



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 2023



KPMG Professional Services

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Kingdom of Saudi Arabia
Headquarters in Riyadh



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 2023, and the interim condensed consolidated statements of income and comprehensive income for the three-month periods then ended, and the interim condensed consolidated statements of 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 23 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 23 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



KPMG Professional Services
(Professional Closed Joint Stock Company)
Paid-up capital SR 40,000,000
C.R. No. 1010425494

Ernst and Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License no. 437



14 Shawwal 1444 H
(04 May 2023)

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)
Interim Condensed Consolidated Statement of Financial Position
(SAR'000)

As at	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2022 (Unaudited)
Assets				
Cash and balances with Central Banks	4	45,624,860	42,052,496	36,142,839
Due from banks and other financial institutions, net	5	13,009,960	25,655,929	20,222,114
Investments, net	6	113,925,737	101,325,425	93,449,694
Financing, net	8	577,010,771	568,338,114	484,526,425
Investment in associate		811,017	820,717	308,514
Investment properties, net		1,359,335	1,364,858	1,386,332
Property and equipment, net		11,525,696	11,338,782	10,778,465
Goodwill and other intangibles, net		1,272,565	1,214,547	596,882
Positive fair value of Shariah compliant derivatives	7	839,892	996,143	411,862
Other assets, net		10,816,538	8,542,037	9,515,566
Total assets		776,196,371	761,649,048	657,338,693
Liabilities and equity				
Liabilities				
Due to banks and other financial institutions	9	88,085,785	70,839,117	38,827,305
Customers' deposits	10	556,196,749	564,924,688	507,892,056
Negative fair value of derivatives of Shariah compliant derivatives	7	748,455	961,405	361,606
Other liabilities		31,938,064	24,698,803	31,889,259
Total liabilities		676,969,053	661,424,013	578,970,226
Equity				
Share capital	17	40,000,000	40,000,000	25,000,000
Statutory reserve		29,287,706	29,287,706	25,000,000
Other reserves	12	(371,055)	(427,569)	735,678
Retained earnings		13,810,667	9,864,898	21,132,789
Proposed dividends		-	5,000,000	-
Equity attributable to shareholders of the Bank		82,727,318	83,725,035	71,868,467
Tier I Sukuk	21	16,500,000	16,500,000	6,500,000
Total equity		99,227,318	100,225,035	78,368,467
Total liabilities and equity		776,196,371	761,649,048	657,338,693

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member



Chief Executive Officer

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Chief Financial Officer



AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)
Interim Condensed Consolidated Statement of Income (Unaudited)
(SAR'000)

For the three-month period ended 31
March

	Notes	2023	2022
Income			
Gross financing and investment income		8,767,895	5,890,822
Gross financing and investment return		(3,642,637)	(550,650)
Net financing and investment income		5,125,258	5,340,172
Fee from banking services, income		2,343,960	1,931,617
Fee from banking services, expenses		(1,134,012)	(783,918)
Fee from banking services, net		1,209,948	1,147,699
Exchange income, net		297,913	236,991
Other operating income, net		147,503	231,702
Total operating income		6,780,622	6,956,564
Expenses			
Salaries and employees' related benefits		872,108	805,195
Depreciation and amortization		362,851	301,740
Other general and administrative expenses		565,177	661,970
Total operating expenses before credit impairment charge		1,800,136	1,768,905
Impairment charge for financing and other financial assets, net	8	358,780	578,305
Total operating expenses after credit impairment charge		2,158,916	2,347,210
Net income for the period before Zakat		4,621,706	4,609,354
Zakat Expense	13	(476,532)	(475,808)
Net income for the period		4,145,174	4,133,546
Basic and diluted earnings per share (SAR)	18	0.99	1.03

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member


Chief Executive Officer

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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 period ended 31 March	
	2023	2022
Net income for the period	4,145,174	4,133,546
Other comprehensive income		
<i>Items that will not be reclassified to the interim consolidated statement of income in subsequent periods:</i>		
- Net change in fair value (FVOCI Equity investment)	(7,247)	480,690
<i>Items that may be reclassified to the interim consolidated statement of income in subsequent periods:</i>		
- Exchange difference on translating foreign operations	(6,549)	(15,809)
- Net change in fair value (FVOCI Sukuk and Structured products investment)	17,958	(36,306)
- Cash flow hedge Effective portion of change in the fair value	69,429	-
- Share in FVOCI from associate	(14,125)	(2,291)
Total comprehensive income	59,466	426,284
Total comprehensive income for the period	4,204,640	4,559,830

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member


Chief Executive Officer

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Chief Financial Officer


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

(SAR'000)

