



**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' REPORT ON REVIEW OF THE
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To: THE SHAREHOLDERS OF RIYAD BANK
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Riyad Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of 31 March 2023, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (collectively referred to as 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other regulatory matters

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

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17 Shawwal 1444H
(07 May 2023)





RIYAD BANK

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR PERIOD ENDED 31 MARCH 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March	31 December	31 March
		2023	2022	2022
		SAR'000	SAR'000	SAR'000
	Note	(Unaudited)	(Audited)	(Unaudited)
ASSETS		SAR'000	SAR'000	SAR'000
Cash and balances with Saudi Central Bank (SAMA), net		35,190,357	33,366,652	25,046,092
Due from banks and other financial institutions, net		28,454,098	20,613,232	22,683,359
Positive fair value of derivatives	6	2,835,352	3,790,841	1,594,765
Investments, net	7	54,694,620	52,196,120	59,034,605
Loans and advances, net	8	251,982,846	242,364,947	234,792,987
Other assets		3,059,464	3,175,946	1,581,156
Investment in associates		371,915	371,215	580,327
Other real estate		467,182	465,249	308,425
Property, equipment and right of use assets, net		3,568,959	3,308,655	2,846,599
Total assets		<u>380,624,793</u>	<u>359,652,857</u>	<u>348,468,315</u>
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		41,023,737	38,760,068	42,496,558
Negative fair value of derivatives	6	2,663,700	2,854,285	1,273,098
Customer deposits	9	257,277,358	240,007,085	232,415,870
Debt securities in issue		8,673,292	8,758,419	8,650,540
Other liabilities		15,151,507	13,099,651	12,767,352
Total liabilities		<u>324,789,594</u>	<u>303,479,508</u>	<u>297,603,418</u>
Shareholders' equity				
Share capital		30,000,000	30,000,000	30,000,000
Statutory reserve		10,942,054	10,942,054	9,187,224
Other reserves		(1,085,833)	(790,260)	838,521
Retained earnings		9,413,703	7,500,430	6,405,527
Proposed dividends		-	1,950,000	1,620,000
Equity attributable to the shareholders of the Bank		<u>49,269,924</u>	<u>49,602,224</u>	<u>48,051,272</u>
Tier 1 Sukuk		<u>6,565,275</u>	<u>6,571,125</u>	<u>2,813,625</u>
Total equity		<u>55,835,199</u>	<u>56,173,349</u>	<u>50,864,897</u>
Total liabilities and equity		<u>380,624,793</u>	<u>359,652,857</u>	<u>348,468,315</u>

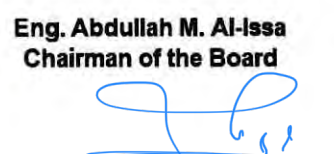
The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.



Abdullah A. Al-Oraini
Chief Financial Officer



Tareq A. Al-Sadhan
Chief Executive Officer



Eng. Abdullah M. Al-Issa
Chairman of the Board

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	Note	For the three month period ended 31 March	
		2023	2022
		SAR'000	SAR'000
Special commission income		4,631,797	2,421,318
Special commission expense		1,543,449	289,441
Net special commission income		3,088,348	2,131,877
Fee and commission income		837,098	876,575
Fee and commission expense		263,525	259,076
Fee and commission income, net		573,573	617,499
Exchange income, net		171,216	124,201
Trading income, net		177,943	68,445
Dividend income		7,793	28,275
(Losses)/ gains on disposal of non-trading investments, net		(3,708)	123,705
Other operating income		21,064	7,532
Total operating income, net		4,036,229	3,101,534
Salaries and employee-related expenses		609,144	547,282
Rent and premises-related expenses		40,427	52,897
Depreciation of property, equipment and right of use assets		159,160	132,215
Other general and administrative expenses		344,681	296,237
Other operating expenses		8,309	5,017
Total operating expenses before impairment charge		1,161,721	1,033,648
Impairment charge for credit losses and other financial assets, net	8.3	603,776	186,384
Impairment charge for investments, net		20,332	68,413
Total operating expenses, net		1,785,829	1,288,445
Net operating income		2,250,400	1,813,089
Share in profits/(losses) of associates, net		1,121	(68,607)
Income before zakat		2,251,521	1,744,482
Zakat for the period		231,929	191,893
Net income for the period		2,019,592	1,552,589
Basic and diluted earnings per share (in SAR)	16	0.65	0.51

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.



