318	**14,104,422**	12,283,898
Expenses					
Salaries and employees' related benefits		**804,490**	780,161	**1,609,685**	1,537,799
Depreciation and amortization		**342,032**	281,009	**643,772**	539,402
Other general and administrative expenses		**673,688**	668,751	**1,335,658**	1,304,378
Total operating expenses before credit impairment charge		**1,820,210**	1,729,921	**3,589,115**	3,381,579
Impairment charge for financing and other financial assets, net	7	**580,420**	583,967	**1,158,725**	1,160,956
Total operating expenses		**2,400,630**	2,313,888	**4,747,840**	4,542,535
Net income for the period before Zakat		**4,747,228**	4,022,430	**9,356,582**	7,741,363
Zakat Expense	12	**(488,924)**	(417,743)	**(964,732)**	(801,191)
Net income for the period		**4,258,304**	3,604,687	**8,391,850**	6,940,172
Basic and diluted earnings per share (SAR)	17	**1.05**	0.90	**2.08**	1.74

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

Authorized Board Member | Chief Executive Officer | Chief Financial Officer

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)

(SAR'000)

	For the three–month ended 30 June		For the six–month ended 30 June	
	2022	2021	**2022**	2021
Net income for the period	**4,258,304**	3,604,687	**8,391,850**	6,940,172
Other comprehensive income				
Items that will not be reclassified to the interim consolidated statement of income in subsequent periods:				
- Net change in fair value (FVOCI equity investment)	**(1,074,663)**	286,109	**(593,973)**	565,604
- Re–measurement of employees' end of service benefits liabilities ("ESOB")	**158,712**	48,810	**158,712**	48,810
Items that may be reclassified to the interim consolidated statement of income in subsequent periods:				
- Exchange difference on translating foreign operations	**(31,777)**	585	**(74,874)**	(19,119)
- Net change in fair value (FVOCI Sukuk investment)	**(14,894)**	-	**(51,200)**	-
- Share in FVOCI from associate	**9,704**	7,735	**7,413**	16,086
Total other comprehensive income for the period recognized in the shareholders' equity	**(952,918)**	343,239	**(553,922)**	611,381
Total comprehensive income for the period	**3,305,386**	3,947,926	**7,837,928**	7,551,553

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

Authorized Board Member | Chief Executive Officer | Chief Financial Officer

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

(SAR'000)

For six-month period ended 30 June 2022	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity attributable to shareholders of the Bank	Tier 1 Sukuk	Total equity
31 December 2021		**25,000,000**	**25,000,000**	**309,394**	**16,999,457**	**67,308,851**	-	**67,308,851**
Net income for the period		-	-	-	**8,391,850**	**8,391,850**	-	**8,391,850**
Net change in fair value of FVOCI Equity investments		-	-	(13,556)	-	(13,556)	-	(13,556)
Net change in fair value of FVOCI Sukuk investments		-	-	(51,200)	-	(51,200)	-	(51,200)
Share in OCI from associate		-	-	7,413	-	7,413	-	7,413
Actuarial gain on employees' end of service benefits ("EOSB")		-	-	158,712	-	158,712	-	158,712
Proceed FVOCI equity		-	-	(580,417)	-	(580,417)	-	(580,417)
Exchange difference on translation of foreign operations		-	-	(74,874)	-	(74,874)	-	(74,874)
Net other comprehensive income recognized in shareholders' equity		-	-	**(553,922)**	-	**(553,922)**	-	**(553,922)**
Total comprehensive income for the period		-	-	(553,922)	8,391,850	7,837,928	-	7,837,928
Proceed FVOCI equity		-	-	-	323,515	323,515	-	323,515
Tier 1 Sukuk issued	19	-	-	-	-	-	6,500,000	6,500,000
Tier 1 Sukuk related cost	19	-	-	-	(57,111)	(57,111)	-	(57,111)
Bonus shares Issued	18	15,000,000	-	-	(15,000,000)	-	-	-
Balance at 30 June 2022		**40,000,000**	**25,000,000**	**(244,528)**	**10,657,711**	**75,413,183**	**6,500,000**	**81,913,183**
For six-month period ended 30 June 2021								
Balance at 31 December 2020		25,000,000	25,000,000	(134,728)	8,253,246	58,118,518	-	58,118,518
Net income for the period		-	-	-	6,940,172	6,940,172	-	6,940,172
Net change in fair value of FVOCI investments		-	-	565,604	-	565,604	-	565,604
Share in OCI from associate		-	-	16,086	-	16,086	-	16,086
Actuarial gain on employees' end of service benefits ("EOSB")		-	-	48,810	-	48,810	-	48,810
Exchange difference on translation of foreign operations		-	-	(19,119)	-	(19,119)	-	(19,119)
Net other comprehensive income recognized in shareholders' equity		-		611,381	-	611,381	-	611,381
Total comprehensive income for the period		-	-	611,381	6,940,172	7,551,553	-	7,551,553
Dividend for annual year 2020		-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Interim Dividend for the first half of 2021		-	-	-	(3,500,000)	(3,500,000)	-	(3,500,000)
Balance at 30 June 2021		25,000,000	25,000,000	476,653	9,193,418	59,670,071	-	59,670,071

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

Authorized Board Member | Chief Executive Officer | Chief Financial Officer

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

(SAR'000)

For the period ended 30 June	Note	2022	2021
Cash Flows from operating activities			
Income before Zakat		**9,356,582**	7,741,363
Adjustments to reconcile net income to net cash from operating activities:			
Loss/(gain) on investments held at fair value through statement of income (FVIS)		**45,773**	(42,033)
Depreciation and amortization		**610,613**	526,443
Depreciation on investment properties		**33,159**	12,959
(Gain)/ loss on sale of property and equipment, net		**(746)**	8,511
Impairment charge for financing and other financial assets, net	7	**1,158,725**	1,160,956
Share in profit of an associate		**(1,353)**	(32,726)
Increase in operating assets			
Statutory deposit with SAMA and other central banks		**(1,187,663)**	(4,015,070)
Due from banks and other financial institutions		**5,669,657**	(1,107,030)
Financing		**(68,028,798)**	(75,744,610)
FVIS investments		**(311,195)**	(535,159)
Other assets, net		**(5,740,493)**	(1,226,369)
Decrease in operating liabilities			
Due to banks and other financial institutions		**24,579,884**	3,321,195
Customers' deposits		**40,884,629**	64,875,179
Other liabilities		**7,733,865**	6,936,208
Zakat paid		**(1,695,578)**	(1,221,071)
Net cash generated from operating activities		**13,107,061**	658,746

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

Authorized Board Member   Chief Executive Officer   Chief Financial Officer

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

(SAR'000)

