

البنك
السعودي
الفرنسي
Banque
Saudi
Fransi



BANQUE SAUDI FRANSI
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2023



**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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: **The Shareholders of Banque Saudi Fransi
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Banque Saudi Fransi and its subsidiaries (collectively referred to as "the Bank") as at 30 September 2023, and the related condensed interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the condensed interim consolidated statement of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Board of Directors is responsible for the preparation and presentation of these condensed interim 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 condensed interim 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" 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 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 condensed interim 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 22 of the accompanying condensed interim consolidated financial statements. As part of our review, we compared the information in note 22 to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License Number: 366



KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
Certified Public Accountant
License Number: 348

15 Rabi Al-Thani 1445
30 October 2023



KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (40,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

SAR '000	Notes	Sep 30, 2023 (Unaudited)	Dec 31, 2022 (Audited)	Sep 30, 2022 (Unaudited)
ASSETS				
Cash and balances with SAMA	5	10,482,660	11,325,586	12,427,738
Due from banks and other financial institutions, net	6	5,126,833	4,795,111	4,507,303
Investments, net	7	46,389,673	44,517,549	43,341,480
Positive fair value of derivatives	11	7,346,045	6,582,980	6,743,596
Loans and advances, net	8	174,680,785	159,011,525	158,481,354
Investment in associate, net		9,695	9,695	9,695
Property, equipment and right of use assets, net		1,940,512	1,739,307	1,720,117
Other real estate, net		343,359	342,050	382,234
Other assets, net		3,542,677	3,754,316	4,045,182
Total assets		249,862,239	232,078,119	231,658,699
LIABILITIES AND EQUITY				
Liabilities				
Due to SAMA	9	10,502,718	8,004,403	13,598,014
Due to banks and other financial institutions	10	10,037,630	8,766,039	6,496,146
Customers' deposits	12	166,366,883	157,592,320	157,820,917
Negative fair value of derivatives	11	8,618,430	7,383,707	7,463,672
Debt securities and term loans	13	8,175,207	4,515,254	-
Other liabilities		6,878,704	7,071,071	8,475,240
Total liabilities		210,579,572	193,332,794	193,853,989
Equity				
Share capital		12,053,572	12,053,572	12,053,572
Statutory reserve		12,053,572	12,053,572	12,053,572
General reserve		982,857	982,857	982,857
Other reserves		(2,505,650)	(2,090,067)	(2,194,487)
Retained earnings		11,854,549	9,768,005	10,001,114
Proposed dividend		-	1,079,633	-
Treasury shares		(156,233)	(102,247)	(91,918)
Equity attributable to the shareholders of the Bank		34,282,667	33,745,325	32,804,710
Tier 1 Sukuk	16	5,000,000	5,000,000	5,000,000
Total equity		39,282,667	38,745,325	37,804,710
Total liabilities and equity		249,862,239	232,078,119	231,658,699

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

Ramzy Darwish



Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazen AlRomaih



Chairman of the Board



SAR '000	For the three month ended		For the nine month ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Special commission income	3,489,003	2,258,849	9,711,622	5,657,767
Special commission expense	1,421,015	542,170	3,744,165	1,009,775
Net special commission income	2,067,988	1,716,679	5,967,457	4,647,992
Fee and commission income	380,586	337,980	1,083,329	1,045,085
Fee and commission expense	149,514	131,273	405,970	394,957
Net fee and commission income	231,072	206,707	677,359	650,128
Exchange income, net	113,382	135,734	337,297	333,866
Trading income, net	72,443	19,720	151,691	127,489
Dividend income	3,598	3,292	10,512	10,372
(Losses) / gains on FVOCI / non-trading investments, net	(20,916)	816	(16,494)	3,600
Other operating income	63	97	5,229	1,001
Total operating income	2,467,630	2,083,045	7,133,051	5,774,448
Salaries and employee related expenses	453,350	390,931	1,284,645	1,081,905
Rent and premises related expenses	17,850	17,893	50,382	49,629
Depreciation and amortization	57,521	58,316	170,745	170,955
Other operating and general and administrative expenses	211,290	210,811	670,041	627,986
Total operating expenses before impairment charge	740,011	677,951	2,175,813	1,930,475
Impairment charge for expected credit losses on loans and advances, net	350,787	349,504	1,262,845	889,215
Impairment reversal for investments, financial assets and others, net	(6,137)	(1,292)	(81,657)	(5,489)
Total operating expenses, net	1,084,661	1,026,163	3,357,001	2,814,201
Net income for the period before Zakat	1,382,969	1,056,882	3,776,050	2,960,247
Zakat for the period	137,475	96,016	380,801	287,794
Net income for the period	1,245,494	960,866	3,395,249	2,672,453
Basic and diluted earnings per share (SAR)	0.99	0.75	2.69	2.08