For the three-month period ended 31 March 2023		Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed gross dividends	Total equity attributable to shareholders of the Bank	Tier 1 Sukuk	Total equity
	Notes								
Balance at 31 December 2022		40,000,000	29,287,706	(427,569)	9,864,898	5,000,000	83,725,035	16,500,000	100,225,035
Net income for the period		-	-	-	4,145,174	-	4,145,174	-	4,145,174
Net change in fair value of FVOCI Equity investments		-	-	(7,247)	-	-	(7,247)	-	(7,247)
Net change in fair value of FVOCI Sukuk and Structured products investments		-	-	17,958	-	-	17,958	-	17,958
Share in FVOCI from associate		-	-	(14,125)	-	-	(14,125)	-	(14,125)
Exchange difference on translation of foreign operations		-	-	(6,549)	-	-	(6,549)	-	(6,549)
Cash flow hedge Effective portion of change in the fair value		-	-	69,429	-	-	69,429	-	69,429
Net other comprehensive income recognized in shareholders' equity		-	-	59,466	-	-	59,466	-	59,466
Total comprehensive income for the period		-	-	59,466	4,145,174	-	4,204,640	-	4,204,640
Disposal of FVOCI equity instruments		-	-	(2,952)	2,952	-	-	-	-
Tier I Sukuk costs	21	-	-	-	(202,357)	-	(202,357)	-	(202,357)
Dividend for annual year 2022	19	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance at 31 March 2023		40,000,000	29,287,706	(371,055)	13,810,667	-	82,727,318	16,500,000	99,227,318

For the three-month period ended 31 March 2022

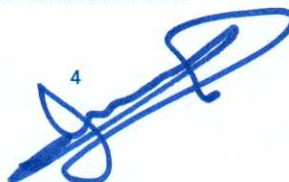
Balance at 31 December 2021		25,000,000	25,000,000	309,394	16,999,457	-	67,308,851	-	67,308,851
Net income for the period		-	-	-	4,133,546	-	4,133,546	-	4,133,546
Net change in fair value of FVOCI Equity investments		-	-	480,690	-	-	480,690	-	480,690
Net change in fair value of FVOCI Sukuk and Structured products		-	-	(36,306)	-	-	(36,306)	-	(36,306)
Share in FVOCI from associate		-	-	(2,291)	-	-	(2,291)	-	(2,291)
Exchange difference on translation of foreign operations		-	-	(15,809)	-	-	(15,809)	-	(15,809)
Net other comprehensive income recognized in shareholders' equity		-	-	426,284	-	-	426,284	-	426,284
Total comprehensive income for the period		-	-	426,284	4,133,546	-	4,559,830	-	4,559,830
Tier I Sukuk issued	21	-	-	-	-	-	-	6,500,000	6,500,000
Tier I Sukuk costs	21	-	-	-	(214)	-	(214)	-	(214)
Balance at 31 March 2022		25,000,000	25,000,000	735,678	21,132,789	-	71,868,467	6,500,000	78,368,467

The accompanying notes from 1 to 27 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 three-month period ended 31 March	Note	2023	2022
Cash Flows from operating activities			
Income before Zakat		4,621,706	4,609,354
Adjustments to reconcile net income to net cash from operating activities:			
Loss/(gain) on investments held at fair value through statement of income (FVIS)		41,736	(8,268)
Depreciation on property, equipment and right of use assets		317,609	268,255
Depreciation on investment properties		5,523	25,137
Amortization of Goodwill and other intangibles		39,719	8,348
Gain on sale of property and equipment, net		(1,969)	(598)
Impairment charge for financing and other financial assets, net	8	358,780	578,305
Share in profit of an associate		(3,182)	(7,119)
Dividend income		(27,228)	(46,856)
Accretion/amortisation relating to debt investments, Net		(7,671)	(15,354)
Profit charge against lease obligations		10,825	8,889
Fair value adjustment to derivatives		(56,699)	(9,309)
(Increase) / decrease in operating assets			
Statutory deposit with SAMA and other central banks		(399,681)	(1,488,135)
Due from banks and other financial institutions		7,580,767	2,054,996
Financing		(9,031,437)	(32,274,071)
FVIS investments		(39,781)	3,583,862
Other assets, net		(2,281,050)	(2,556,205)
Increase / (decrease) in operating liabilities			
Due to banks and other financial institutions		17,246,668	20,875,165
Customers' deposits		(8,727,939)	(4,180,157)
Other liabilities		1,823,787	6,101,874
Profit payment against lease obligations		(10,825)	(8,889)
Net cash generated from / (used in) operating activities before Zakat		11,459,658	(2,480,776)
Zakat paid		-	-
Net cash generated from / (used in) operating activities		11,459,658	(2,480,776)

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member



Chief Executive Officer

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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 three-month period ended 31 March	Note	2023	2022
Cash flows from investing activities			
Purchase of property and equipment		(505,650)	(142,200)
Proceeds from disposal of property and equipment		3,096	7,222
Goodwill and other intangibles		(97,737)	(87,119)
Purchase of FVOCI investments		(2,114,878)	(1,305,571)
Proceeds from disposal of FVOCI investments		11,550	-
Proceeds from maturities of investments recorded at amortized cost		1,702,608	7,655,503
Purchase of investments held at amortised cost		(12,114,980)	(19,623,780)
Dividend income		27,228	46,856
Net cash used in investing activities		(13,088,763)	(13,449,089)
Cash flows from financing activities			
Tier I Sukuk costs		(202,357)	(214)
Tier I Sukuk issuance	21	-	6,500,000
Payment against lease obligation		(61,057)	(66,946)
Net cash (used in) / generated from financing activities		(263,414)	6,432,840
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	14	25,193,172	22,240,247
Cash and cash equivalents at end of the period	14	23,300,653	12,743,222

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member



Chief Executive Officer

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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.