For the period ended 30 June	Note	2022	2021
Cash flows from investing activities			
Purchase of property and equipment		**(1,206,233)**	(848,990)
Proceeds from disposal of property and equipment		**24,116**	75,486
Purchase of FVOCI investments		-	(922,240)
Proceeds from disposal of FVOCI investments		**2,829,836**	178,363
Proceeds from maturities of investments held at amortised cost		**8,529,175**	1,067,977
Purchase of investments held at amortised cost		**(24,529,355)**	(15,703,144)
Net cash used in investing activities		**(14,352,461)**	(16,152,548)
Cash flows from financing activities			
Dividends paid		-	(2,500,000)
Tier 1 Sukuk payments		**(57,111)**	-
Tier 1 Sukuk issuance		**6,500,000**	-
Payment against lease obligation		**(18,449)**	(18,876)
Net cash generated from / (used in) financing activities		**6,424,440**	(2,518,876)
Net decrease in cash and cash equivalents		**5,179,040**	(18,012,678)
Cash and cash equivalents at the beginning of the period	13	**24,296,788**	34,086,995
Cash and cash equivalents at end of the period	13	**29,475,828**	16,074,317

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

Authorized Board Member

Chief Executive Officer

Chief Financial Officer

1 - General

Al Rajhi Banking and Investment Corporation, a Saudi Joint Stock Company, (the "Bank"), was formed and licensed pursuant to Royal Decree No. M/59 dated 3 Dhul Qadah 1407H (corresponding to 29 June 1987) and in accordance with Article 6 of the Council of Ministers'Resolution No. 245, dated 26 Shawal 1407H (corresponding to 23 June 1987).

The Bank operates under Commercial Registration No. 1010000096 and its Head Office is located at the following address:

Al Rajhi Bank
8467 King Fahd Road - Al Muruj Dist. Unit No 1
Riyadh 12263 - 2743 Kingdom of Saudi Arabia

The objectives of the Bank are to carry out banking and investment activities in accordance with its Articles of Association and By-laws, the Banking Control Law and the Council of Ministers Resolution referred to above. The Bank is engaged in banking and investment activities for its own account and on behalf of others inside and outside the Kingdom of Saudi Arabia ("KSA") through its network branches and subsidiaries. The Bank has established certain subsidiary companies (together with the Bank hereinafter referred to as the "Group") in which it owns all or the majority of their shares [Also see Note 2(b)]:

Shari'a Authority

As a commitment from the Bank for its activities to be in compliance with Islamic Shari'a legislations, since its inception, the Bank has established a Shari'a Authority to ascertain that the Bank's activities are subject to its approval and control. The Shari'a Authority has reviewed several of the Bank's activities and issued the required decisions thereon.

The Bank is regulated by the Saudi Central Bank (SAMA).

2 - Summary of significant accounting policies

(a) Basis of preparation

The interim condensed consolidated financial statements of the Group as at and for the period ended 30 June 2022 and 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

The consolidated financial statements of the Group as at and for the year ended 31 December 2021, were prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA.

The preparation of these interim, condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities and income and expense. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the annual consolidated financial statements as of and for the year ended December 31, 2021, except as disclosed note 2.e below.

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

2 - Summary of significant accounting policies (Continued)

(b) Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of the Bank and the financial statements of the subsidiaries, as stated in note 2.c below (collectively referred to as the "Group" in these interim condensed consolidated financial statements). The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Adjustments have been made to the interim condensed consolidated financial statements of the subsidiaries, where necessary, to align with the Bank's interim condensed consolidated financial statements.

Subsidiaries are the investees that are controlled by the Group. The Group controls an investee only when it 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 entity, it considers relevant facts and circumstances in assessing whether it has power over the entity, including:

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

The Group re-assesses whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more elements of control. Subsidiaries are consolidated from the date on which the control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the period, if any, are included in the interim condensed consolidated financial statements from the effective date of the acquisition or up to the effective date of disposal, as appropriate. 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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated statement of income; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

One of the Group's subsidiaries 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 relations of the Group in each fund (comprising any carried relations 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 any of these funds.

(SAR’000)

2 - Summary of significant accounting policies (Continued)

(c) Subsidiaries

Name of subsidiaries	Shareholding		
	2022	2021	
Al Rajhi Capital Company – KSA	**100%**	100%	A Saudi Closed Joint Stock Company authorized by the Capital Market Authority to carry on securities business in the activities of Dealing/brokerage, Managing assets, Advising, Arranging, and Custody.
Management and Development for Human Resources Company – KSA	**100%**	100%	A limited liability company registered in Kingdom of Saudi Arabia to provide recruitment services.
Al Rajhi Bank – Kuwait	**100%**	100%	A foreign branch registered with the Central Bank of Kuwait.
Al Rajhi Bank – Jordan	**100%**	100%	A foreign branch operating in Hashemite Kingdom of Jordan, providing all financial, banking, and investments services and importing and trading in precious metals and stones in accordance with Islamic Sharia’a rules and under the applicable banking law.
Tuder Real Estate Company – KSA	**100%**	100%	A limited liability company registered in Kingdom of Saudi Arabia to support the mortgage programs of the Bank through transferring and holding the title deeds of real estate properties under its name on behalf of the Bank, collection of revenue of certain properties sold by the Bank, provide real estate and engineering consulting services, provide documentation service to register the real estate properties and overseeing the evaluation of real estate properties.
Al Rajhi Corporation Limited – Malaysia	**100%**	100%	A licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.
Emkan Finance Company – KSA	**100%**	100%	A closed joint stock company registered in the Kingdom of Saudi Arabia providing micro consumer financing, finance lease and small and medium business financing.

(SAR'000)

2 - Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

Name of subsidiaries	Shareholding 2022	Shareholding 2021	
Tawtheeq Company – KSA	**100%**	100%	A closed joint stock company registered in Kingdom of Saudi Arabia providing financial leasing contracts registration to organize contracts data and streamline litigation processes.
Al Rajhi Financial Markets Ltd	**100%**	100%	A Limited Liability Company registered in the Cayman Islands with the objective of managing certain treasury related transactions on behalf of the Bank.
International Digital Solutions Co. (Neoleap)	**100%**	100%	A closed joint stock company owned by the Bank for the purpose of practicing technical work in financial services, digital payment systems, financial settlements and related services.
Ejada System Limited Co.	**100%**	-	A Saudi Limited Liability owned by Alrajhi bank for the purpose of providing professional, scientific, technological activities, information communication services, and system analysis and senior management consultation services.