Abdullah A. Al-Oraini
Chief Financial Officer



Tareq A. Al-Sadhan
Chief Executive Officer



Eng. Abdullah M. Al-Issa
Chairman of the Board



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	For the three month period ended 31 March	
	2023	2022
	<u>SAR'000</u>	<u>SAR'000</u>
Net income for the period	2,019,592	1,552,589
Other comprehensive income (OCI):		
<u>a) Items that will be reclassified to interim condensed consolidated statement of income in subsequent periods</u>		
- Fair value through other comprehensive income (FVOCI- debt instruments)		
- Net change in fair value	(294,584)	(927,275)
- Net amounts transferred to interim condensed consolidated statement of income	3,708	(101,762)
- Net changes in allowance for expected credit losses (ECL) of debt instruments	21,234	70,387
- Effective portion of net change in fair value of cash flow hedge	(34,049)	(57,975)
<u>b) Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods</u>		
- Net change in fair value of equity instruments at fair value through other comprehensive income (FVOCI- equity instruments)	8,118	217,710
Other comprehensive loss for the period	(295,573)	(798,915)
Total comprehensive income for the period	<u>1,724,019</u>	<u>753,674</u>

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
For the three month period ended 31 March 2023 & 2022

SAR'000	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividends	Equity attributable to the shareholders of the Bank	Tier 1 sukuk	Total equity
31 March 2023								
Balance at the beginning of the period	30,000,000	10,942,054	(790,260)	7,500,430	1,950,000	49,602,224	6,571,125	56,173,349
Total comprehensive income								
Net changes in fair values of								
- FVOCI -equity instruments	-	-	8,118	-	-	8,118	-	8,118
- FVOCI -debt instruments	-	-	(294,584)	-	-	(294,584)	-	(294,584)
Net amount reclassified to the consolidated statement of income for FVOCI -debt instruments								
	-	-	3,708	-	-	3,708	-	3,708
Net changes in allowance for expected credit losses on FVOCI -debt instruments								
	-	-	21,234	-	-	21,234	-	21,234
Net change in fair value of cash flow hedge								
	-	-	(34,049)	-	-	(34,049)	-	(34,049)
Net income for the period								
	-	-	-	2,019,592	-	2,019,592	-	2,019,592
Total comprehensive (loss) income								
	-	-	(295,573)	2,019,592	-	1,724,019	-	1,724,019
Tier 1 sukuk costs								
	-	-	-	(106,319)	-	(106,319)	(5,850)	(112,169)
Final proposed dividend - 2022 (note 15)								
	-	-	-	-	(1,950,000)	(1,950,000)	-	(1,950,000)
Balance at the end of the period	30,000,000	10,942,054	(1,085,833)	9,413,703	-	49,269,924	6,565,275	55,835,199
31 March 2022								
Balance at the beginning of the period	30,000,000	9,187,224	1,637,436	4,855,111	1,620,000	47,299,771	-	47,299,771
Total comprehensive income								
Net changes in fair values of								
- FVOCI -equity instruments	-	-	217,710	-	-	217,710	-	217,710
- FVOCI -debt instruments	-	-	(927,275)	-	-	(927,275)	-	(927,275)
Net amount reclassified to the consolidated statement of income for FVOCI -debt instruments								
	-	-	(101,762)	-	-	(101,762)	-	(101,762)
Net changes in allowance for expected credit losses on FVOCI -debt instruments								
	-	-	70,387	-	-	70,387	-	70,387
Net change in fair value of cash flow hedge								
	-	-	(57,975)	-	-	(57,975)	-	(57,975)
Net income for the period								
	-	-	-	1,552,589	-	1,552,589	-	1,552,589
Total comprehensive income								
	-	-	(798,915)	1,552,589	-	753,674	-	753,674
Tier 1 sukuk issued								
	-	-	-	-	-	-	2,813,625	2,813,625
Tier 1 sukuk costs								
	-	-	-	(2,173)	-	(2,173)	-	(2,173)
Balance at the end of the period	30,000,000	9,187,224	838,521	6,405,527	1,620,000	48,051,272	2,813,625	50,864,897

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.