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).

(a) Subsidiaries

Name of subsidiaries	Shareholding		
	2023	2022	
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.

1 - General (Continued)

(a) Subsidiaries (Continued)

Name of subsidiaries	Shareholding		
	2023	2022	
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.
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 – Cyman Islands	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) – KSA	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. – KSA	100%	100%	A Saudi Limited Liability owned by the Bank for the purpose of providing professional, scientific, technological activities, information communication services, and system analysis and senior management consultation services.

2

- Basis of preparation

The interim condensed consolidated financial statements of the Group as at and for the period ended 31 March 2023 and 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") that is 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 condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

The consolidated financial statements of the Group as at and for the year ended 31 December 2022, 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 interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand except where otherwise stated and the functional currency of the Bank is Saudi Riyal.

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, 2022.

3

- Impact of changes in accounting policies due to adoption of new standards

(a) 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 interpretations and amendments, which are effective for annual periods beginning on or after 1 January 2023 which had no material impact on the Group interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Following standards, interpretations and 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:

3 - Impact of changes in accounting policies due to adoption of new standards (Continued)

(a) Changes in accounting policies due to adoption of new standards, interpretations and amendments adopted by the Group (Continued)

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 December 2021	This standard replaces IFRS 4, which previously permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes 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.
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.

(b) Forthcoming new standards not yet effective

The International Accounting Standard Board (IASB) has issued following standards, and amendments, which will become effective from in subsequent periods. The Group has opted not to early adopt these changes and they are not expected to have a significant impact on the interim condensed consolidated financial statements of the Group when adopted.

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

3 - Impact of changes in accounting policies due to adoption of new standards (Continued)

(b) Forthcoming new standards not yet effective

Standard, interpretation and amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024

4 - Cash and balances with Central Banks

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

	31 March 2023	31 December 2022	31 March 2022
Cash in hand	6,107,868	6,672,064	5,311,788
Statutory deposit	33,318,916	32,919,235	30,291,665
Balances with central banks (current accounts)	2,488,591	408,197	539,386
Mutajara with SAMA	3,709,485	2,053,000	-
Total	45,624,860	42,052,496	36,142,839

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.

5 - Due from banks and other financial institutions, net

Due from banks and other financial institutions comprise the following:

	31 March 2023	31 December 2022	31 March 2022
Current accounts	4,352,184	4,765,889	2,686,556
Mutajara	8,659,905	20,894,850	17,539,615
Less: Allowance for expect credit losses	(2,129)	(4,810)	(4,057)
Total	13,009,960	25,655,929	20,222,114

6 - Investments, net

(a) Investments comprise the following:

	31 March 2023	31 December 2022	31 March 2022
Investments held at amortized cost			
Murabaha with Saudi Government and SAMA	22,053,080	22,696,693	22,641,457
Sukuk	80,633,007	70,608,347	57,628,897
Structured Products	2,143,956	1,033,894	1,000,000
Less: Impairment (Stage 1)	(46,175)	(43,294)	(34,892)
Total investments held at amortized cost	104,783,868	94,295,640	81,235,462
Investments held as FVIS			
Mutual funds	2,333,671	2,214,056	2,830,629
Structured Products	647,891	737,551	766,852
Sukuk	136,511	159,591	11,817
Equity investments	147,782	156,613	-
Total FVIS investments	3,265,855	3,267,811	3,609,298
FVOCI investments			
Equity investments	1,553,012	1,517,874	6,668,478
Structured Products	1,086,616	111,438	-
Sukuk	3,236,681	2,132,880	1,936,830
Less: Impairment (Stage 1)	(295)	(218)	(374)
Total FVOCI investments	5,876,014	3,761,974	8,604,934
Investments, net	113,925,737	101,325,425	93,449,694

The Bank has consolidated two international mutual funds where the Bank owns 100% of the two funds equity. The investments of these funds are included in the above note and accounted for as fair value through income statement.

The Bank, under repurchase agreements, pledges with other banks sukuk securities that include government sukuk. The fair values of those sukuk pledged as collateral with financial institutions as at 31 March 2023 is SAR 57,521 million and the related balances of the repurchase agreements pledged is SAR 60,391 million.