(d) Acquisition of Ejada System Limited Company

On 1 February 2022, the Group completed the process and legal formalities of the acquisition of the entire shares of Ejada Systems Limited (a Saudi limited liability company) that is a leading IT service provider within the Kingdom of Saudi Arabia and Region. This is a strategic move of Al Rajhi Bank as a Group to have the necessary initiatives towards the financial digital transformation, and subsidizing its customers and markets with innovative ecosystem solutions. Refer to note 23 for further details on business combination.

(e) Changing in accounting policies due to adoption of new standards, international and amendments adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 which had no material impact on the Group consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(SAR'000)

2 - Summary of significant accounting policies (Continued)

(e) Changing in accounting policies due to adoption of new standards, international and amendments adopted by the Group (Continued)

The Following standards, interpretations or amendments are effective from the current year and are adopted by the Group, however, these do not have any significant impact on the interim condensed consolidated financial statements of the period unless otherwise stated below:

Standard, interpretation and amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the periods in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2022
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.	Annual periods beginning on or after 1 January 2022.
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024

(SAR'000)

2 - Summary of significant accounting policies (Continued)

(e) Changing in accounting policies due to adoption of new standards, international and amendments adopted by the Group (Continued)

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which will become effective from periods beginning on or after 1 January 2023. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

Standard, interpretation and 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 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after 1 January 2023.
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	The amendment will help to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.

(SAR'000)

3 - Cash and balances with Saudi Central Banks

Cash and balances with Saudi Central Bank ("SAMA") and other central banks comprise of the following:

	30 June 2022	31 December 2021	30 June 2021
Cash in hand	**5,985,798**	5,445,994	7,397,518
Statutory deposit	**29,991,193**	28,803,530	27,474,610
Balances with central banks (current accounts)	**776,832**	314,005	718,682
Mutajara with SAMA	**959,907**	5,799,920	1,323,000
Total	**37,713,730**	40,363,449	36,913,810

In accordance with the Banking Control Law and regulations issued by SAMA and other central banks, the Bank is required to maintain a statutory deposit with SAMA and other central banks at stipulated percentages of its customers' demand deposits, customers' time investments and other customers' accounts calculated at the end of each Gregorian month.

4 - Due from banks and other financial institutions, net

Due from banks and other financial institutions comprise the following:

	30 June 2022	31 December 2021	30 June 2021
Current accounts	**14,179,193**	2,056,541	1,117,039
Mutajara	**15,236,774**	24,013,126	25,111,188
Less: Allowance for expect credit losses	**(3,810)**	(4,275)	(15,251)
Total	**29,412,157**	26,065,392	26,212,976

(SAR'000)

5 - Investments, net

(a) Investments comprise the following:

	30 June 2022	31 December 2021	30 June 2021
Investments held at amortized cost			
Murabaha with Saudi Government and SAMA	**22,670,009**	22,611,987	22,654,808
Sukuk	**63,662,675**	48,102,603	39,351,872
Structured Products	**1,000,000**	1,000,000	1,000,000
Less: Impairment (Stage 1)	**(40,670)**	(31,824)	(31,008)
Total investments held at amortized cost	**87,292,014**	71,682,766	62,975,672
Investments held as FVIS			
Mutual funds	**2,977,017**	2,650,605	2,499,459
Structured Products	**728,141**	788,765	1,498,644
Sukuk	**32,315**	32,680	-
Total FVIS investments	**3,737,473**	3,472,050	3,998,103
FVOCI investments			
Equity investments	**2,208,879**	5,148,946	4,326,469
Sukuk	**3,052,633**	3,834,641	2,901,970
Less: Impairment (Stage 1)	**(235)**	(261)	(247)
Total FVOCI investments	**5,261,277**	8,983,326	7,228,192
Total investments	**96,290,764**	84,138,142	74,201,967

(b) The domestic and international allocation of the Group's investments are summarized as follows:

30 June 2022	**Domestic**	**International**	**Total**
Investments held at amortized cost:			
Fixed-rate Sukuk	**53,467,489**	**6,115,195**	**59,582,684**
Floating-rate Sukuk	**26,750,000**	**-**	**26,750,000**
Structured products	**500,000**	**500,000**	**1,000,000**
Less: Impairment (Stage 1)	**(40,670)**	**-**	**(40,670)**
Total investments held at amortized cost	**80,676,819**	**6,615,195**	**87,292,014**
Investments held as FVIS			
Mutual funds	**2,977,017**	**-**	**2,977,017**
Structured Products	**508,000**	**220,141**	**728,141**
Fixed-rate Sukuk	**32,315**	**-**	**32,315**
Total FVIS investments	**3,517,332**	**220,141**	**3,737,473**
Investments held as OCI:			
Fixed-rate Sukuk	**1,199,239**	**1,853,394**	**3,052,633**
Equity investments	**2,187,972**	**20,907**	**2,208,879**
Less: Impairment (Stage 1)	**-**	**(235)**	**(235)**
Total investments held as OCI	**3,387,211**	**1,874,066**	**5,261,277**
Total investments	**87,581,362**	**8,709,402**	**96,290,764**

(SAR'000)

5 - Investments, net (Continued)

(b) The domestic and international allocation of the Group's investments are summarized as follows: (Continued)

31 December 2021	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	40,949,233	4,910,357	45,859,590
Floating-rate Sukuk	24,855,000	-	24,855,000
Structured products	500,000	500,000	1,000,000
Less: Impairment (Stage 1)	(31,824)	-	(31,824)
Total investments held at amortized cost	66,272,409	5,410,357	71,682,766
Investments held as FVIS			
Mutual funds	2,650,600	-	2,650,600
Structured Products	500,000	288,770	788,770
Fixed-rate Sukuk	32,680	-	32,680
Total FVIS investments	3,183,280	288,770	3,472,050
Investments held as OCI:			
Fixed-rate Sukuk	2,128,346	1,532,873	3,661,219
Equity investments	5,128,039	194,329	5,322,368
Less: Impairment (Stage 1)	-	(261)	(261)
Total investments held as OCI	7,256,385	1,726,941	8,983,326
Total investments	76,712,074	7,426,068	84,138,142

30 June 2021	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	32,573,012	4,503,668	37,076,680
Floating-rate Sukuk	24,930,000	-	24,930,000
Structured products	500,000	500,000	1,000,000
Less: Impairment (Stage 1)	(31,008)	-	(31,008)
Total investments held at amortized cost	57,972,004	5,003,668	62,975,672
Investments held as FVIS			
Mutual funds	2,499,459	-	2,499,459
Structured Products	528,869	969,775	1,498,644
Total FVIS investments	3,028,328	969,775	3,998,103
Investments held as OCI:			
Fixed-rate Sukuk	1,627,112	1,274,858	2,901,970
Equity investments	4,305,562	20,907	4,326,469
Less: Impairment (Stage 1)	-	(247)	(247)
Total investments held as OCI	5,932,674	1,295,518	7,228,192
Total investments	66,933,006	7,268,961	74,201,967

(SAR'000)

6 - Shariah compliant derivatives

The table below summarises the positive and negative fair values of Shariah compliant derivatives, together with the notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the period-end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

In the ordinary course of business, the Bank utilises the following derivative financial instruments for both trading and hedging purposes:

(a) Profit rate swaps

Profit rate swaps are commitments to exchange one set of cash flows for another. For profit rate swaps, counterparties generally exchange fixed and floating rate profit payments in a single currency without exchanging principal. For cross-currency profit rate swaps, principal, fixed and floating profit payments are exchanged in different currencies.

