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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As of and for the three-month period ended 31 March 2022

KPMG Professional Services
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Kingdom of Saudi Arabia
Headquarters in Riyadh

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)
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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 31 March 2022, and the interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with 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 19 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 19 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

For Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. 437

9 Shawwal 1443H
(10 May 2022)

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KPMG Professional Services

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شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

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

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

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

	Notes	**31 March 2022 (Unaudited)**	31 December 2021 (Audited)	31 March 2021 (Unaudited)
ASSETS				
Cash and balances with Saudi Central Bank ("SAMA") and other central banks	3	**36,142,839**	40,363,449	38,561,773
Due from banks and other financial institutions, net	4	**20,222,114**	26,065,392	31,730,176
Investments, net	5	**93,449,694**	84,138,142	67,717,980
Financing, net	7	**484,526,425**	452,830,657	356,143,912
Investment in associate		**308,514**	295,253	250,286
Investment properties, net		**1,386,332**	1,411,469	1,533,534
Property, equipment and right of use of asset, net		**10,887,896**	10,665,799	10,308,528
Other assets, net		**10,704,336**	7,901,754	5,987,416
TOTAL ASSETS		**657,628,150**	623,671,915	512,233,605
LIABILITIES AND EQUITY				
LIABILITIIES				
Due to banks and other financial institutions	8	**38,827,305**	17,952,140	9,730,885
Customers' deposits	9	**507,892,056**	512,072,213	421,268,973
Other liabilities, net		**32,567,610**	26,338,711	22,011,602
TOTAL LIABILITIES		**579,286,971**	556,363,064	453,011,460
EQUITY				
Share capital	16	**25,000,000**	25,000,000	25,000,000
Statutory reserve		**25,000,000**	25,000,000	25,000,000
Other reserves	11	**708,390**	309,394	133,414
Retained earnings		**21,132,789**	16,999,457	9,088,731
Equity attributable to shareholders of the Bank		**71,841,179**	67,308,851	59,222,145
Tier 1 Sukuk	18	**6,500,000**	-	-
TOTAL EQUITY		**78,341,179**	67,308,851	59,222,145
TOTAL LIABILITIES AND EQUITY		**657,628,150**	623,671,915	512,233,605

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

Authorized Board Member | Chief Executive Officer | Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in (SAR '000)

	Notes	Three–month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
INCOME			
Gross financing and investment income		**5,890,822**	4,914,577
Gross financing and investment return		**(550,650)**	(144,030)
Net financing and investment income		**5,340,172**	4,770,547
Fee from banking services, net		**1,147,699**	908,799
Exchange income, net		**236,991**	175,484
Other operating income, net		**231,702**	92,750
Total operating income		**6,956,564**	5,947,580
EXPENSES			
Salaries and employees' related benefits		**805,195**	757,638
Depreciation and amortization		**301,740**	258,393
Other general and administrative expenses		**661,970**	635,627
Total operating expenses before credit impairment charge		**1,768,905**	1,651,658
Impairment charge for financing and other financial assets, net	7	**578,305**	576,989
Total operating expenses		**2,347,210**	2,228,647
Net operating income		**4,609,354**	3,718,933
Income for the period before Zakat		**4,609,354**	3,718,933
Zakat expense	12	**475,808**	383,448
NET INCOME FOR THE PERIOD		**4,133,546**	3,335,485
Basic and diluted earnings per share (in SAR)	17	**1.65**	1.33

The accompanying notes from 1 to 24 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

Amounts in (SAR '000)

	Three–month period ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Net income for the period	**4,133,546**	3,335,485
Other comprehensive income:		
Items that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods		
- Net change in fair value of investments held at fair value through other comprehensive income ("FVOCI")	**444,384**	279,495
Items that may be reclassified to the interim condensed consolidated statement of income in subsequent periods		
- Exchange difference on translating foreign operations	**(43,097)**	(19,704)
- Share in FVOCI from associate	**(2,291)**	8,351
Total other comprehensive income for the period recognized in the shareholders' equity	**398,996**	268,142
Total comprehensive income for the period	**4,532,542**	3,603,627

The accompanying notes from 1 to 24 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

Amounts in (SAR 000)