6 - Investments, net (Continued)

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

31 March 2023	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	64,892,827	9,998,260	74,891,087
Floating-rate Sukuk	27,795,000	-	27,795,000
Structured products	1,143,956	1,000,000	2,143,956
Less: Impairment (Stage 1)	(44,484)	(1,691)	(46,175)
Total investments held at amortized cost	93,787,299	10,996,569	104,783,868
Investments held as FVIS			
Mutual funds	973,461	1,360,210	2,333,671
Structured Products	373,063	274,828	647,891
Fixed-rate Sukuk	136,511	-	136,511
Equity investments	147,782	-	147,782
Total FVIS investments	1,630,817	1,635,038	3,265,855
Investments held as FVOCI:			
Fixed-rate Sukuk	1,789,390	1,215,291	3,004,681
Floating-rate Sukuk	232,000	-	232,000
Structured Products	-	1,086,616	1,086,616
Equity investments	1,065,327	487,685	1,553,012
Less: Impairment (Stage 1)	-	(295)	(295)
Total FVOCI investments	3,086,717	2,789,297	5,876,014
Investments, net	98,504,833	15,420,904	113,925,737

31 December 2022	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	58,884,434	6,985,606	65,870,040
Floating-rate Sukuk	27,435,000	-	27,435,000
Structured products	500,000	533,894	1,033,894
Less: Impairment (Stage 1)	(42,321)	(973)	(43,294)
Total investments held at amortized cost	86,777,113	7,518,527	94,295,640
Investments held as FVIS			
Mutual funds	1,268,196	945,860	2,214,056
Structured Products	462,099	275,452	737,551
Fixed-rate Sukuk	159,591	-	159,591
Equity investments	156,613	-	156,613
Total FVIS investments	2,046,499	1,221,312	3,267,811
Investments held as FVOCI:			
Fixed-rate Sukuk	573,344	1,327,536	1,900,880
Floating-rate Sukuk	232,000	-	232,000
Structured Products	-	111,438	111,438
Equity investments	1,027,264	490,610	1,517,874
Less: Impairment (Stage 1)	-	(218)	(218)
Total FVOCI investments	1,832,608	1,929,366	3,761,974
Investments, net	90,656,220	10,669,205	101,325,425

6 - Investments, net (Continued)

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

31 March 2022	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	47,654,473	5,865,881	53,520,354
Floating-rate Sukuk	26,750,000	-	26,750,000
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 FVIS			
Mutual funds	2,455,449	375,180	2,830,629
Structured Products	507,002	259,850	766,852
Fixed-rate Sukuk	11,817	-	11,817
Total FVIS investments	2,974,268	635,030	3,609,298
Investments held as FVOCI:			
Fixed-rate Sukuk	514,025	1,422,804	1,936,829
Equity investments	6,153,111	515,368	6,668,479
Less: Impairment (Stage 1)	-	(374)	(374)
Total investments held as FVOCI	6,667,136	1,937,798	8,604,934
Investments, net	84,510,985	8,938,709	93,449,694

(c) The analysis of the composition of investments as follows:

31 March 2023	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	22,053,080	22,053,080
Structured Products	-	3,878,463	3,878,463
Sukuk	69,682,756	14,276,973	83,959,729
Equity investments	1,676,449	24,345	1,700,794
Mutual Funds	1,583,081	750,590	2,333,671
Total	72,942,286	40,983,451	113,925,737

31 December 2022	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	22,696,693	22,696,693
Structured Products	-	1,882,883	1,882,883
Sukuk	63,548,959	9,308,347	72,857,306
Equity investments	1,650,148	24,339	1,674,487
Mutual Funds	1,879,549	334,507	2,214,056
Total	67,078,656	34,246,769	101,325,425

31 March 2022	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	22,641,457	22,641,457
Structured Products	-	1,766,852	1,766,852
Sukuk	51,144,697	8,397,581	59,542,278
Equity investments	6,644,128	24,350	6,668,478
Mutual Funds	2,559,806	270,823	2,830,629
Total	60,348,631	33,101,063	93,449,694

7 - 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.

(d) Cash flow hedges:

The Bank is exposed to variability in future yield cash flows on non-trading assets and liabilities which bear yield at a variable rate. The Bank uses profit rate swaps as cash flow hedges of these profit rate risks. Also, as a result of firm commitments in foreign currencies, such as its issued foreign currency debt, the Bank is exposed to foreign exchange and profit rate risks which are hedged with cross currency profit rate swaps. In the tables below is the schedule indicating, the periods when the hedged cash flows are expected to occur and when they are expected to affect the statement of income.

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

31 March 2023	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	804,221	(738,167)	23,869,293
Foreign exchange forward contracts	6,082	(5,878)	295,989
FX Swaps	1,324	(3,599)	8,468,524
Total Held for trading	811,627	(747,644)	32,633,806

31 March 2023	Positive fair value	Negative fair value	Notional amount total
Held as cash flow hedge:			
Profit rate swaps	28,265	(811)	4,000,000
Total Held as cash flow hedge	28,265	(811)	4,000,000

7 - Shariah compliant derivatives (Continued)

(e) Cash flow hedges: (Continued)

31 December 2022	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	974,428	(908,244)	23,037,476
Foreign exchange forward contracts	10,529	(10,428)	280,798
FX Swaps	11,186	(758)	4,708,746
Total Held for trading	996,143	(919,430)	28,027,020