(b) Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter markets. Foreign currency and profit rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

(c) FX Swaps

FX swaps are agreements between two parties to exchange a given amount of one currency for an amount of another currency based on the current spot rate and forward rates quoted in the interbank market. The two parties will then settle their respective foreign exchange notional amounts governed by the previously agreed specific forward rate, the forward rate locks in the exchange rate at which the funds will be exchanged in the future.

The tables below show the positive and negative fair values of derivatives, together with the notional amounts:

30 June 2022	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	**645,057**	**(588,281)**	**21,202,799**
Foreign exchange forward contracts	**43,665**	**(36,332)**	**675,445**
FX Swaps	**10,823**	**(12,105)**	**10,317,488**
Total	**699,545**	**(636,718)**	**32,195,732**

31 December 2021	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	179,694	(150,455)	17,305,197
Foreign exchange forward contracts	12,224	(11,853)	227,966
FX Swaps	16,664	(5,327)	7,443,526
Total	208,582	(167,635)	24,976,689

30 June 2021	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	121,619	(101,288)	12,318,407
Foreign exchange forward contracts	6,356	(5,504)	333,676
FX Swaps	215	(414)	3,188
Total	128,190	(107,206)	12,655,271

(SAR'000)

7 - Financing, net

(a) Net financing held at amortized cost:

30 June 2022	**Retail**	**Corporate**	**Total**
Performing financing	**413,686,275**	**111,850,882**	**525,537,157**
Non-performing financing	**1,471,766**	**1,553,049**	**3,024,815**
Gross financing	**415,158,041**	**113,403,931**	**528,561,972**
Provision for financing impairment	**(4,923,964)**	**(3,937,278)**	**(8,861,242)**
Financing, net	**410,234,077**	**109,466,653**	**519,700,730**

31 December 2021	**Retail**	**Corporate**	**Total**
Performing financing	369,450,683	89,568,028	459,018,711
Non-performing financing	1,500,097	1,510,003	3,010,100
Gross financing	370,950,780	91,078,031	462,028,811
Provision for financing impairment	(5,201,431)	(3,996,723)	(9,198,154)
Financing, net	365,749,349	87,081,308	452,830,657

30 June 2021	**Retail**	**Corporate**	**Total**
Performing financing	315,521,807	80,583,040	396,104,847
Non-performing financing	1,059,678	1,603,552	2,663,230
Gross financing	316,581,485	82,186,592	398,768,077
Provision for financing impairment	(4,986,563)	(3,485,759)	(8,472,322)
Financing, net	311,594,922	78,700,833	390,295,755

(b) The movement in the allowance for impairment of financing is as follows:

	30 June 2022	30 June 2021
Balance at the beginning of the period	**9,198,154**	7,471,356
Provided for the period	**1,776,265**	1,969,530
Bad debt written off	**(2,113,177)**	(968,564)
Balance at the end of the period	**8,861,242**	8,472,322

(c) The allowance for impairment of financing, off balance sheet, other financial assets charged to the interim condensed statement of income comprise of the following:

	30 June 2022	30 June 2021
Provided for the period	**1,775,879**	1,979,058
Recovery of written off financing for the period	**(617,154)**	(818,102)
Allowance for financing impairment, net	**1,158,725**	1,160,956

(SAR'000)

7 - Financing, net (Continued)

(d) The movement of financing by stages is as follows:

	Gross carrying amount as of 30 June 2022			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Financing				
At 1 January 2022	**448,294,309**	**9,557,878**	**4,176,624**	**462,028,811**
Transfers:				
Transfer to 12-month ECL	**1,593,685**	**(1,571,577)**	**(22,108)**	**-**
Transfer to Lifetime ECL not credit impaired	**(4,168,754)**	**4,350,850**	**(182,096)**	**-**
Transfer to Lifetime ECL credit impaired	**(699,536)**	**(1,251,995)**	**1,951,531**	**-**
Write-offs	**-**	**-**	**(2,113,177)**	**(2,113,177)**
New business/ Other movements	**69,378,762**	**(1,253,625)**	**521,201**	**68,646,338**
At 30 June 2022	**514,398,466**	**9,831,531**	**4,331,975**	**528,561,972**

	Gross carrying amount as of 31 December 2021			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Financing				
At 1 January 2021	311,275,457	8,460,233	3,447,767	323,183,457
Transfers:				
Transfer to 12-month ECL	1,538,438	(1,534,491)	(3,947)	-
Transfer to Lifetime ECL not credit impaired	(3,669,318)	3,836,110	(166,792)	-
Transfer to Lifetime ECL credit impaired	(687,863)	(271,691)	959,554	-
Write-offs	-	-	(2,075,430)	(2,075,430)
New business/ Other movements	139,837,595	(932,283)	2,015,472	140,920,784
At 31 December 2021	448,294,309	9,557,878	4,176,624	462,028,811

	Gross carrying amount as of 30 June 2021			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Financing				
At 1 January 2021	311,275,457	8,460,233	3,447,767	323,183,457
Transfers:				
Transfer to 12-month ECL	1,275,969	(1,272,543)	(3,426)	-
Transfer to Lifetime ECL not credit impaired	(2,677,165)	2,815,237	(138,072)	-
Transfer to Lifetime ECL credit impaired	(447,508)	(365,825)	813,333	-
Write-offs	-	-	(968,564)	(968,564)
New business/ Other movements	77,203,624	(1,156,947)	506,507	76,553,184
At 30 June 2021	386,630,377	8,480,155	3,657,545	398,768,077

(SAR'000)

7 - Financing, net (Continued)

(e) The movement in ECL allowances for impairment of financing by stages is as follows:

	Credit loss allowance as of 30 June 2022			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
ECL allowances for impairment of financing				
At 1 January 2022	**3,712,975**	**2,326,414**	**3,158,765**	**9,198,154**
Transfers:				
Transfer to 12-month ECL	**228,614**	**(216,114)**	**(12,500)**	**-**
Transfer to Lifetime ECL not credit impaired	**(132,465)**	**251,624**	**(119,159)**	**-**
Transfer to Lifetime ECL credit impaired	**(29,721)**	**(500,740)**	**530,461**	**-**
Write-offs	**-**	**-**	**(2,113,177)**	**(2,113,177)**
Net Charge for the Period	**(136,406)**	**296,157**	**1,616,514**	**1,776,265**
At 30 June 2022	**3,642,997**	**2,157,341**	**3,060,904**	**8,861,242**

	Credit loss allowance as of 31 December 2021			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
ECL allowances for impairment of financing				
At 1 January 2021	2,944,807	2,030,356	2,496,193	7,471,356
Transfers:				
Transfer to 12-month ECL	314,742	(312,458)	(2,284)	-
Transfer to Lifetime ECL not credit impaired	(79,419)	174,580	(95,161)	-
Transfer to Lifetime ECL credit impaired	(47,348)	(126,873)	174,221	-
Write-offs	-	-	(2,075,430)	(2,075,430)
Net Charge for the Period	580,193	560,809	2,661,226	3,802,228
At 31 December 2021	3,712,975	2,326,414	3,158,765	9,198,154

	Credit loss allowance as of 30 June 2021			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
ECL allowances for impairment of financing				
At 1 January 2021	2,944,807	2,030,356	2,496,193	7,471,356
Transfers:				
Transfer to 12-month ECL	177,109	(172,552)	(4,557)	-
Transfer to Lifetime ECL not credit impaired	(75,942)	143,996	(68,054)	-
Transfer to Lifetime ECL credit impaired	(39,164)	(186,684)	225,848	-
Write-offs	-	-	(968,564)	(968,564)
Net Charge for the Period	462,510	566,094	940,926	1,969,530
At 30 June 2021	3,469,320	2,381,210	2,621,792	8,472,322

(SAR'000)

8 - Due to banks and other financial institutions

Due to banks and other financial institutions comprise the following:

	30 June 2022	31 December 2021	30 June 2021
Current accounts	**1,654,924**	1,749,131	1,314,974
Banks' time investments	**40,877,100**	16,203,009	12,770,282
Total	**42,532,024**	17,952,140	14,085,256

9 - Customers' deposits

Customers' deposits by type comprise the following:

	30 June 2022	31 December 2021	30 June 2021
Demand deposits	**388,505,310**	374,725,352	358,010,783
Customers' time investments	**155,750,346**	130,293,061	82,873,024
Other customer accounts	**8,701,186**	7,053,800	6,622,375
Total	**552,956,842**	512,072,213	447,506,182

All Customers' time investments are subject to Murabaha contracts and therefore are non-interest.

10 - Commitments and contingencies

(a) Commitments and contingencies comprise the following:

	30 June 2022	31 December 2021	30 June 2021
Letters of credit	**6,610,834**	5,213,221	4,331,889
Acceptances	**1,345,565**	857,560	646,167
Letters of guarantee	**11,985,738**	7,731,576	6,453,379
Irrevocable commitments to extend credit	**10,846,469**	11,284,872	8,123,664
Total	**30,788,606**	25,087,229	19,555,099

(b) Legal proceedings

As at 30 June 2022, there were certain legal proceedings outstanding against the Group in the normal course of business including those relating to the extension of credit facilities. Such proceedings are being reviewed by the concerned parties.

Provisions have been made for some of these legal cases based on the assessment of the Group's legal advisors.

The Bank was named as one of many defendants in certain lawsuits initiated in the US commencing in 2002. The Bank was successful in defending the claims, all of which were finally dismissed by the relevant courts. With respect to new lawsuits commencing in 2016, however, the most recent dismissal was reversed by the court of appeals to permit limited jurisdictional discovery, which commenced in 2021. The Bank's management believes that the claims will be defended successfully, although note that there are inherent uncertainties in litigation.

(SAR'000)

10 - Commitments and contingencies (Continued)

(c) Commitments and contingencies that may result in credit exposure

The table below shows the gross carrying amount and ECL allowance of the financing commitments and financial guarantees.

30 June 2022	Letter of Credit	Acceptance	Letter of guarantees	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	**6,588,386**	**1,340,948**	**11,263,995**	**10,664,535**	**29,857,864**
Stage 2 - (lifetime ECL not credit impaired)	**22,089**	**1,466**	**371,435**	**181,934**	**576,924**
Stage 3 - (lifetime ECL for credit impaired)	**359**	**3,151**	**350,308**	**-**	**353,818**
Total outstanding balance at end of the period	**6,610,834**	**1,345,565**	**11,985,738**	**10,846,469**	**30,788,606**

30 June 2022	Letter of Credit	Acceptance	Letter of guarantees	Irrevocable commitments to extend credit	Total
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	**54,848**	**3,463**	**12,030**	**19,465**	**89,806**
Stage 2 - (lifetime ECL not credit impaired)	**40**	**117**	**4,431**	**3,652**	**8,240**
Stage 3 - (lifetime ECL for credit impaired)	**356**	**3,151**	**305,298**	**-**	**308,805**
Total	**55,244**	**6,731**	**321,759**	**23,117**	**406,851**

31 December 2021	Letter of Credit	Acceptance	Letter of guarantees	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	5,186,457	856,792	7,006,356	11,065,878	24,115,483
Stage 2 - (lifetime ECL not credit impaired)	24,328	768	356,166	210,608	591,870
Stage 3 - (lifetime ECL for credit impaired)	2,436	-	369,054	8,386	379,876
Total outstanding balance at end of the year	5,213,221	857,560	7,731,576	11,284,872	25,087,229

(SAR'000)

10 - Commitments and contingencies (Continued)

(c) Commitments and contingencies that may result in credit exposure (Continued)

31 December 2021	Letter of Credit	Acceptance	Letter of guarantees	Irrevocable commitments to extend credit	Total
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	61,532	821	13,780	6,982	83,115
Stage 2 - (lifetime ECL not credit impaired)	103	39	2,727	2,043	4,912
Stage 3 - (lifetime ECL for credit impaired)	2,436	-	319,577	5,551	327,564
Total	64,071	860	336,084	14,576	415,591

30 June 2021	Letter of Credit	Acceptance	Letter of guarantees	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	4,305,030	636,472	5,484,645	7,904,965	18,331,112
Stage 2 - (lifetime ECL not credit impaired)	23,349	9,695	458,497	207,617	699,158
Stage 3 - (lifetime ECL for credit impaired)	3,510	-	510,237	11,082	524,829
Total outstanding balance at end of the period	4,331,889	646,167	6,453,379	8,123,664	19,555,099

30 June 2021	Letter of Credit	Acceptance	Letter of guarantees	Irrevocable commitments to extend credit	Total
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	24,493	1,193	15,855	7,812	49,353
Stage 2 - (lifetime ECL not credit impaired)	221	73	4,970	1,718	6,982
Stage 3 - (lifetime ECL for credit impaired)	3,509	-	465,738	6,477	475,724
Total	28,223	1,266	486,563	16,007	532,059

(SAR'000)

11 - Other Reserves

Other reserves include FVOCI investments reserve, foreign currency translation reserve, employees' end of service benefits reserve and share in FVOCI from associate.