Three-month period ended 31 March 2022

	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity attributable to shareholders of the Bank	Tier 1 Sukuk	Total equity
Balance at 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		-	-	-	4,133,546	4,133,546	-	4,133,546
Net change in fair value of FVOCI investments		-	-	444,384	-	444,384	-	444,384
Share in OCI from associate		-	-	(2,291)	-	(2,291)	-	(2,291)
Exchange difference on translation of foreign operations		-	-	(43,097)	-	(43,097)	-	(43,097)
Net other comprehensive income recognized in shareholders' equity		-	-	398,996	-	398,996	-	398,996
Total comprehensive income for the period		-	-	398,996	4,133,546	4,532,542	-	4,532,542
Tier 1 Sukuk issued	18	-	-	-	-	-	6,500,000	6,500,000
Tier 1 Sukuk related cost		-	-	-	(214)	(214)	-	(214)
Balance at 31 March 2022		**25,000,000**	**25,000,000**	**708,390**	**21,132,789**	**71,841,179**	**6,500,000**	**78,341,179**

Three-month period ended 31 March 2021

	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity attributable to shareholders of the Bank	Tier 1 Sukuk	Total equity attributable to equity holders of the Bank
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 year		-	-	-	3,335,485	3,335,485	-	3,335,485
Net change in fair value of FVOCI investments		-	-	279,495	-	279,495	-	279,495
Share in FVOCI from associate		-	-	8,351	-	8,351	-	8,351
Exchange difference on translation of foreign operations		-	-	(19,704)	-	(19,704)	-	(19,704)
Net other comprehensive income recognized in shareholders' equity		-	-	268,142	-	268,142	-	268,142
Total comprehensive income for the period		-	-	268,142	3,335,485	3,603,627	-	3,603,627
Transferred of gross dividends to other liabilities		-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Balance at 31 March 2021		25,000,000	25,000,000	133,414	9,088,731	59,222,145	-	59,222,145

The accompanying notes from 1 to 24 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

Amounts in (SAR '000)

	Notes	Three–month period ended 31 March 2022 (Unaudited)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat		**4,609,354**	3,718,933
Adjustments to reconcile net income to net cash from/ (used in) operating activities:			
(gain) on investments held at fair value through statement of income (FVSI)		**(8,268)**	(17,043)
Depreciation and amortization		**276,603**	254,274
Depreciation of investment properties		**25,137**	4,119
Impairment charge for financing and other financial assets, net	7	**578,305**	576,989
Share in profit of an associate		**(7,119)**	(11,107)
(Gain)/loss on sale of property and equipment, net		**(598)**	8,726
Tier 1 Sukuk related cost		**(214)**	-
(Increase) / decrease in operating assets			
Statutory deposit with SAMA and other central banks		**(1,488,135)**	(1,289,616)
Due from banks and other financial institutions		**2,054,996**	5,003,307
Financing		**(32,274,071)**	(41,008,800)
FVSI investments		**3,583,862**	(1,042,994)
Other assets, net		**(2,759,485)**	(973,296)
Increase / (decrease) in operating liabilities			
Due to banks and other financial institutions		**20,875,165**	(1,033,175)
Customers' deposits		**(4,180,157)**	38,637,970
Other liabilities		**6,228,899**	4,700,461
Net cash (used in) / generated from operating activities		**(2,485,726)**	7,528,748
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(222,097)**	(332,136)
Purchase of FVOCI investments		**(1,305,571)**	(903,362)
Proceeds from disposal of FVOCI investments		-	64,809
Proceeds from maturities of investments held at amortized cost		**7,655,503**	24,074,058
Purchase of investments held at amortized cost		**(19,630,245)**	(32,436,394)
Net cash (used in) investing activities		**(13,502,410)**	(9,533,025)
CASH FLOWS FROM FINANCING ACTIVITIES			
Tier 1 Sukuk issuance		**6,500,000**	-
Payment against lease obligations		**(8,889)**	(7,446)
Net cash generated from / (used in) financing activities		**6,491,111**	(7,446)
Net (decrease) in cash and cash equivalents		**(9,497,025)**	(2,011,723)
Cash and cash equivalents at beginning of the period		**22,240,247**	32,827,361
Cash and cash equivalents at end of the period		**12,743,222**	30,815,638
Supplemental non-cash transactions:			
Net change in fair value of OCI equity investments		**444,384**	279,495
Share in FVOCI from associate		**(2,291)**	8,351