31 December 2022	Positive fair value	Negative fair value	Notional amount total
Held as cash flow hedge:			
Profit rate swaps	-	(41,975)	3,000,000
Total Held as cash flow hedge	-	(41,975)	3,000,000

31 March 2022	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

8 - Financing, net

(a) Net financing held at amortized cost:

31 March 2023	Retail	Corporate	Total
Performing financing	433,871,744	147,714,025	581,585,769
Non-performing financing	2,026,095	1,481,297	3,507,392
Gross financing	435,897,839	149,195,322	585,093,161
Provision for financing impairment	(5,333,006)	(2,749,384)	(8,082,390)
Financing, net	430,564,833	146,445,938	577,010,771

31 December 2022	Retail	Corporate	Total
Performing financing	432,923,861	140,357,194	573,281,055
Non-performing financing	1,896,505	1,188,212	3,084,717
Gross financing	434,820,366	141,545,406	576,365,772
Provision for financing impairment	(4,804,384)	(3,223,274)	(8,027,658)
Financing, net	430,015,982	138,322,132	568,338,114

31 March 2022	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

8 - Financing, net (Continued)

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

	31 March 2023	31 March 2022
Balance at the beginning of the period	8,027,658	9,198,154
Provided for the period	763,541	915,340
Bad debt written off	(708,809)	(691,759)
Balance at the end of the period	8,082,390	9,421,735

(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:

	31 March 2023	31 March 2022
Provided for the period	763,541	915,339
Provided for the year for other financing assets & off balance sheet	(14,719)	(5,050)
Recovery of written off financing for the period	(390,042)	(331,984)
Allowance for financing impairment, net	358,780	578,305

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

	Gross carrying amount as of 31 March 2023			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Financing				
At 1 January 2023	562,049,635	9,576,654	4,739,483	576,365,772
Transfers:				
Transfer to 12-month ECL	1,172,367	(1,159,727)	(12,640)	-
Transfer to Lifetime ECL not credit impaired	(4,113,409)	4,685,054	(571,645)	-
Transfer to Lifetime ECL credit impaired	(447,690)	(1,112,031)	1,559,721	-
Write-offs	-	-	(708,809)	(708,809)
New business/ Other movements	9,996,409	(967,642)	407,431	9,436,198
At 31 March 2023	568,657,312	11,022,308	5,413,541	585,093,161

	Gross carrying amount as of 31 December 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	1,968,259	(1,923,214)	(45,045)	-
Transfer to Lifetime ECL not credit impaired	(5,034,653)	5,268,310	(233,657)	-
Transfer to Lifetime ECL credit impaired	(1,108,367)	(1,664,680)	2,773,047	-
Write-offs	-	-	(4,482,660)	(4,482,660)
New business/ Other movements	117,930,087	(1,661,640)	2,551,174	118,819,621
At 31 December 2022	562,049,635	9,576,654	4,739,483	576,365,772

8 - Financing, net (Continued)

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

	Gross carrying amount as of 31 March 2022			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
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

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

	Credit loss allowance as of 31 March 2023			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
ECL allowances for impairment of financing				
At 1 January 2023	3,276,243	1,714,791	3,036,624	8,027,658
Transfers:				
Transfer to 12-month ECL	186,007	(178,608)	(7,399)	-
Transfer to Lifetime ECL not credit impaired	(115,931)	452,808	(336,877)	-
Transfer to Lifetime ECL credit impaired	(21,826)	(327,128)	348,954	-
Write-offs	-	-	(708,809)	(708,809)
Net Charge for the Period	(442,913)	110,981	1,095,473	763,541
At 31 March 2023	2,881,580	1,772,844	3,427,966	8,082,390

	Credit loss allowance as of 31 December 2022			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
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	549,956	(527,427)	(22,529)	-
Transfer to Lifetime ECL not credit impaired	(315,415)	433,896	(118,481)	-
Transfer to Lifetime ECL credit impaired	(149,722)	(626,937)	776,659	-
Write-offs	-	-	(4,482,660)	(4,482,660)
Net Charge for the Period	(521,551)	108,845	3,724,870	3,312,164
At 31 December 2022	3,276,243	1,714,791	3,036,624	8,027,658

8 - Financing, net (Continued)

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

	Credit loss allowance as of 31 March 2022			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
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

9 - Due to banks and other financial institutions

Due to banks and other financial institutions comprise the following:

	31 March 2023	31 December 2022	31 March 2022
Current accounts	405,973	1,343,738	658,539
Banks' time investments	87,679,812	69,495,379	38,168,766
Total	88,085,785	70,839,117	38,827,305

10 - Customers' deposits

Customers' deposits by type comprise the following:

	31 March 2023	31 December 2022	31 March 2022
Demand deposits and call accounts	360,780,594	351,549,468	362,266,074
Customers' time investments	184,160,396	202,039,260	136,718,599
Other customer accounts	11,255,759	11,335,960	8,907,383
Total	556,196,749	564,924,688	507,892,056

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

11 - Commitments and contingencies

(a) Commitments and contingencies comprise the following:

	31 March 2023	31 December 2022	31 March 2022
Letters of credit	7,795,732	7,551,372	6,014,625
Acceptances	2,422,578	1,798,294	1,189,129
Letters of guarantee	17,723,504	14,902,966	9,261,333
Irrevocable commitments to extend credit	18,029,394	15,624,088	12,647,847
Total	45,971,208	39,876,720	29,112,934

(b) Legal proceedings

As at 31 March 2023, 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.