12 - Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the interim condensed consolidated statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

13 - Cash and cash equivalents

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows comprise the following:

	30 June 2022	31 December 2021	30 June 2021
Cash in hand	**5,985,798**	5,445,994	7,397,518
Due from banks and other financial institutions maturing within 90 days from the date of purchase	**21,753,291**	12,736,869	6,635,117
Balances with SAMA and other central banks (current accounts)	**776,832**	314,005	718,682
Mutajara with SAMA	**959,907**	5,799,920	1,323,000
Cash and cash equivalents	**29,475,828**	24,296,788	16,074,317

14 - Operating segments

The Group identifies operating segments on the basis of internal reports about the activities of the Group that are regularly reviewed by the chief operating decision maker, principally the Chief Executive Officer, in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. 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 comprise operating assets and liabilities, which represents the majority of the Bank's assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2021.

For management purposes, the Group is organized into the following four main businesses segments:

Retail segment:	Includes individual customers' deposits, credit facilities, customer debit current accounts (overdrafts), fees from banking services and remittance business, payment services.
Corporate segment:	Incorporates deposits of VIP, corporate customers' deposits, credit facilities, and debit current accounts (overdrafts).
Treasury segment:	Includes treasury services, Murabaha with SAMA and international Mutajara portfolio.
Investment services and brokerage segments:	Includes investments of individuals and corporate in mutual funds, local and international share trading services and investment portfolios.

The Group's total assets and liabilities as at 30 June 2022 and 2021 together with the total operating income and expenses, and income before zakat for the six-month periods then ended, for each business segment, are analyzed as follows:

(SAR'000)

14 - Operating segments (Continued)

30 June 2022	Retail segment	Corporate segment	Treasury segment	Investment services and brokerage segment	Total
Total Assets	**434,953,719**	**109,457,890**	**158,023,998**	**7,343,440**	**709,779,047**
Total Liabilities	**317,418,608**	**253,583,527**	**56,283,513**	**580,216**	**627,865,864**
Financing and investment income from external customers	**9,188,743**	**1,839,012**	**1,288,984**	**53,975**	**12,370,714**
Inter-segment operating income /(expense)	**(3,383,311)**	**640,528**	**2,742,783**	**-**	**-**
Gross financing and investment income	**5,805,432**	**2,479,540**	**4,031,767**	**53,975**	**12,370,714**
Gross financing and investment return	**(118,750)**	**(1,081,946)**	**(263,083)**	**-**	**(1,463,779)**
Net financing and investment income	**5,686,682**	**1,397,594**	**3,768,684**	**53,975**	**10,906,935**
Fee from banking services, net	**877,952**	**382,282**	**665,693**	**384,493**	**2,310,420**
Exchange income, net	**281,208**	**88,885**	**174,530**	**-**	**544,623**
Other operating income, net	**15,560**	**3,131**	**208,095**	**115,658**	**342,444**
Total operating income	**6,861,402**	**1,871,892**	**4,817,002**	**554,126**	**14,104,422**
Depreciation and amortization	**(571,757)**	**(49,353)**	**(14,990)**	**(7,672)**	**(643,772)**
Impairment charge for financing and other financial assets, net	**(611,560)**	**(532,486)**	**(14,679)**	**-**	**(1,158,725)**
Other operating expenses	**(2,465,106)**	**(248,067)**	**(89,616)**	**(142,554)**	**(2,945,343)**
Total operating expenses	**(3,648,423)**	**(829,906)**	**(119,285)**	**(150,226)**	**(4,747,840)**
Income before Zakat	**3,212,979**	**1,041,986**	**4,697,717**	**403,900**	**9,356,582**

30 June 2021	Retail segment	Corporate segment	Treasury segment	Investment services and brokerage segment	Total
Total Assets	332,207,308	77,762,808	131,723,082	4,446,039	546,139,237
Total Liabilities	313,166,779	152,025,046	21,086,585	190,756	486,469,166
Financing and investment income from external customers	8,048,358	1,130,954	948,133	30,451	10,157,896
Inter-segment operating income /(expense)	(1,794,972)	(14,832)	1,809,804	-	-
Gross financing and investment income	6,253,386	1,116,122	2,757,937	30,451	10,157,896
Gross financing and investment return	(122,669)	(158,420)	(54,482)	-	(335,571)
Net financing and investment income	6,130,717	957,702	2,703,455	30,451	9,822,325
Fee from banking services, net	650,331	488,977	238,737	465,051	1,843,096
Exchange income, net	181,380	47,339	130,665	-	359,384
Other operating income, net	71,667	-	130,809	56,617	259,093
Total operating income	7,034,095	1,494,018	3,203,666	552,119	12,283,898
Depreciation and amortization	(493,845)	(29,066)	(10,877)	(5,614)	(539,402)
Impairment charge for financing and other financial assets, net	(1,108,060)	(49,139)	(3,757)	-	(1,160,956)
Other operating expenses	(2,459,262)	(216,864)	(88,307)	(77,744)	(2,842,177)
Total operating expenses	(4,061,167)	(295,069)	(102,941)	(83,358)	(4,542,535)
Income before Zakat	2,972,928	1,198,949	3,100,725	468,761	7,741,363

(SAR'000)

15 - Fair values of financial assets and liabilities

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices (unadjusted) in active markets for the same or identical instrument that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique include inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments"

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 takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, for financial instruments measured at fair value and financial instruments not measured at fair value:

30 June 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value					
FVIS Investments – Mutual funds	**2,977,017**	**-**	**2,977,017**	**-**	**2,977,017**
FVOCI - Equity investments	**2,208,879**	**2,184,556**	**-**	**24,323**	**2,208,879**
FVIS Sukuk	**32,315**	**-**	**32,315**	**-**	**32,315**
FVOCI Sukuk	**3,052,633**	**-**	**3,052,633**	**-**	**3,052,633**
FVIS Structured Products	**728,141**	**-**	**-**	**728,141**	**728,141**
Positive fair value Shariah compliant derivatives	**699,545**	**-**	**699,545**	**-**	**699,545**
Financial assets not measured at fairvalue					
Due from banks and other financial institutions	**29,412,157**	**-**	**-**	**29,349,079**	**29,349,079**
Investments held at amortized cost					
Murabaha with Saudi Government and SAMA	**22,670,009**	**-**	**-**	**22,937,923**	**22,937,923**
Sukuk	**63,662,675**	**-**	**59,810,451**	**-**	**59,810,451**
Structured Products	**1,000,000**	**-**	**-**	**948,258**	**948,258**
Gross Financing	**528,561,972**	**-**	**-**	**526,655,892**	**526,655,892**
Total	**655,005,343**	**2,184,556**	**66,571,961**	**580,643,616**	**649,400,133**
Financial liabilities					
Financial liabilities measured at fair value					
Negative fair value Shariah compliant derivatives	**636,718**	**-**	**636,718**	**-**	**636,718**
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	**42,532,024**	**-**	**-**	**42,978,743**	**42,978,743**
Customers' deposits	**552,956,842**	**-**	**-**	**555,797,165**	**555,797,165**
Total	**596,125,584**		**636,718**	**598,775,908**	**599,412,626**

(SAR'000)

15 - Fair values of financial assets and liabilities (Continued)

31 December 2021	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value					
FVIS Investments – Mutual funds	2,650,605	-	2,650,605	-	2,650,605
FVOCI - Equity investments	5,148,946	5,124,587	-	24,359	5,148,946
FVIS Sukuk	32,680	-	32,680	-	32,680
FVOCI Sukuk	3,834,641	-	3,834,641	-	3,834,641
FVIS Structured Products	788,765	-	-	788,765	788,765
Positive fair value Shariah compliant derivatives	208,582	-	208,582	-	208,582
Financial assets not measured at fair value					
Due from banks and other financial institutions	26,065,392	-	-	26,181,679	26,181,679
Investments held at amortized cost					
Murabaha with Saudi Government and SAMA	22,611,987	-	-	22,900,999	22,900,999
Sukuk	48,102,603	-	49,324,606	-	49,324,606
Structured Products	1,000,000	-	-	1,038,043	1,038,043
Gross Financing	462,028,811	-	-	478,238,097	478,238,097
Total	572,473,012	5,124,587	56,051,114	529,171,942	590,347,643
Financial liabilities					
Financial liabilities measured at fair value					
Negative fair value Shariah compliant derivatives	167,635	-	167,635	-	167,635
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	17,952,140	-	-	18,198,581	18,198,581
Customers' deposits	512,072,213	-	-	511,991,640	511,991,640
Total	530,191,988	-	167,635	530,190,221	530,357,856

30 June 2021	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value					
FVIS Investments – Mutual funds	2,499,459	-	2,499,459	-	2,499,459
FVOCI - Equity investments	4,326,469	4,302,093	-	24,376	4,326,469
FVIS Sukuk	-	-	-	-	-
FVOCI Sukuk	2,901,970	-	2,901,970	-	2,901,970
FVIS Structured Products	1,498,644	-	-	1,498,644	1,498,644
Positive fair value Shariah compliant derivatives	128,190	-	128,190	-	128,190
Financial assets not measured at fair value					
Due from banks and other financial institutions	26,212,976	-	-	26,525,753	26,525,753
Investments held at amortized cost					
Murabaha with Saudi Government and SAMA	22,654,808	-	-	22,975,588	22,975,588
Sukuk	39,351,872	-	38,494,166	-	38,494,166
Structured Products	1,000,000	-	-	1,039,226	1,039,226
Gross Financing	398,768,077	-	-	413,191,759	413,191,759
Total	499,342,465	4,302,093	44,023,785	465,255,346	513,581,224
Financial liabilities					
Financial liabilities measured at fair value					
Negative fair value Shariah compliant derivatives	107,206	-	107,206	-	107,206
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	14,085,256	-	-	14,166,089	14,166,089
Customers' deposits	447,506,182	-	-	447,507,128	447,507,128
Total	461,698,644	-	107,206	461,673,217	461,780,423

15 - Fair values of financial assets and liabilities (Continued)

FVIS investments classified as level 2 represent mutual funds, the fair value of which is determined based on the fund's latest reported net assets value (NAV) as at the date of the interim condensed consolidated statement of financial position.

Gross financing classified as level 3 has been valued using expected cash flows discounted at relevant current effective profit rate. Investments held at amortized cost, due to / from banks and other financial institutions have been valued using the actual cash flows discounted at relevant SIBOR/ portfolio yields/ SAMA murabaha rates.

The value obtained from the relevant valuation model may differ from the transaction price of a financial instrument. The difference between the transaction price and the model value commonly referred to as 'day one profit and loss' 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 income without reversal of deferred day one profit and loss.

16 - Share capital

The authorized, issued and fully paid share capital of the Bank consists of 4,000 million shares of SAR 10 each as of 30 June 2022 (31 December 2021: 2,500 million shares of SAR 10 each and 30 June 2021: 2,500 million shares of SAR 10 each).

17 - Earnings per share

Basic and diluted earnings per share is calculated by dividing net income adjusted for Tier I Sukuk costs by weighted average number of the issued and outstanding shares after giving retrospective effect to the bonus shares issuance of 1,500 million shares (refer to note 18), the weighted average number of outstanding shares as at 30 June, 2022 is 4,000 million shares. The diluted earnings per share is the same as the basic earnings per share.

18 - Bonus shares

Al Rajhi Bank Board of Directors, through circulation on 16/7/1443 corresponding to 17/2/2022, recommended to the Extraordinary General Assembly to increase the bank's capital by granting bonus shares to the bank's shareholders through capitalization of SAR 15,000 Million from the retained earnings by granting 3 shares for every 5 shares owned.
On 07 Shawal, 1443 (corresponding to 08 May, 2022), the Bank's shareholders in an extraordinary general assembly meeting approved the recommended such bonus shares issuance.

19 - Tier 1 Sukuk

On January 2022, the Bank through a Shariah compliant arrangement (the "arrangement") issued Tier 1 Sukuk (the "Sukuk"), of SAR 6.5 billion. The Sukuk are perpetual securities in respect of which there is no fixed redemption dates, the Sukuk also represent an undivided ownership interest of the Sukuk-holders in the Sukuk assets without any preference or priority among themselves, with each unit of the Sukuk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank has the exclusive option to redeem or call all of the Sukuk on or after 23 January 2027 or any periodic distribution date thereafter, subject to the terms and conditions stipulated in the Sukuk agreement.

The applicable profit rate on the Sukuks is payable on each periodic quarterly 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 non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

(SAR'000)

20 - Capital adequacy

The Bank'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.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. SAMA requires the banks to hold the minimum level of the regulatory capital and also to maintain a ratio of total regulatory capital to the risk-weighted assets at or above Basel prescribed minimum.