Abdullah A. Al-Oraini
Chief Financial Officer



Tareq A. Al-Sadhan
Chief Executive Officer



Eng. Abdullah M. Al-Issa
Chairman of the Board



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS(Unaudited)

		For the three month period ended 31 March	
	Note	2023 SAR'000	2022 SAR'000
OPERATING ACTIVITIES			
Income before zakat		2,251,521	1,744,482
Adjustments to reconcile net income for the period to net cash from operating activities:			
Accretion of discounts and amortisation of premium on non-FVIS instruments, net		(67,403)	(6,058)
Losses/ (gains) on disposal of non-trading investments, net		3,708	(123,705)
Gains on trading investments, net		(13,056)	(10,812)
Gains on sale of property and equipment, net		41	1
Dividend income		(7,793)	(28,275)
Depreciation of property, equipment and right of use assets		159,160	132,215
Share in (profits)/ losses of associates, net		(1,121)	68,607
Impairment charge for credit losses and other financial assets, net	8.3	603,776	186,384
Impairment charge for investments, net		20,332	68,413
		<u>2,949,165</u>	<u>2,031,252</u>
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		108,052	(1,298,118)
Positive fair value of derivatives		955,489	(180,250)
Investments at FVIS		(74,571)	57,022
Loans and advances, net		(10,198,788)	(17,650,411)
Other real estate		(1,933)	5,139
Other assets		116,482	(88,970)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		2,263,669	(637,582)
Negative fair value of derivatives		(190,585)	(187,046)
Customer deposits		17,270,273	20,737,573
Interest on lease liabilities		(4,587)	(5,083)
Other liabilities		(7,197)	(237,591)
		<u>13,185,469</u>	<u>2,545,935</u>
Zakat paid		-	(692,682)
Net cash from operating activities		<u>13,185,469</u>	<u>1,853,253</u>
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments not held as FVIS instruments		1,660,332	58,282,366
Purchase of investments not held as FVIS instruments		(4,492,156)	(59,434,499)
Purchase of property and equipment		(480,253)	(211,733)
Proceeds from sale of property and equipment		87,405	295
Net cash used in investing activities		<u>(3,224,672)</u>	<u>(1,363,571)</u>
FINANCING ACTIVITIES			
Principal on lease liabilities		(95,494)	(34,869)
Debt securities in issue, net		(85,127)	(66,037)
Tier 1 sukuk issuance		-	2,813,625
Dividend paid		(1,703)	(1,102)
Tier 1 sukuk related costs		(5,850)	(2,173)
Net cash (used in) from financing activities		<u>(188,174)</u>	<u>2,709,444</u>
Increase in cash and cash equivalents		<u>9,772,623</u>	<u>3,199,126</u>
Cash and cash equivalents at beginning of the period		41,486,081	32,406,686
Cash and cash equivalents at end of the period	11	<u>51,258,704</u>	<u>35,605,812</u>
Special commission received during the period		<u>4,626,588</u>	<u>2,468,036</u>
Special commission paid during the period		<u>1,543,449</u>	<u>308,534</u>
Supplemental non-cash information			
Net changes in fair value and transfers to interim condensed consolidated statement of income		(316,807)	(869,302)
Right of use (ROU) assets		(16,621)	(41,352)
Lease liabilities		(47,196)	31,457


The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.




Abdullah A. Al-Oraini
Chief Financial Officer



Tareq A. Al-Sadhan
Chief Executive Officer



Eng. Abdullah M. Al-Issa
Chairman of the Board



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**For the three month period ended 31 March 2023 & 2022****1. GENERAL**

Riyad Bank (the "Bank") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, formed pursuant to the Royal Decree and the Council of Ministers' Resolution No. 91 dated 1 Jumad Al-Awal 1377H (corresponding to 23 November 1957G). The Bank operates under commercial registration No. 1010001054 dated 25 Rabi Al-Thani 1377H (corresponding to 18 November 1957G) through its 338 licensed branches (31 March 2022: 339 licensed branches) in the Kingdom of Saudi Arabia, a branch in London, United Kingdom, an agency in Houston, United States, and a representative office in Singapore. The registered address of the Bank's Head Office is as follows:

Granada Oasis - A1 Tower
Riyadh - Al Shuhada District
P.O. Box 22622
Riyadh 11416
Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of banking services. The Bank also provides to its customers Islamic (non-interest based) banking products which are approved and supervised by an independent Shariah Board established by the Bank.