The accompanying notes from 1 to 24 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 Qada 1407H (corresponding to 29 June 1987) and in accordance with Article 6 of the Council of Ministers' Resolution No. 245, dated 26 Shawwal 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 (see note 2.III).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the period ended 31 March 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.V below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

II. 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.III 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.

Amount in (SAR '000)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

III. SUBSIDIARIES

As at 31 March 2022 and 2021, the following subsidiaries were included in the interim condensed consolidated financial statements:

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.
Al Rajhi Takaful Agency Company – KSA	**99 %**	99%	A limited liability company registered in Kingdom of Saudi Arabia to act as an agent for insurance brokerage activities per the agency agreement with Al Rajhi Cooperative Insurance Company.
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.

Amount in (SAR '000)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

III. SUBSIDIARIES (Continued)

Name of subsidiaries	Shareholding %		
	2022	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 servies, and system analysis and senior management sonsultation services.

IV. 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 22 for further details on business combination.

Amount in (SAR '000)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS, INTERPRETATIONS 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.

3. CASH AND BALANCES WITH SAUDI CENTRAL BANK ("SAMA") AND OTHER CENTRAL BANKS

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Cash in hand	**5,311,788**	5,445,994	6,997,138
Statutory deposit	**30,291,665**	28,803,530	24,749,155
Balances with SAMA and other central banks (current accounts)	**539,386**	314,005	319,480
Mutajara with SAMA	**-**	5,799,920	6,496,000
Total	**36,142,839**	40,363,449	38,561,773

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:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Current accounts	**2,686,556**	2,056,541	1,298,005
Mutajara	**17,539,615**	24,013,126	30,433,641
Less: Allowance for expect credit losses	**(4,057)**	(4,275)	(1,470)
Total	**20,222,114**	26,065,392	31,730,176

Amount in (SAR '000)

5. INVESTMENTS, NET

a) Investments comprise the following:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Investments held at amortized cost			
Murabaha with Saudi Government and SAMA	**22,641,457**	22,611,987	22,601,320
Sukuk	**57,628,897**	49,125,615	34,307,754
Structured Products	**1,000,000**	1,000,000	1,000,000
Less: Impairment (Stage 1)	**(34,892)**	(31,824)	(29,609)
Total investments held at amortized cost	**81,235,462**	72,705,778	57,879,465
Investments held as FVSI			
Mutual funds	**2,830,629**	2,650,605	2,751,012
Structured Products	**766,852**	788,765	1,505,906
Sukuk	**11,817**	88,996	422,758
Total FVSI investments	**3,609,298**	3,528,366	4,679,676
FVOCI investments			
Equity investments	**5,655,766**	5,322,369	4,176,799
Sukuk	**2,949,542**	2,581,890	982,218
Less: Impairment	**(374)**	(261)	(178)
Total FVOCI investments	**8,604,934**	7,903,998	5,158,839
Total investments	**93,449,694**	84,138,142	67,717,980

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

	31 March 2022 (Unaudited)		
	Domestic	**International**	**Total**
Investments held at amortized cost:			
Fixed-rate Sukuk	**52,504,473**	**5,865,881**	**58,370,354**
Floating-rate Sukuk	**21,900,000**	**-**	**21,900,000**
Structured products	**500,000**	**500,000**	**1,000,000**
Less: Impairment (Stage 1)	**(34,892)**	**-**	**(34,892)**
Total investments held at amortized cost	**74,869,581**	**6,365,881**	**81,235,462**
Investments held as FVSI:			
Mutual funds	**2,830,629**	**-**	**2,830,629**
Structured Products	**507,002**	**259,850**	**766,852**
Fixed-rate Sukuk	**11,817**	**-**	**11,817**
Floating-rate Sukuk	**-**	**-**	**-**
Total investments held as FVSI	**3,349,448**	**259,850**	**3,609,298**
Investments held as OCI:			
Fixed-rate Sukuk	**1,032,277**	**1,917,265**	**2,949,542**
Equity investments	**5,634,859**	**20,907**	**5,655,766**
Less: Impairment	**-**	**(374)**	**(374)**
Total investments held as OCI	**6,667,136**	**1,937,798**	**8,604,934**
At 31 March 2022	**84,886,165**	**8,563,529**	**93,449,694**