(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.

31 March 2023	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	7,789,252	2,413,660	17,056,450	17,886,973	45,146,335
Stage 2 - (lifetime ECL not credit impaired)	4,228	5,767	321,174	142,421	473,590
Stage 3 - (lifetime ECL for credit impaired)	2,252	3,151	345,880	-	351,283
Total outstanding balance at end of the period	7,795,732	2,422,578	17,723,504	18,029,394	45,971,208

31 March 2023	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	44,076	2,129	55,264	3,981	105,450
Stage 2 - (lifetime ECL not credit impaired)	16	432	2,475	202	3,125
Stage 3 - (lifetime ECL for credit impaired)	2,060	3,151	299,705	-	304,916
Total	46,152	5,712	357,444	4,183	413,491

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

31 December 2022	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	7,545,062	1,794,375	14,203,880	15,442,285	38,985,602
Stage 2 - (lifetime ECL not credit impaired)	5,951	768	346,090	181,803	534,612
Stage 3 - (lifetime ECL for credit impaired)	359	3,151	352,996	-	356,506
Total outstanding balance at end of the year	7,551,372	1,798,294	14,902,966	15,624,088	39,876,720

31 December 2022	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	74,850	4,292	23,854	12,500	115,496
Stage 2 - (lifetime ECL not credit impaired)	36	388	4,971	2,117	7,512
Stage 3 - (lifetime ECL for credit impaired)	357	3,151	307,016	-	310,524
Total	75,243	7,831	335,841	14,617	433,532

31 March 2022	Letters of Credit	Acceptances	Letters of guarantee	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 period	6,014,625	1,189,129	9,261,333	12,647,847	29,112,934

31 March 2022	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
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

12 - Other Reserves

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

13 - 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.

14 - Cash and cash equivalents

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

	31 March 2023	31 December 2022	31 March 2022
Cash in hand	6,107,868	6,672,064	5,311,788
Due from banks and other financial institutions maturing within 90 days from the date of purchase	10,994,709	16,059,911	6,892,048
Balances with SAMA and other central banks (current accounts)	2,488,591	408,197	539,386
Mutajara with SAMA	3,709,485	2,053,000	-
Cash and cash equivalents	23,300,653	25,193,172	12,743,222

15 - 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 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 2022.

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, brokerage and other segments:	Includes investments of individuals and corporates in mutual funds, local and international share trading services, investment portfolios and others.

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15 - Operating segments (Continued)

The Group's total assets and liabilities as at 31 March 2023 and 2022 together with the total operating income and expenses, and income before zakat for the three-month periods then ended, for each business segment, are analyzed as follows:

31 March 2023	Retail segment	Corporate segment	Treasury segment	Investment services, brokerage and other segments	Total
Total Assets	454,719,671	146,740,537	167,955,973	6,780,190	776,196,371
Total Liabilities	297,533,315	265,651,957	112,630,495	1,153,286	676,969,053
Financing and investment income from external customers	5,288,352	2,281,188	1,167,967	30,388	8,767,895
Inter-segment operating income /(expense)	(1,812,931)	1,132,790	680,141	-	-
Gross financing and investment income	3,475,421	3,413,978	1,848,108	30,388	8,767,895
Gross financing and investment return	(113,223)	(2,248,353)	(1,281,061)	-	(3,642,637)
Net financing and investment income	3,362,198	1,165,625	567,047	30,388	5,125,258
Fee from banking services, net	503,520	267,145	301,451	137,832	1,209,948
Exchange income, net	146,243	60,404	91,266	-	297,913
Other operating income, net	15,690	5,624	(12,860)	139,049	147,503
Total operating income	4,027,651	1,498,798	946,904	307,269	6,780,622
Depreciation and amortization	(300,834)	(47,859)	(9,330)	(4,828)	(362,851)
Impairment charge for financing and other financial assets, net	(888,070)	534,777	(5,487)	-	(358,780)
Other operating expenses	(1,226,431)	(119,060)	(44,148)	(47,646)	(1,437,285)
Total operating expenses	(2,415,335)	367,858	(58,965)	(52,474)	(2,158,916)
Income before Zakat	1,612,316	1,866,656	887,939	254,795	4,621,706