The interim condensed consolidated financial statements comprise the financial statements of Riyad Bank and its wholly owned subsidiaries (the Bank and the subsidiaries are collectively referred to as "the Group")

- a) Riyad Capital (engaged in investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the Capital Market Authority), incorporated in the Kingdom of Saudi Arabia;
- b) Ithra Al-Riyad Real Estate Company (formed with the objective to hold, manage, sell and purchase real estate assets for owners or third parties for financing activities), incorporated in the Kingdom of Saudi Arabia;
- c) Riyad Company for Insurance Agency (which acts as an agent for selling insurance products owned and managed by another principal insurance company), incorporated in the Kingdom of Saudi Arabia;
- d) Esnad Al-Riyadh - a limited liability company registered in the Kingdom of Saudi Arabia to provide human resources services to the Group, incorporated in the Kingdom of Saudi Arabia;
- e) Curzon Street Properties Limited incorporated in the Isle of Man; and
- f) Riyad Financial Markets incorporated in the Cayman Islands - a netting and bankruptcy jurisdiction country, to execute derivative transactions with international counterparties on behalf of Riyad Bank.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the three months period ended 31 March 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed 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 consolidated financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2022.

3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the financial statements of the subsidiaries which are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases.

Balances between the Bank and its subsidiaries, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Group acts as a Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
4. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS

During the period, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments, given below, apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

<u>Standard</u>	<u>Description</u>
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.

IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
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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.
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New standards not yet effective

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as at and for the year ended 31 December 2022.

6. DERIVATIVES

The table below sets out the positive and negative fair values of derivative financial instruments, together with their notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period, 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 to market risk.

	31 March 2023 (Unaudited)			31 December 2022 (Audited)			31 March 2022 (Unaudited)		
	Positive fair value <u>SAR'000</u>	Negative fair value <u>SAR'000</u>	Notional amount <u>SAR'000</u>	Positive fair value <u>SAR'000</u>	Negative fair value <u>SAR'000</u>	Notional amount <u>SAR'000</u>	Positive fair value <u>SAR'000</u>	Negative fair value <u>SAR'000</u>	Notional amount <u>SAR'000</u>
Held for trading:									
Special commission rate swaps	2,644,050	(2,476,558)	110,308,841	2,796,918	(2,638,063)	92,709,388	1,239,989	(1,111,292)	76,268,417
Forward foreign exchange contracts	119,065	(54,571)	36,354,569	165,318	(68,193)	45,903,516	101,642	(34,501)	24,305,387
Currency options	102	(3,014)	292,216	229	(2,105)	157,019	4,251	(3,944)	192,641
Commodity swaps	10,555	(10,341)	213,700	18,323	(17,281)	1,210,279	-	-	-
Held as fair value hedges:									
Special commission rate swaps	53,284	-	1,594,368	564,842	-	5,813,868	248,883	(43,751)	7,184,287
Held as cash flow hedges:									
Special commission rate swaps	8,296	(119,216)	1,625,000	245,211	(128,643)	5,258,049	-	(79,610)	1,375,000
Total	2,835,352	(2,663,700)	150,388,694	3,790,841	(2,854,285)	151,052,119	1,594,765	(1,273,098)	109,325,732

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2023 & 2022

7. INVESTMENTS, NET

Investments by type of securities

SAR'000	Domestic			International			Total		
	31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 December 2022	31 March 2022
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
i) Investment at FVIS									
Mutual Funds	1,275,792	1,363,419	1,127,098	-	-	-	1,275,792	1,363,419	1,127,098
Total	1,275,792	1,363,419	1,127,098	-	-	-	1,275,792	1,363,419	1,127,098
ii) Investment at amortised cost, net									
Fixed rate securities	31,854,162	30,172,615	32,568,323	627,257	467,889	1,161,536	32,481,419	30,640,504	33,729,859
Floating rate securities	2,796,886	2,726,455	3,154,799	-	-	-	2,796,886	2,726,455	3,154,799
Total	34,651,048	32,899,070	35,723,122	627,257	467,889	1,161,536	35,278,305	33,366,959	36,884,658
iii) Investments at FVOCI, net									
Fixed rate securities	-	-	-	16,714,182	16,047,992	16,733,824	16,714,182	16,047,992	16,733,824
Equities	492,137	505,758	3,524,415	934,204	911,992	764,610	1,426,341	1,417,750	4,289,025
Total	492,137	505,758	3,524,415	17,648,386	16,959,984	17,498,434	18,140,523	17,465,742	21,022,849
Total	36,418,977	34,768,247	40,374,635	18,275,643	17,427,873	18,659,970	54,694,620	52,196,120	59,034,605

Above investments include sukuks amounting to SAR 25.5 billion as at 31 March 2023 (31 December 2022: SAR 25.8 billion and 31 March 2022 : SAR 19.5 billion).