Amount in (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 (Audited)		
	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	40,322,245	4,910,357	45,232,602
Floating-rate Sukuk	26,505,000	-	26,505,000
Structured products	500,000	500,000	1,000,000
Less: Impairment (Stage 1)	(31,824)	-	(31,824)
Total investments held at amortized cost	67,295,421	5,410,357	72,705,778
Investments held as FVSI:			
Mutual funds	2,650,605	-	2,650,605
Structured Products	500,000	288,765	788,765
Fixed-rate Sukuk	7,236	-	7,236
Floating-rate Sukuk	81,760	-	81,760
Total investments held as FVSI	3,239,601	288,765	3,528,366
Investments held as OCI:			
Fixed-rate Sukuk	1,049,018	1,532,873	2,581,891
Equity investments	5,128,039	194,329	5,322,368
Less: Impairment	-	(261)	(261)
Total investments held as OCI	6,177,057	1,726,941	7,903,998
At 31 December 2021	76,712,079	7,426,063	84,138,142

	31 March 2021 (Unaudited)		
	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	26,707,579	3,921,495	30,629,074
Floating-rate Sukuk	26,280,000	-	26,280,000
Structured products	500,000	500,000	1,000,000
Less: Impairment (Stage 1)	(29,609)	-	(29,609)
Total investments held at amortized cost	53,457,970	4,421,495	57,879,465
Investments held as FVSI:			
Mutual funds	2,751,012	-	2,751,012
Structured Products	534,781	971,125	1,505,906
Fixed-rate Sukuk	296,779	-	296,779
Floating-rate Sukuk	125,979	-	125,979
Total investments held as FVSI	3,708,551	971,125	4,679,676
Investments held as OCI:			
Fixed-rate Sukuk	353,526	628,692	982,218
Equity investments	4,043,969	132,830	4,176,799
Less: Impairment	-	(178)	(178)
Total investments held as OCI	4,397,495	761,344	5,158,839
At 31 March 2021	61,564,016	6,153,964	67,717,980

Amount in (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 commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For cross-currency commission rate swaps, principal, fixed and floating commission 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:

	31 March 2022 (Unaudited)		
	Positive fair value	**Negative fair value**	**Notional amount Total**
Held for trading:			
Profit rate swaps	**379,930**	**(332,159)**	**22,517,549**
Foreign exchange forward contracts	**30,996**	**(26,673)**	**183,164**
FX Swaps	**936**	**(2,774)**	**187,618**
Total	**411,862**	**(361,606)**	**22,888,331**

	31 December 2021(Audited)		
	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

Amount in (SAR '000)

6. SHARIAH COMPLIANT DERIVATIVES (Continued)

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

	31 March 2021(Unaudited)		
	Positive fair value	Negative fair value	Notional amount Total
Held for trading:			
Profit rate swaps	147,768	(127,639)	12,121,321
Foreign exchange forward contracts	24,706	(24,313)	2,201,587
FX Swaps	-	-	-
Total	172,474	(151,952)	14,322,908

7. FINANCING, NET

7.1 Net financing held at amortized cost:

	31 March 2022 (Unaudited)		
	Retail	**Corporate**	**Total**
Performing financing	**393,238,249**	**97,648,973**	**490,887,222**
Non-performing financing	**1,409,380**	**1,651,558**	**3,060,938**
Gross financing	**394,647,629**	**99,300,531**	**493,948,160**
Provision for financing impairment	**(5,083,789)**	**(4,337,946)**	**(9,421,735)**
Financing, net	**389,563,840**	**94,962,585**	**484,526,425**

	31 December 2021 (Audited)		
	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

	31 March 2021 (Unaudited)		
	Retail	Corporate	Total
Performing financing	288,691,403	73,017,575	361,708,978
Non-performing financing	933,999	1,622,395	2,556,394
Gross financing	289,625,402	74,639,970	364,265,372
Provision for financing impairment	(5,131,206)	(2,990,254)	(8,121,460)
Financing, net	284,494,196	71,649,716	356,143,912

7.2 The movement in the allowance for impairment of financing is as follows:

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Balance at the beginning of the period	**9,198,154**	7,471,356
Provided for the period	**915,340**	1,093,556
Bad debt written off	**(691,759)**	(443,452)
Balance at the end of the period	**9,421,735**	8,121,460

Amount in (SAR '000)