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

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Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazen AlRomainh



Chairman of the Board



SAR '000	For the three month ended		For the nine month ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Net income for the period	1,245,494	960,866	3,395,249	2,672,453
Other comprehensive income / (loss):				
Items that cannot be recycled back to condensed interim consolidated statement of income in subsequent periods				
<u>Movement in equity instruments at fair value through other comprehensive income</u>				
Net change in the fair value	(2,938)	(23,352)	30,998	(102,732)
Items that can be recycled back to condensed interim consolidated statement of income in subsequent periods				
<u>Debt instruments at fair value through other comprehensive income</u>				
Net change in the fair value	(244,524)	(304,336)	(197,623)	(903,599)
Net change in ECL	(208)	1,698	(1,203)	1,788
Loss / (income) transferred to condensed interim consolidated statement of income	11,306	(816)	6,884	(3,600)
<u>Cash flow hedge</u>				
Net change in the fair value	(433,582)	(477,943)	(837,716)	(1,237,737)
Loss / (income) transferred to condensed interim consolidated statement of income	236,617	4,062	583,077	(177,314)
Total other comprehensive loss for the period	(433,329)	(800,687)	(415,583)	(2,423,194)
Total comprehensive income for the period	812,165	160,179	2,979,666	249,259

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

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Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazen AlRomaih



Chairman of the Board



BANQUE SAUDI FRANSI (A Saudi Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

SAR '000	Share capital	Statutory reserve	General reserve	Retained earnings	Other reserves			Proposed dividend	Treasury shares	Total equity attributable to the shareholders	Tier 1 Sukuk	Total Equity
					FVOCI	Actuarial gain / (loss) on defined benefit plans	Cash flow hedge					
For the nine month period ended Sep 30, 2023												
Balance at the beginning of the period	12,053,572	12,053,572	982,857	9,768,005	(850,259)	11,080	(1,250,888)	1,079,633	(102,247)	33,745,325	5,000,000	38,745,325
Net income for the period	-	-	-	3,395,249	-	-	-	-	-	3,395,249	-	3,395,249
Net change in the fair value	-	-	-	-	(167,828)	-	(837,716)	-	-	(1,005,544)	-	(1,005,544)
Net amount transferred to condensed interim consolidated statement of income	-	-	-	-	6,884	-	583,077	-	-	589,961	-	589,961
Total comprehensive income for the period	-	-	-	3,395,249	(160,944)	-	(254,639)	-	-	2,979,666	-	2,979,666
Final dividend paid for 2022	-	-	-	-	-	-	-	(1,079,633)	-	(1,079,633)	-	(1,079,633)
Interim dividend for 2023	-	-	-	(1,140,213)	-	-	-	-	-	(1,140,213)	-	(1,140,213)
Tier 1 Sukuk related cost	-	-	-	(168,492)	-	-	-	-	-	(168,492)	-	(168,492)
Net change in treasury shares	-	-	-	-	-	-	-	-	(53,986)	(53,986)	-	(53,986)
Balance at the end of the period	12,053,572	12,053,572	982,857	11,854,549	(1,011,203)	11,080	(1,505,527)	-	(156,233)	34,282,667	5,000,000	39,282,667
For the nine month period ended Sep 30, 2022												
Balance at the beginning of the period	12,053,572	12,053,572	982,857	8,398,887	7,712	1,731	219,264	1,019,956	(51,881)	34,685,670	5,000,000	39,685,670
Net income for the period	-	-	-	2,672,453	-	-	-	-	-	2,672,453	-	2,672,453
Net change in the fair value	-	-	-	-	(1,004,543)	-	(1,237,737)	-	-	(2,242,280)	-	(2,242,280)
Net amount transferred to condensed interim consolidated statement of income	-	-	-	-	(3,600)	-	(177,314)	-	-	(180,914)	-	(180,914)
Total comprehensive income for the period	-	-	-	2,672,453	(1,008,143)	-	(1,415,051)	-	-	249,259	-	249,259
Final dividend paid for 2021	-	-	-	-	-	-	-	(1,019,956)	-	(1,019,956)	-	(1,019,956)
Interim dividend for 2022	-	-	-	(901,488)	-	-	-	-	-	(901,488)	-	(901,488)
Tier 1 Sukuk related cost	-	-	-	(168,738)	-	-	-	-	-	(168,738)	-	(168,738)
Net change in treasury shares	-	-	-	-	-	-	-	-	(40,037)	(40,037)	-	(40,037)
Balance at the end of the period	12,053,572	12,053,572	982,857	10,001,114	(1,000,431)	1,731	(1,195,787)	-	(91,918)	32,804,710	5,000,000	37,804,710