As at 31 March 2023, the loss allowance on the investments held at amortised cost, amounted to SAR 4.5 million (31 December 2022: SAR 5.4 million and 31 March 2022: SAR 3.6 million) and these relate to stage 1 and stage 2 exposures. During the three month period ended 31 March 2023, the decrease in provisions relate to stage 1 provisions, which decreased by SAR 0.9 million.

As at 31 March 2023, the loss allowance on the investments at FVOCI, net, amounted to SAR 395.4 million (31 December 2022: SAR 374.2 million and 31 March 2022: SAR 183.1 million). During the three month period ended 31 March 2023 there was a SAR 21.2 million increase in the total loss allowance comprising of increase in stage 1 provisions of SAR 26.6 million and decrease in stage 2 & stage 3 provisions by SAR 2.9 million and SAR 2.5 million respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
8. LOANS AND ADVANCES, NET
8.1 Loans and advances held at amortised cost

These comprise the following:

31 March 2023 (Unaudited)	Overdraft	Credit Cards	Consumer Loans	Commercial Loans	Others	Total
SAR'000						
Performing loans and advances	4,318,689	1,132,590	87,658,520	158,690,265	866,120	252,666,184
Non-performing loans and advances	243,935	50,214	1,204,445	2,407,271	4,478	3,910,343
Total loans and advances	4,562,624	1,182,804	88,862,965	161,097,536	870,598	256,576,527
Allowance for impairment	(184,879)	(57,156)	(1,020,960)	(3,323,853)	(6,833)	(4,593,681)
Loans and advances, net	4,377,745	1,125,648	87,842,005	157,773,683	863,765	251,982,846
31 December 2022 (Audited)	Overdraft	Credit Cards	Consumer Loans	Commercial Loans	Others	Total
SAR'000						
Performing loans and advances	4,192,438	1,133,417	84,958,190	151,766,818	824,920	242,875,783
Non-performing loans and advances	238,237	46,259	1,264,370	2,690,618	4,478	4,243,962
Total loans and advances	4,430,675	1,179,676	86,222,560	154,457,436	829,398	247,119,745
Allowance for impairment	(179,927)	(60,018)	(986,072)	(3,526,098)	(2,683)	(4,754,798)
Loans and advances, net	4,250,748	1,119,658	85,236,488	150,931,338	826,715	242,364,947
31 March 2022 (Unaudited)	Overdraft	Credit Cards	Consumer Loans	Commercial Loans	Others	Total
SAR'000						
Performing loans and advances	5,012,277	909,858	79,284,368	149,491,874	957,819	235,656,196
Non-performing loans and advances	343,922	38,125	990,258	2,463,382	1,015	3,836,702
Total loans and advances	5,356,199	947,983	80,274,626	151,955,256	958,834	239,492,898
Allowance for impairment	(243,314)	(28,881)	(843,930)	(3,580,182)	(3,604)	(4,699,911)
Loans and advances, net	5,112,885	919,102	79,430,696	148,375,074	955,230	234,792,987

Loans and advances, net, include non-conventional banking products of SAR 174.9 billion as at 31 March 2023 (31 December 2022: SAR 168.9 billion and 31 March 2022: SAR 157.9 billion).

8.2 An analysis of changes in loss allowance for total loans and advances is, as follows:
ECL on total loans and advances (SAR'000)

(Unaudited)	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	528,970	1,549,537	2,676,291	4,754,798
Transfer to 12-month ECL (from Stage 2 & Stage 3 to Stage 1)	36,316	(6,366)	(29,950)	-
Transfer to lifetime ECL -not credit impaired (from Stage 1 & Stage 3 to Stage 2)	(24,295)	43,132	(18,837)	-
Transfer to lifetime ECL -credit impaired (from Stage 1 & Stage 2 to Stage 3)	(5,932)	(45,690)	51,622	-
Net re-measurement of loss allowance*	(45,853)	69,632	(184,896)	(161,117)
Balance as at 31 March 2023	489,206	1,610,245	2,494,230	4,593,681
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	628,944	1,472,071	2,413,141	4,514,156
Transfer to 12-month ECL (from Stage 2 & Stage 3 to Stage 1)	20,557	(6,639)	(13,918)	-
Transfer to lifetime ECL -not credit impaired (from Stage 1 & Stage 3 to Stage 2)	(16,583)	24,708	(8,125)	-
Transfer to lifetime ECL -credit impaired (from Stage 1 & Stage 2 to Stage 3)	(1,106)	(40,624)	41,730	-
Net re-measurement of loss allowance*	(64,330)	91,132	158,953	185,755
Balance as at 31 March 2022	567,482	1,540,648	2,591,781	4,699,911