7. FINANCING, NET (Continued)

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

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Provided for the period	**910,289**	1,078,764
Recovery of written off financing for the period	**(331,984)**	(501,775)
Allowance for financing impairment, net	**578,305**	576,989

7.4 The movement in ECL allowances for impairment of financing by stages is as follows:

	Credit loss allowance as of 31 March 2022 (unaudited)			
	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	**142,365**	**(132,027)**	**(10,338)**	**-**
Transfer to Lifetime ECL not credit impaired	**(95,588)**	**200,768**	**(105,180)**	**-**
Transfer to Lifetime ECL credit impaired	**(11,388)**	**(275,384)**	**286,772**	**-**
Write-offs	**-**	**-**	**(691,759)**	**(691,759)**
Net Charge for the Period	**52,509**	**230,090**	**632,741**	**915,340**
At 31 March 2022	**3,800,873**	**2,349,861**	**3,271,001**	**9,421,735**

	Credit loss allowance as of 31 December 2021 (audited)			
	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

Amount in (SAR '000)

7. FINANCING, NET (Continued)

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

	Credit loss allowance as of 31 March 2021 (unaudited)			
	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	62,888	(62,271)	(617)	-
Transfer to Lifetime ECL not credit impaired	(59,013)	181,190	(122,177)	-
Transfer to Lifetime ECL credit impaired	(14,361)	(253,927)	268,288	-
Write-offs	-	-	(443,452)	(443,452)
Net Charge for the Period	271,629	475,670	346,257	1,093,556
At 31 March 2021	3,205,950	2,371,018	2,544,492	8,121,460

7.5 The movement of financing by stages is as follows:

	Gross carrying amount as of 31 March 2022 (unaudited)			
	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	**794,264**	**(774,684)**	**(19,580)**	**-**
Transfer to Lifetime ECL not credit impaired	**(2,158,971)**	**2,338,673**	**(179,702)**	**-**
Transfer to Lifetime ECL credit impaired	**(153,171)**	**(770,291)**	**923,462**	**-**
Write-offs	**-**	**-**	**(691,759)**	**(691,759)**
New business/ Other movements	**33,583,799**	**(1,108,077)**	**135,386**	**32,611,108**
At 31 March 2022	**480,360,230**	**9,243,499**	**4,344,431**	**493,948,160**

Amount in (SAR '000)

7. FINANCING, NET (Continued)

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

	Gross carrying amount as of 31 December 2021 (audited)			
	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 31 March 2021 (unaudited)			
	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	594,491	(592,091)	(2,400)	-
Transfer to Lifetime ECL not credit impaired	(1,789,774)	1,917,104	(127,330)	-
Transfer to Lifetime ECL credit impaired	(118,027)	(474,664)	592,691	-
Write-offs	-	-	(443,452)	(443,452)
New business/ Other movements	42,240,853	(793,665)	78,179	41,525,367
At 31 March 2021	352,203,000	8,516,917	3,545,455	364,265,372

Amount in (SAR '000)

8. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Due to banks and other financial institutions comprise the following:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Current accounts	**658,539**	1,749,131	448,736
Banks' time investments	**38,168,766**	16,203,009	9,282,149
Total	**38,827,305**	17,952,140	9,730,885

9. CUSTOMERS' DEPOSITS

Customers' deposits by type comprise the following:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Demand deposits	**362,266,074**	374,725,352	358,741,663
Customers' time investments	**136,718,599**	130,293,061	55,066,639
Other customer accounts	**8,907,383**	7,053,800	7,460,671
Total	**507,892,056**	512,072,213	421,268,973

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

10. CONTINGENT LIABILITIES

a) Contingent liabilities comprise the following:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Letters of credit	**6,014,625**	5,213,221	2,849,112
Acceptances	**1,189,129**	857,560	674,781
Letters of guarantee	**9,261,333**	7,731,576	5,877,622
Irrevocable commitments to extend credit	**12,647,847**	11,284,872	11,584,902
Total	**29,112,934**	25,087,229	20,986,417

b) Legal proceedings

As at 31 March 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.