31 March 2022	Retail segment	Corporate segment	Treasury segment	Investment services, brokerage and other segments	Total
Total Assets	412,008,961	95,455,180	143,487,659	6,386,893	657,338,693
Total Liabilities	318,641,650	211,180,789	48,628,630	519,157	578,970,226
Financing and investment income from external customers	4,477,415	816,708	573,397	23,302	5,890,822
Inter-segment operating income /(expense)	(1,708,009)	208,879	1,499,130	-	-
Gross financing and investment income	2,769,406	1,025,587	2,072,527	23,302	5,890,822
Gross financing and investment return	(42,849)	(416,726)	(91,075)	-	(550,650)
Net financing and investment income	2,726,557	608,861	1,981,452	23,302	5,340,172
Fee from banking services, net	364,390	253,932	310,312	219,065	1,147,699
Exchange income, net	117,542	42,907	76,542	-	236,991
Other operating income, net	32,126	3,575	178,560	17,441	231,702
Total operating income	3,240,615	909,275	2,546,866	259,808	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	(340,956)	(225,385)	(11,964)	-	(578,305)
Other operating expenses	(1,244,685)	(121,057)	(46,512)	(54,911)	(1,467,165)
Total operating expenses	(1,857,888)	(366,058)	(65,797)	(57,467)	(2,347,210)
Income before Zakat	1,382,727	543,217	2,481,069	202,341	4,609,354

16

- 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:

31 March 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,333,671	-	2,333,671	-	2,333,671
FVOCI - Equity investments	1,553,012	1,528,668	-	24,344	1,553,012
FVIS - Equity investments	147,782	147,782	-	-	147,782
FVIS Sukuk	136,511	-	136,511	-	136,511
FVOCI Sukuk	3,236,681	802,022	2,434,659	-	3,236,681
FVIS Structured Products	647,891	-	-	647,891	647,891
FVOCI Structure Products	1,086,616	-	-	1,086,616	1,086,616
Positive fair value Shariah compliant derivatives	839,892	-	839,892	-	839,892
Financial assets not measured at fair value:					
Due from banks and other financial institutions	13,009,960	-	-	12,995,891	12,995,891
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	22,053,080	-	22,258,620	-	22,258,620
Sukuk	80,633,007	63,276,016	12,769,644	-	76,045,660
Structured Products	2,143,956	-	-	2,143,956	2,143,956
Gross Financing	585,093,161	-	-	579,235,487	579,235,487
Total	712,915,220	65,754,488	40,772,997	596,134,185	702,661,670
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	748,455	-	748,455	-	748,455
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	88,085,785	-	-	88,344,278	88,344,278
Customers' deposits	556,196,749	-	-	557,186,717	557,186,717
Total	645,030,989	-	748,455	645,530,995	646,279,450

AL RAJHI BANKING AND INVESTMENT CORPORATION (A SAUDI JOINT STOCK COMPANY)
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
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- Fair values of financial assets and liabilities (Continued)

31 December 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,214,056	-	2,214,056	-	2,214,056
FVOCI - Equity investments	1,517,874	1,493,536	-	24,338	1,517,874
FVIS - Equity investments	156,613	156,613	-	-	156,613
FVIS Sukuk	159,591	-	159,591	-	159,591
FVOCI Sukuk	2,132,880	564,252	1,568,628	-	2,132,880
FVIS Structured Products	737,551	-	-	737,551	737,551
FVOCI Structured Products	111,438	-	-	111,438	111,438
Positive fair value Shariah compliant derivatives	996,143	-	996,143	-	996,143
Financial assets not measured at fair value:					
Due from banks and other financial institutions	25,655,929	-	-	25,619,542	25,619,542
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	22,696,693	-	23,295,550	-	23,295,550
Sukuk	70,608,347	55,096,083	9,881,547	-	64,977,630
Structured Products	1,033,894	-	-	1,033,894	1,033,894
Gross Financing	576,365,772	-	-	570,324,419	570,324,419
Total	704,386,781	57,310,484	38,115,515	597,851,182	693,277,181
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	961,405	-	961,405	-	961,405
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	70,839,117	-	-	71,410,981	71,410,981
Customers' deposits	564,924,688	-	-	567,439,463	567,439,463
Total	636,725,210	-	961,405	638,850,444	639,811,849
31 March 2022					
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,830,629	-	2,830,629	-	2,830,629
FVOCI - Equity investments	6,668,478	6,644,128	-	24,350	6,668,478
FVIS Sukuk	11,817	-	11,817	-	11,817
FVOCI Sukuk	1,936,830	-	1,936,830	-	1,936,830
FVIS Structured Products	766,852	-	-	766,852	766,852
Positive fair value Shariah compliant 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	50,622,000	5,298,075	-	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	57,266,128	33,395,561	528,112,425	618,774,114
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant 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

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

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

For the level 2 Sukuk investments, the Group uses values obtained from reputable third parties where they use valuation techniques. Those valuation techniques use observable market inputs embedded in the models that include risk adjusted discount rates, marketability and liquidity discounts.

For the level 3 structure products investments are valued using reputable third parties valuation prices, who use techniques such as discounted cash flows, option pricing models and other sophisticated models.

Gross financing and Due to banks and other financial institutions 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/ 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 profits and losses.

17 - 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 31 March 2023 (31 December 2022: 4,000 million shares of SAR 10 each and 31 March 2021: 2,500 million shares of SAR 10 each).