* Includes charge-offs (consumer loans and credit cards) and write-offs (commercial, overdrafts, mortgages and others).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
8. LOANS AND ADVANCES, NET (continued)

8.3 Impairment charges for credit losses and other financial assets, net as reflected in the interim condensed consolidated statement of income are detailed as follows:

	For the three month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
SAR'000		
Impairment charge for credit losses, net	580,889	147,659
Impairment charge for other financial assets, net	22,887	38,725
Total	<u>603,776</u>	<u>186,384</u>

9. CUSTOMER DEPOSITS

Customer deposits comprise the following:

SAR'000	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2022 (Unaudited)
Demand	126,887,025	123,376,425	125,183,900
Saving	1,399,862	1,269,928	1,405,435
Time	108,500,744	96,102,144	81,210,600
Others	20,489,727	19,258,588	24,615,935
Total	<u>257,277,358</u>	<u>240,007,085</u>	<u>232,415,870</u>

Customer time deposits include non-conventional banking deposits of SAR 32,748 million as at 31 March 2023 (31 December 2022: SAR 32,559 million and 31 March 2022: SAR 35,692 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
10. CREDIT RELATED COMMITMENTS AND CONTINGENCIES AND OTHERS

a) The Group's credit related commitments and contingencies are as follows:

<u>SAR'000</u>	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2022 (Unaudited)
Letters of credit	8,432,575	8,679,430	10,186,780
Letters of guarantee	82,048,247	77,159,876	73,893,653
Acceptances	3,505,660	3,644,844	3,145,626
Irrevocable commitments to extend credit	23,366,891	24,364,249	23,129,315
Total	117,353,373	113,848,399	110,355,374

b) The breakdown of allowance for impairment of credit related commitments and contingencies by stages is as follows:

<u>SAR'000</u>	12 Months ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Balance at 31 March 2023 (Unaudited)	22,052	25,799	158,656	206,507
Balance at 31 December 2022 (Audited)	24,463	17,364	165,117	206,944
Balance at 31 March 2022 (Unaudited)	48,099	22,280	207,643	278,022

Other liabilities as at 31 March 2023, include write-off reserves amounting to SAR 546 million (31 December 2022: SAR 586 million and 31 March 2022: SAR 574 million).

11. CASH AND CASH EQUIVALENTS

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

<u>SAR'000</u>	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2022 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	22,804,606	20,872,849	13,419,900
Due from banks and other financial institutions maturing within three months from date of acquisition	28,454,098	20,613,232	22,185,912
Total	51,258,704	41,486,081	35,605,812

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
12. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data: and

Level 3: valuation techniques for which any significant input is not based on observable market data.

Following are the financial instruments carried at fair value in the interim condensed consolidated financial statements.

Fair value and fair value hierarchy

<u>31 March 2023</u>	Level 1	Level 2	Level 3	Total
SAR'000 (Unaudited)				
<u>Financial assets measured at fair value</u>				
- Positive fair value of derivatives	-	2,835,352	-	2,835,352
- Investments held at FVIS	1,275,792	-	-	1,275,792
- Investments held at FVOCI	17,585,922	-	554,601	18,140,523
<u>Financial liabilities measured at fair value</u>				
- Negative fair value of derivatives	-	2,663,700	-	2,663,700
<u>31 December 2022</u>	Level 1	Level 2	Level 3	Total
SAR'000 (Audited)				
<u>Financial assets measured at fair value</u>				
- Positive fair value of derivatives	-	3,790,841	-	3,790,841
- Investments held at FVIS	1,363,419	-	-	1,363,419
- Investments held at FVOCI	16,911,166	-	554,576	17,465,742
<u>Financial liabilities measured at fair value</u>				
- Negative fair value of derivatives	-	2,854,285	-	2,854,285
<u>31 March 2022</u>	Level 1	Level 2	Level 3	Total
SAR'000 (Unaudited)				
<u>Financial assets measured at fair value</u>				
- Positive fair value of derivatives	-	1,594,765	-	1,594,765
- Investments held at FVIS	1,127,098	-	-	1,127,098
- Investments held at FVOCI	20,486,475	-	536,374	21,022,849
<u>Financial liabilities measured at fair value</u>				
- Negative fair value of derivatives	-	1,273,098	-	1,273,098

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
12. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (continued)

	For the three month period ended 31 March 2023 (Unaudited) SAR'000	For the year ended 31 December 2022 (Audited) SAR'000	For the three month period ended 31 March 2022 (Unaudited) SAR'000
Reconciliation of movement in Level 3			
Opening balance	554,576	537,534	537,534
Total gains or losses, net:			
- recognised in interim condensed consolidated statement of income	52	(8,907)	(850)
Other movements	(27)	(18,801)	(310)
Purchases	-	44,750	-
Closing balance	554,601	554,576	536,374

There were no transfers between the fair value hierarchy levels during the current or prior period.