Amount in (SAR '000)

10. CONTINGENT LIABILITIES (Continued)

c) Contingent commitments that may result in credit exposure

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

	31 March 2022 (Unaudited)				
	Letter of credits	**Acceptances**	**Letter of guarantees**	**Irrevocable commitments to extend credit**	**Total**
Gross carrying amount					
Stage 1 - (12-months ECL)	**6,007,807**	**1,183,732**	**8,559,944**	**12,483,140**	**28,234,623**
Stage 2 - (lifetime ECL not credit impaired)	**4,382**	**4,323**	**346,467**	**156,351**	**511,523**
Stage 3 - (lifetime ECL for credit impaired)	**2,436**	**1,074**	**354,922**	**8,356**	**366,788**
Total outstanding balance at end of the year	**6,014,625**	**1,189,129**	**9,261,333**	**12,647,847**	**29,112,934**
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	**61,523**	**4,621**	**13,321**	**6,717**	**86,182**
Stage 2 - (lifetime ECL not credit impaired)	**13**	**80**	**3,458**	**2,794**	**6,345**
Stage 3 - (lifetime ECL for credit impaired)	**2,436**	**1,074**	**306,144**	**5,137**	**314,791**
Total	**63,972**	**5,775**	**322,923**	**14,648**	**407,318**

	31 December 2021 (Audited)				
	Letter of credits	**Acceptances**	**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
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

Amount in (SAR '000)

10. CONTINGENT LIABILITIES (Continued)

c) Contingent commitments that may result in credit exposure (Continued)

	31 March 2021 (Unaudited)				
	Letter of credits	**Acceptances**	**Letter of guarantees**	**Irrevocable commitments to extend credit**	**Total**
Gross carrying amount					
Stage 1 - (12-months ECL)	2,805,118	647,783	4,828,150	11,374,976	19,656,027
Stage 2 - (lifetime ECL not credit impaired)	41,558	25,925	528,278	209,926	805,687
Stage 3 - (lifetime ECL for credit impaired)	2,436	1,073	521,194	-	524,703
Total outstanding balance at end of the year	2,849,112	674,781	5,877,622	11,584,902	20,986,417
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	599	708	31,203	9,711	42,221
Stage 2 - (lifetime ECL not credit impaired)	268	399	3,985	3,979	8,631
Stage 3 - (lifetime ECL for credit impaired)	2,436	1,073	472,651	-	476,160
Total	3,303	2,180	507,839	13,690	527,012

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:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Cash in hand	**5,311,788**	5,445,994	6,997,138
Due from banks and other financial institutions maturing within 90 days from the date of purchase	**6,892,048**	10,680,328	17,003,020
Balances with SAMA and other central banks (current accounts)	**539,386**	314,005	319,480
Mutajara with SAMA	**-**	5,799,920	6,496,000
Cash and cash equivalents	**12,743,222**	22,240,247	30,815,638

Amount in (SAR '000)

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 31 March 2022 and 2021 together with the total operating income and expenses, and net income for the nine-month periods then ended, for each business segment, are analyzed as follows:

	31 March 2022 (Unaudited)				
	Retail segment	**Corporate segment**	**Treasury segment**	**Investment services and brokerage segment**	**Total**
Total assets	**410,970,963**	**96,073,380**	**144,196,914**	**6,386,893**	**657,628,150**
Total liabilities	**319,395,017**	**211,284,878**	**48,087,919**	**519,157**	**579,286,971**
Financing and investment income from external customers	**4,518,189**	**708,740**	**640,591**	**23,302**	**5,890,822**
Inter-segment operating income / (expense)	**(1,708,009)**	**208,879**	**1,499,130**	**-**	**-**
Gross financing and investment income	**2,810,180**	**917,619**	**2,139,721**	**23,302**	**5,890,822**
Gross financing and investment return	**(42,849)**	**(416,726)**	**(91,075)**	**-**	**(550,650)**
Net financing and investment income	**2,767,331**	**500,893**	**2,048,646**	**23,302**	**5,340,172**
Fee from banking services, net	**364,390**	**253,932**	**310,312**	**219,065**	**1,147,699**
Exchange income, net	**117,543**	**42,907**	**76,541**	**-**	**236,991**
Other operating income, net	**32,126**	**3,575**	**162,310**	**33,691**	**231,702**
Total operating income	**3,281,390**	**801,307**	**2,597,809**	**276,058**	**6,956,564**
Depreciation and amortization	**(272,247)**	**(19,616)**	**(7,321)**	**(2,556)**	**(301,740)**
Impairment charge for financing and other financial assets, net	**(341,203)**	**(225,137)**	**(11,965)**	**-**	**(578,305)**
Other operating expenses	**(1,244,685)**	**(121,057)**	**(46,512)**	**(54,911)**	**(1,467,165)**
Total operating expenses	**(1,858,135)**	**(365,810)**	**(65,798)**	**(57,467)**	**(2,347,210)**
Income before Zakat	**1,423,255**	**435,497**	**2,532,011**	**218,591**	**4,609,354**