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 consolidated statement of financial position, commitments and contingencies to reflect their relative risks.

SAMA through its Circular Number 391000029731 dated 15 Rabi Al-Awwal 1439H (3 December 2017), which relates to the interim approach and transitional arrangements for the accounting provisions under IFRS 9, has directed banks that the initial impact on the capital adequacy ratio as a result of applying IFRS 9 shall be transitioned over five years.

As part of SAMA guidance on Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures, Banks are now allowed to add-back up to 100% of the transitional adjustment amount to Common Equity Tier 1 (CET1) for the full two years' period comprising 2020 and 2021 effective from 31 March 2020 financial statement reporting. The add-back amount must be then phased-out on a straight-line basis over the subsequent 3 years.

Starting June 2021, the Group has opted to apply SAMA allowance to recognize 100% of IFRS9 transitional adjustment amount in the Group's Common Equity Tier 1 (CET 1). As of June 2022, this has resulted in an increase of SAR 2,402 million.

The following table summarizes the Group's Pillar-I Risk Weighted Assets, Tier I and Tier II Capital and Capital Adequacy Ratios:

	30 June 2022	**31 December 2021**	**30 June 2021**
Credit risk weighted assets	**430,666,348**	385,415,205	334,060,240
Operational risk weighted assets	**37,798,847**	37,798,847	33,318,660
Market risk weighted assets	**2,671,508**	2,414,738	3,447,195
Total Pillar I - risk weighted assets	**471,136,703**	425,628,790	370,826,095
Tier I capital	**84,315,423**	70,191,539	62,552,759
Tier II capital	**5,383,329**	4,817,690	4,175,753
Total tier I & II capital	**89,698,752**	75,009,229	66,728,512
Capital Adequacy Ratio %			
Tier I ratio	**17.90%**	16.49%	16.87%
Tier I & II ratio	**19.04%**	17.62%	17.99%

21 - Impact of SAMA programs

Deferred Payments Program ("DPP"):

In response to COVID-19, SAMA launched the Deferred Payments Program ("DPP") in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises ("MSME") as defined by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The payment reliefs were considered as short-term liquidity support to address customers' potential cash flow shortages. The accounting impact of the above changes in terms of the credit facilities were assessed and has been treated as per the requirements of IFRS 9 as modification in terms of arrangement. The DPP program has ended on March 31, 2022.

During the six-month period ended June 30, 2022, SAR 71.8 million (June 30, 2021: SAR 29.3million) has been recognized in the interim condensed consolidated statement of income with respect to the amortization of grant income on related deposits with an aggregate of SAR 18.5 million deferred grant income as at June 30, 2022 (December 31, 2021: SAR 22.8million). During the three-month period ended June 30, 2022, SAR 35.9 million (June 30, 2021: SAR 19.8 million) has been recognized in the interim condensed consolidated statement of income with respect to the amortization of grant income on related deposits. The Group continues to evaluate the current macroeconomic situation including the impact of the pandemic.

22 - IBOR transition (profit 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 a profit rate benchmark, including the replacement of an existing Inter-bank Offer Rate ("IBOR") with an alternative Risk-Free Rate ("RFR"). The Phase 2 amendments are effective for annual periods beginning on or after 1 January 2021, and include practical expedients in respect of:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform by updating the effective profit rate, resulting in no immediate statement of income impact. This applies only when the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis; and
- Permitting changes to hedge designation and documentation as a result of IBOR reform without discontinuing the existing hedge accounted relationship.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark profit rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of profit rate benchmark reform, then the Group updated the effective profit rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by profit rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When the changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by profit rate benchmark reform, the Group first updated the effective profit rate of the financial asset or financial liability to reflect the change that is required by profit rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in profit rate when remeasuring a lease liability because of a lease modification that is required by profit rate benchmark reform.

The Group does not have contracts which reference GBP LIBOR, including swaps which will transition under the ISDA protocols.

During 2019 the Board established a steering committee, consisting of key finance, risk, IT, treasury, legal and compliance personnel and external advisors, to oversee the Group's USD LIBOR transition plan. This steering committee put in place a transition project for those contracts which reference USD LIBOR to transition them to SOFR, with the aim of minimizing the potential disruption to business and mitigating operational and conduct risks and possible financial losses. This transition project is considering changes to systems, processes, risk management and valuation models, as well as managing related tax and accounting implications.

As at 30 June 2022, changes required to systems, processes and models have been identified and have been partially implemented. There have been general communications with counterparties, but specific changes to contracts required by IBOR reform have not yet been proposed or agreed. The Group has identified that the areas of most significant risk arising from the replacement of USD LIBOR are: updating systems and processes which capture USD LIBOR referenced contracts; amendments to those contracts, or existing fallback/transition clauses not operating as anticipated; mismatches in timing of derivatives and finances transitioning from USD LIBOR and the resulting impact on economic risk management. The Group continues to engage with industry participants, to ensure an orderly transition to SOFR and to minimise the risks arising from transition and it will continue to identify and assess risks associated with USD LIBOR replacement.

(SAR'000)

23 - Business combination

On 1 February 2022, the Group completed the process and legal formalities of the acquisition of the entire shares of Ejada Systems Limited ("Ejada") (a Saudi limited liability company) for cash consideration of SAR 657,815 thousand.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the "Standard"). As required by the Standard, the Group is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. The Group has, however, accounted for the acquisition based on provisional fair values of the acquired assets and assumed liabilities as at the acquisition date. Adjustment to the provisional values will be finalized within twelve months of the date of acquisition as allowed by the Standard.

The following table summarizes the recognized amounts at fair value of assets acquired and liabilities assumed at the date of acquisition.

Assets	**1 February 2022**
Property and equipment and right of use	10,319
Intangible Assets	4,726
Investments	72,329
Contract assets	114,670
Prepaid expenses and other assets	25,293
Cash and cash equivalents	118,550
Trade and other receivables	149,232
Total assets	**495,119**
Liabilities	
Lease liability	1,231
Trade and other payables	123,553
Contract liabilities	67,130
Provision for Zakat and income tax	4,757
Lease Liabilities	3,937
End-of-service indemnities	124,147
Total liabilities	**324,755**
Ejada net assets as at acquisition date	170,364
Provisional goodwill arising from the acquisition – classified under other assets.	487,451
Total purchase consideration	**657,815**

24 - Comparative Figures

Certain prior period figures have been reclassified to conform to the current period's presentation.

25 - Approval of the Board of Directors

The interim condensed consolidated financial statements were approved by the Board of Directors on 05 Muharram 1444H (corresponding to 03 August 2022).