The fair values of on-balance sheet financial instruments, except for loans and advances and investments held at amortised cost are not significantly different from the carrying values included in the interim condensed consolidated financial statements. The fair values of customer deposits, debt securities in issue, cash and balances with SAMA, due from and due to banks and other financial institutions, other assets and other liabilities which are carried at amortised cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements, since the current market special commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks and other financial institutions, other assets and other liabilities.

The management uses discounted cash flow method, using the current yield curve adjusted for credit risk spreads to arrive at the fair value of loans and advances, which are categorised within level 3 of fair value hierarchy. The estimated fair values of loans and advances was SAR 251.2 billion as at 31 March 2023 (31 December 2022: SAR 240.6 billion and 31 March 2022: SAR 240.5 billion).

The estimated fair values of investments held at amortised cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds. The estimated fair values of these investments was SAR 33.4 billion as at 31 March 2023 (31 December 2022: SAR 30.7 billion and 31 March 2022 : SAR 36.7 billion).

13. OPERATING SEGMENTS

The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The operating segments are managed separately based on the Group's management and internal reporting structure. The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch, a representative office and an agency. However, the total assets, liabilities, commitments and results of operations of this branch, the representative office and the agency are not material to the Group's overall interim condensed consolidated financial statements and as a result have not been separately disclosed. The transactions between the Group's operating segments are recorded as per the Group's transfer pricing system. There are no other material items of income or expenses between the operating segments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
13. OPERATING SEGMENTS (continued)

The Group's reportable segments under IFRS 8 are as follows:

Retail banking

Deposits, credit and investment products for individuals and small to medium sized businesses.

Investment banking and brokerage

Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities.

Corporate banking

Principally handling corporate customers' current accounts, deposits and providing loans, overdrafts and other credit facilities and derivative products.

Treasury and investment

Principally providing money market, trading and treasury services as well as the management of the Group's investment portfolios.

The Group's total assets and liabilities at 31 March 2023 and 2022 and its total operating income, total operating expenses and income before zakat for the three months periods then ended, by operating segments, are as follows:

31 March 2023

SAR'000 (Unaudited)	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investment	Total
Total assets	103,720,638	4,399,161	170,170,889	102,334,105	380,624,793
Total liabilities	107,099,124	912,144	188,830,174	27,948,152	324,789,594
Total operating income, net of which	986,973	192,134	1,642,972	1,214,150	4,036,229
- Net special commission income	939,620	57,247	1,241,528	849,953	3,088,348
- Fee and commission income, net	59,257	119,997	393,503	816	573,573
Inter segment income/(expense)	(18,426)	43,604	(303,815)	278,637	-
Total operating expenses, net of which	932,021	72,913	712,168	68,727	1,785,829
- Depreciation of property, equipment and right of use assets	114,383	9,370	29,294	6,113	159,160
- Impairment charge for credit losses and other financial assets, net	170,840	-	431,758	1,178	603,776
- Impairment charge for investments, net	-	-	-	20,332	20,332
Share in profits of associates, net	-	-	-	1,121	1,121
Income for the period before zakat	54,952	119,221	930,804	1,146,544	2,251,521

31 March 2022

SAR'000 (Unaudited)	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investment	Total
Total assets	94,486,861	3,185,725	160,402,082	90,393,647	348,468,315
Total liabilities	101,556,259	960,266	166,983,292	28,103,601	297,603,418
Total operating income, net of which	1,010,366	272,607	1,182,291	636,270	3,101,534
- Net special commission income	975,277	67,186	801,753	287,661	2,131,877
- Fee and commission income, net	46,357	191,168	375,853	4,121	617,499
Inter segment income/(expense)	13,166	61,728	(66,511)	(8,383)	-
Total operating expenses, net of which	726,850	67,627	390,718	103,250	1,288,445
- Depreciation of property, equipment and right of use assets	98,044	7,143	20,346	6,682	132,215
- Impairment (reversal)/ charge for credit losses and other financial assets, net	46,861	-	139,420	103	186,384
- Impairment charge for investment, net	-	-	-	68,413	68,413
Share in losses of associates, net	-	-	-	(68,607)	(68,607)
Income for the period before zakat	283,516	204,980	791,573	464,413	1,744,482