Amount in (SAR '000)

14. OPERATING SEGMENTS (Continued)

	31 March 2021 (unaudited)				
	Retail segment	Corporate segment	Treasury segment	Investment services and brokerage segment	Total
Total assets	302,291,703	73,935,394	131,833,033	4,173,475	512,233,605
Total liabilities	307,060,394	129,956,116	15,828,432	166,518	453,011,460
Financing and investment income from external customers	3,915,265	524,569	461,007	13,736	4,914,577
Inter-segment operating income / (expense)	(763,676)	(518)	764,194	-	-
Gross financing and investment income	3,151,589	524,051	1,225,201	13,736	4,914,577
Gross financing and investment return	(76,627)	(43,644)	(23,759)	-	(144,030)
Net financing and investment income	3,074,962	480,407	1,201,442	13,736	4,770,547
Fee from banking services, net	311,679	241,269	103,418	252,433	908,799
Exchange income, net	89,019	22,663	63,802	-	175,484
Other operating income, net	25,143	-	39,905	27,702	92,750
Total operating income	3,500,803	744,339	1,408,567	293,871	5,947,580
Depreciation and amortization	(240,622)	(9,767)	(5,124)	(2,880)	(258,393)
Impairment charge for financing and other financial assets, net	(543,861)	(23,631)	(9,497)	-	(576,989)
Other operating expenses	(1,218,561)	(93,963)	(41,940)	(38,801)	(1,393,265)
Total operating expenses	(2,003,044)	(127,361)	(56,561)	(41,681)	(2,228,647)
Income before Zakat	1,497,759	616,978	1,352,006	252,190	3,718,933

Amount in (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 for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

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:

	31 March 2022 (unaudited)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets measured at fair value					
FVSI Investments – Mutual funds	**2,830,629**	**-**	**2,830,629**	**-**	**2,830,629**
FVOCI - Equity investments	**5,655,766**	**5,631,416**	**-**	**24,350**	**5,655,766**
FVSI Sukuk	**11,817**	**-**	**11,817**	**-**	**11,817**
FVOCI Sukuk	**2,949,542**	**-**	**2,949,542**	**-**	**2,949,542**
FVSI Structured Products	**766,852**	**-**	**-**	**766,852**	**766,852**
Positive fair value derivatives	**411,862**	**-**	**411,862**	**-**	**411,862**
Financial assets not measured at fair value					
Due from banks and other financial institutions	**20,222,114**	**-**	**-**	**20,199,701**	**20,199,701**
Investments held at amortized cost					
-Murabaha with Saudi Government and SAMA	**22,641,457**	**-**	**-**	**22,906,348**	**22,906,348**
-Sukuk	**57,628,897**	**-**	**55,920,075**	**-**	**55,920,075**
-Structured Products	**1,000,000**	**-**	**-**	**1,000,000**	**1,000,000**
Gross Financing	**493,948,160**	**-**	**-**	**506,121,522**	**506,121,522**
Total	**608,067,096**	**5,631,416**	**61,300,201**	**551,018,773**	**618,774,114**
Financial liabilities					
Financial liabilities measured at fair value					
Negative fair value derivatives	**361,606**	**-**	**361,606**	**-**	**361,606**
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	**38,827,305**	**-**	**-**	**39,125,752**	**39,125,752**
Customers' deposits	**507,892,056**	**-**	**-**	**508,250,948**	**508,250,948**
Total	**547,080,967**	**-**	**361,606**	**547,376,700**	**547,738,306**

Amount in (SAR '000)

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

	31 December 2021 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value					
FVSI Investments – Mutual funds	2,650,605	-	2,415,228	235,377	2,650,605
FVOCI – Equity investments	5,322,369	5,298,010	-	24,359	5,322,369
FVSI Sukuk	88,996	-	88,996	-	88,996
FVOCI Sukuk	2,581,890	-	2,581,890	-	2,581,890
FVSI Structured Products	788,765	-	-	788,765	788,765
Positive fair value 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	49,125,615	-	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	5,298,010	54,619,302	529,407,319	589,324,631
Financial liabilities					
Financial liabilities measured at fair value					
Negative fair value 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