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

Ramzy Darwish



Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazen AlRomaih



Chairman of the Board



BANQUE SAUDI FRANSI (A Saudi Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

Page 5

SAR '000	Notes	For the nine month period ended	
		Sep 30, 2023	Sep 30, 2022
<u>OPERATING ACTIVITIES</u>			
Net income for the period before zakat		3,776,050	2,960,247
Adjustments to reconcile net income before zakat to net cash from / (used in) operating activities:			
Accretion of discounts on investments not held as FVSI, net		68,009	172,800
Gains on FVOCI		16,494	(3,600)
Depreciation and amortization		170,745	170,955
Loss / (gain) on disposal of property, equipment, net		(120)	(47)
Impairment charge for expected credit losses, net	8	1,370,069	997,011
Impairment reversal for investments, financial assets and others, net		(81,657)	(5,489)
Long term incentive scheme provision		32,248	13,183
Operating income before changes in operating assets and liabilities		5,351,838	4,305,060
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		(218,679)	(930,495)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		(25,889)	(200,000)
Investments held as FVSI, trading		(28,350)	140,454
Loans and advances		(16,985,661)	(11,605,190)
Other assets		(807,374)	(5,169,527)
Net increase / (decrease) in operating liabilities:			
Due to SAMA, banks and other financial institutions, net		3,700,137	(3,858,276)
Customers' deposits		8,774,562	15,870,709
Other liabilities		925,972	6,014,805
Zakat paid		686,556	4,567,540
		(412,832)	(616,683)
Net cash generated from operating activities		273,724	3,950,857
<u>INVESTING ACTIVITIES</u>			
Proceeds from sales and maturities of investment not held as FVSI		18,925,865	4,029,842
Purchase of investments not held as FVSI		(21,026,166)	(4,814,826)
Purchases of property and equipment		(323,695)	(276,234)
Proceeds from sale of property and equipment		229	223
Net cash used in investing activities		(2,423,767)	(1,060,995)
<u>FINANCING ACTIVITIES</u>			
Issuance of term loan		3,937,500	-
Dividend paid		(2,219,846)	(1,921,444)
Tier I Sukuk related cost		(168,492)	(168,738)
Payment of lease liability		(68,657)	(60,946)
Purchase of Treasury Shares		(86,234)	(53,220)
Net cash from / (used in) financing activities		1,394,271	(2,204,348)
(Decrease) / increase in cash and cash equivalents		(755,772)	685,514
Cash and cash equivalents at the beginning of the period		5,797,919	6,627,104
Cash and cash equivalents at the end of the period	15	5,042,147	7,312,618
Special commission received during the period		8,828,496	4,759,393
Special commission paid during the period		3,398,167	729,406
<u>Supplemental non-cash information</u>			
RoU assets		55,082	60,162
Lease liability		20,275	21,026
Movement in other reserve and transfers to the condensed interim consolidated statement of income		(415,583)	(2,423,194)

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

Ramzy Darwish



Chief Financial Officer

Bader AISalloom



Chief Executive Officer

Mazen AlRomaih



Chairman of the Board



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the nine month period ended September 30, 2023****1. General**

Banque Saudi Fransi (the Bank) is a Saudi Joint Stock Company established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 04, 1977). The Bank formally commenced its activities on Muharram 01, 1398H (corresponding to December 11, 1977), by taking over the branches of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration Number 1010073368 dated Safar 04, 1410H (corresponding to September 05, 1989), through its 82 branches (September 30, 2022: 82 branches) in the Kingdom of Saudi Arabia, employing 3,072 people (September 30, 2022: 3,042 people).