18 - 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 as set out below:

	31 March 2023	31 March 2022
Net income for the period	4,145,174	4,133,546
Less: Tier I Sukuk Costs	(202,357)	(214)
Net income after Tier I Sukuk payments	3,942,817	4,133,332
Number of outstanding shares at the beginning of period	4,000,000	2,500,000
Bonus shares issued with retrospective impact of bonus shares	-	1,500,000
Weighted average number of shares	4,000,000	4,000,000
Basic and diluted earning per share (in SAR)	0.99	1.03

19 - Dividends

The Board of Directors proposed on 15 January 2023, distribution of final dividends to shareholders for the year ended 31 December 2022, amounting to SAR 5,000 million, being SAR 1.25 per share after deduction of Zakat. The proposed final dividends for 2022 was approved by the Annual General Assembly in its meeting held on 21 March 2023. These dividends were subsequently paid on 2 April 2023.

20 - Bonus shares

Al Rajhi Bank Board of Directors, through circulation on 16 Rajab, 1443 corresponding to 17 February, 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.

21 - Tier 1 Sukuk

On January 2022, the Bank through a Shariah compliant arrangement, (the "arrangement"), issued Tier I Sukuk (the "Sukuk"), of SAR 6.5 billion. The Sukuk are perpetual securities in respect of which there are 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 and 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.

In addition to the Tier I Sukuk issued above, and during November 2022, the Bank has completed the issuance of an additional Tier I sukuk programme of SAR 10 billion in a SAR-denominated Tier I sukuk by way of a public offering in Saudi Arabia. These Sukuk are perpetual securities with no fixed redemption dates, the Sukuk also have an undivided ownership interest of the Sukuk-holders in the Sukuk assets without any preference or priority among those Sukuk-holders. The entire units of such Sukuk are unsecured, conditional and subordinated obligation of the Bank and classified under equity. However, the Bank has the exclusive option to redeem or call all of the Sukuk on or after 26 November 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.

22 - Subsequent Event

The Bank has completed the issuance of senior unsecured sustainable Sukuk, amounting to USD 1 billion. The settlement of the sustainable Sukuk issuance will be on 14/10/1444H (corresponding to 05/04/2023/G).

23 - 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 2023, this has resulted in an increase of SAR 1,682 million.

23 - Capital adequacy (Continued)

In line with SAMA and the internationally agreed timeline set by the Basel Committee on Banking Supervision (BCBS), the global standard-setter for the prudential regulation of banks, the Group started reporting Capital Adequacy ratios (CAR) applying Basel III Final Reforms effectively from January 1, 2023.

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

	31 March 2023	31 December 2022	31 March 2022
Credit risk weighted assets	460,102,122	454,047,013	406,102,246
Operational risk weighted assets	38,443,216	42,282,263	37,798,847
Market risk weighted assets	6,438,486	1,643,421	2,798,763
Total Pillar I - risk weighted assets	504,983,824	497,972,697	446,699,856
Tier I capital	99,636,321	100,932,280	80,737,991
Tier II capital	5,735,087	5,675,588	5,076,278
Total tier I & II capital	105,371,408	106,607,868	85,814,269

Capital Adequacy Ratio %

Tier I ratio	19.73%	20.27%	18.07%
Tier I & II ratio	20.87%	21.41%	19.21%

24 - IBOR transition (profit rate benchmark reforms)

Management is running a project on the Group's overall transition activities and continues to engage with various stakeholders to support an orderly transition. The project is significant in terms of scale and complexity and impacts the products, internal systems and processes. The Group has complied with the regulatory deadline of 31 December 2022 for the LIBOR transition and is now offering products based on overnight SOFR, Term SOFR and Islamic SOFR.

The Group is also exposed to the effects of USD LIBOR reform on its financial assets and liabilities. The Group has no exposure to any other LIBOR rates.

25 - Related party transactions

In the ordinary course of business, the Group transacts business with related parties. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA. The nature and balances resulting from such transactions as at and for the period ended 31 March are as follows:

	2023	2022
Related parties		
Members of the Board of Directors		
Mutajara	230,390	182,580
Companies and establishments guaranteed by members of the Board of Directors		
Mutajara	10,739,248	9,339,396
Contingent liabilities (*)	5,183,221	3,989,303
Associate		
Contributions payable	121,709	95,806
Receivable against claims	351,061	101,720
Bank balances	294,200	255,485
Subsidiaries		
Al Rajhi Capital Company		
Financing	650,000	950,000
Accrued Payable on Financing	19,007	26,000
Emkan Finance Company		
Financing	5,205,030	425,000
Accrued Payable on Financing	42,588	8,408

(*) = off balance sheet items.

25 - Related party transactions (Continued)

The amounts of compensations recorded in favor of or paid to the Board of Directors and the executive management personnel during the periods ended 31 March are as follows:

	2023	2022
Provision for employees' end of service benefits	563	250

The executive management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

26 - Comparative Figures

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

27 - Approval of the Board of Directors

The interim condensed consolidated financial statements were approved by the Board of Directors on 13 Shawwal 1444H (corresponding to 03 May 2023).