Amount in (SAR '000)

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

	31 March 2021 (unaudited)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets measured at fair value					
FVSI Investments – Mutual funds	2,751,012	-	2,500,234	250,778	2,751,012
FVOCI - Equity investments	4,176,799	4,152,428	-	24,371	4,176,799
FVSI Sukuk	422,758	-	422,758	-	422,758
FVOCI Sukuk	982,218	-	982,218	-	982,218
FVSI Structured Products	1,505,906	-	-	1,505,906	1,505,906
Positive fair value derivatives	172,474	-	172,474	-	172,474
Financial assets not measured at fair value					
Due from banks and other financial institutions	31,730,176	-	-	32,317,018	32,317,018
Investments held at amortized cost					
-Murabaha with Saudi Government and SAMA	22,601,320	-	-	22,928,707	22,928,707
-Sukuk	34,307,754	-	34,771,805	-	34,771,805
-Structured Products	1,000,000	-	-	1,038,673	1,038,673
Gross Financing	364,265,372	-	-	373,622,184	373,622,184
Total	463,915,789	4,152,428	38,849,489	431,687,637	474,689,554
Financial liabilities					
Financial liabilities measured at fair value					
Negative fair value derivatives	151,952	-	151,952	-	151,952
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	9,730,885	-	-	9,847,536	9,847,536
Customers' deposits	421,268,973	-	-	421,280,944	421,280,944
Total	431,151,810	-	151,952	431,128,480	431,280,432

FVSI investments classified as level 2 and 3 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 2,500 million shares of SAR 10 each as of 31 March 2022 (31 December 2021: 2,500 million shares of SAR 10 each and 31 March 2020: 2,500 million shares of SAR 10 each).

17. BONUS SHARES AND EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 31 March 2022 and 2021 is calculated by dividing the net income for the period by 2,500 million shares. The diluted earnings per share is the same as the basic earnings per share.

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, the retrospective effect of the issuance of the bonus shares of 1,500 million will reduce the basic and diluted earnings per share to SAR 1.03 as at 31 March 2022 (31 March 2021: SAR 0.83).

18. Tire 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.

19. 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 March 2022 this has resulted in an increase of SAR 2,642 million.

Amount in (SAR '000)

19. CAPITAL ADEQUACY (Continued)

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Credit risk weighted assets	**406,102,246**	385,415,205	310,296,074
Operational risk weighted assets	**37,798,847**	37,798,847	33,318,660
Market risk weighted assets	**2,798,763**	2,414,738	9,883,537
Total Pillar I - risk weighted assets	**446,699,856**	425,628,790	353,498,271
Tier I capital	**80,983,643**	70,191,539	59,222,145
Tier II capital	**5,076,278**	4,817,690	3,878,701
Total tier I & II capital	**86,059,921**	75,009,229	63,100,846
Capital Adequacy Ratio %			
Tier I ratio	**18.13%**	16.49%	16.75%
Tier I & II ratio	**19.27%**	17.62%	17.85%

20. IMPACT OF SAMA PROGRAMS

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

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

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 borrowers' potential cash flow shortages. The accounting impact of the above changes in terms of the credit facilities were assessed and has been treated as per the requirements of IFRS 9 as modification in terms of arrangement. The DPP program has ended on March 31, 2022.

In order to compensate the related cost that the Group had incurred under the SAMA and other public authorities program, during 2020 and 2021, the Group received multiple profit free deposits from SAMA of varying maturities, which qualified as government grants and were accounted for as such.

During the period ended March 31, 2022, SAR 35.9 million (March 31, 2021: SAR 9.4 million) has been recognized in the statement of income with respect to the amortization of grant income on related deposits with an aggregate of SAR 20.7 million deferred grant income as at March 31, 2022 (December 31, 2021: SAR 22.8 million)."

21. 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 31 March 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.

Amount in (SAR '000)

22. 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**

23. Comparative figures

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

24. APPROVAL OF THE BOARD OF DIRECTORS

The interim condensed consolidated financial statements were approved by the Board of Directors on 7 Shawwal 1443H (corresponding to 8 May 2022).