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**For the three month period ended 31 March 2023 & 2022**

14. FINANCIAL RISK MANAGEMENT**Credit risk**

Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The Group uses internal credit rating tools to assess credit standing of its counterparties and assigns credit ratings accordingly. Also the Group uses the external ratings, of the major rating agency, where applicable.

The Group attempts to control credit risk by appropriate credit structuring, credit review process, post-disbursal monitoring of credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

The Group's credit risk for derivatives, represents the potential cost to replace the derivative contracts if counterparties fail to fulfil their obligation, and to control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Concentration risk refers to the risk from an uneven distribution of counterparties in credit or in other business relationship or from concentration in business sectors or geographical regions. Accordingly, concentration risk in the credit portfolios comes into existence through a skewed distribution of financing to (a) individual borrower (name concentration) (b) industry /service sector (sector concentration) and (c) geographical regions (regional concentration). Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting any particular category of concentration.

The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate. The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Management monitors the market value of collateral recurrently, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. The Group regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three month period ended 31 March 2023 & 2022
15. DIVIDENDS

Final dividends of SAR 1,950 million (SAR 0.65 per share) proposed for 2022 were approved by the Extraordinary General Assembly meeting on 26 March 2023. The distribution date for the dividend was 3 April 2023.

16. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the periods ended 31 March 2023 & 2022 are calculated by dividing the net income attributable to common equity holders of the Bank (adjusted for Tier 1 sukuk costs) for the periods by 3,000 million outstanding shares.

17. CAPITAL ADEQUACY

The Group's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base.

The Group monitors the adequacy of its capital using the methodologies and ratios established by the Basel Committee on Banking Supervision and as adopted by SAMA, with a view to maintain a sound capital base to support its business development and meet regulatory capital requirement as defined by SAMA.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Bank's eligible capital with its statement of financial position assets, commitments and notional amounts of derivatives at a weighted amount to reflect their relative risk.

The following table summarizes the Bank's Pillar-1 Risk Weighted Assets, Tier 1 and Tier 2 capital and capital adequacy ratios. The Saudi Central Bank (SAMA) announced the Basel III Final Reforms official implementation by Saudi Banks as of January 1, 2023, which comes in line with the internationally agreed timeline set by the Basel Committee on Banking Supervision (BCBS). The current period disclosures are therefore based on the Basel III Final Reforms while the comparative are based on the pre-reform methodology.

	31 March 2023	31 December 2022	31 March 2022
	(Unaudited)	(Audited)	(Unaudited)
	<u>SAR Millions</u>	<u>SAR Millions</u>	<u>SAR Millions</u>
Risk weighted assets			
Credit	290,050	283,848	288,454
Operational	13,756	21,401	19,813
Market	8,864	5,176	4,947
Total Pillar-I Risk Weighted Assets	<u>312,670</u>	<u>310,425</u>	<u>313,214</u>
Eligible capital			
Tier I Capital	55,576	56,036	50,930
Tier II Capital	9,190	9,317	9,271
Total Tier I and II Capital	<u>64,766</u>	<u>65,353</u>	<u>60,201</u>
Tier I Capital Adequacy Ratio %	17.8%	18.1%	16.3%
Total Capital Adequacy Ratio %	20.7%	21.1%	19.2%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**For the three month period ended 31 March 2023 & 2022****18. IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)**

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

The Group has exposure to IBOR rates that are subject to reform through [its issuance of sukuk, the structural profit rate position, holdings of investment securities, and products denominated in foreign currencies and, where applicable, associated hedging].

As at 31 March 2023, Bank's exposure to LIBOR -USD maturing after 30 June 2023 amounted to SAR 15.5 billion for loans and advances and SAR 45.2 billion for notional amount of derivatives.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period presentation.

20. BOARD OF DIRECTORS APPROVAL

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 11 Shawwal 1444H (corresponding to 1 May 2023).



Abdullah A. Al-Oraini
Chief Financial Officer



Tareq A. Al-Sadhan
Chief Executive Officer



Eng. Abdullah M. Al-Issa
Chairman of the Board