The objective of the Bank is to provide a full range of banking services, including Islamic products, which are approved and supervised by an independent Shariah Board. The Bank's Head Office is located at King Saud Road, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia.

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

The Bank owns a subsidiary, Saudi Fransi Capital (100% share in equity) engaged in brokerage, asset management and corporate finance business. The Bank also owns Saudi Fransi Insurance Agency (SAFIA), Saudi Fransi for Finance Leasing (rebranded from SFL to JB), Sofinco Saudi Fransi and Saudi Fransi Digital Ventures having 100% share in equity. The Bank owns 100% (95% direct ownership and 5% indirect ownership through its subsidiary) share in Sakan Real Estate Financing. These subsidiaries are incorporated in the Kingdom of Saudi Arabia.

The Bank also formed subsidiaries BSF Markets Limited & BSF Finance Limited registered in Cayman Islands having 100% share in equity. The objective of BSF Markets Limited Company is derivative trading and Repo activities. BSF Finance Limited is a special purpose vehicle established to raise capital for Banque Saudi Fransi by the issuance of debt instruments.

The Bank formed a subsidiary Sur Multi Family Office Limited registered in United Kingdom having 100% share in equity. The objective of this subsidiary is to provide a wide range of wealth management services to BSF's high networth clients and their families.

The Bank has investment in an associate and owns 27% shareholding in Banque BEMO Saudi Fransi, incorporated in Syria.

2. Basis of preparation

The condensed interim consolidated financial statements of the Group as at and for the period ended September 30, 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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2022.

The consolidated financial statements of the Group as at and for the year ended December 31, 2022, were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA. The condensed interim consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

3. Basis of consolidation

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association / By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Bank shall present the amended Articles of Association / By-Laws to the shareholders in their Extraordinary / Annual General Assembly meeting for their ratification.

The condensed interim consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Adjustments are made wherever necessary in the financial statements of the subsidiaries to align with the Bank's condensed interim consolidated financial statements.

Subsidiaries are the entities that are controlled by the Bank. The Bank controls an entity when it is exposed, or has a right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and cease to be consolidated from the date on which the control is transferred from the Bank. The results of subsidiaries acquired or disposed during the period, if any, are consolidated in the condensed interim consolidated statement of income from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

Balances between the Bank and its subsidiaries, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the condensed interim 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.

4. Accounting Policies and Estimates

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 01, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the condensed interim consolidated financial statements of the Group.

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.
- 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

4. Accounting Policies and Estimates (continued)

- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 01, 2024. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the condensed interim consolidated financial statements of the Group.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

5. Cash and balances with SAMA

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Cash on hand	991,375	973,736	1,126,467
Statutory deposit	9,385,529	9,166,850	9,622,423
Money market placements with SAMA	-	1,185,000	1,678,848
Current account	105,756	-	-
Total	10,482,660	11,325,586	12,427,738

6. Due from banks and other financial institutions, net

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Current accounts	2,241,153	2,795,573	2,595,891
Money market placements	2,886,589	2,001,842	1,912,767
	5,127,742	4,797,415	4,508,658
Less: impairment	(909)	(2,304)	(1,355)
Total	5,126,833	4,795,111	4,507,303

i) The following table shows the stage wise movement in ECL allowance for due from banks and other financial institutions:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	353	1,951	-	2,304
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net charge / (reversal) for the period	277	(1,672)	-	(1,395)
Balance at the end of the period	630	279	-	909

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	114	66	-	180
Net charge for the year	239	1,885	-	2,124
Balance at the end of the year	353	1,951	-	2,304

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

6. Due from banks and other financial institutions, net (continued)

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	114	66	-	180
Transfer from 12-month ECL	(1)	1	-	-
Transfer from lifetime ECL not credit impaired	5	(5)	-	-
Net charge for the period	801	374	-	1,175
Balance at the end of the period	919	436	-	1,355

ii) The following table shows the gross carrying amount of the due from banks and other financial institutions:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	4,754,180	43,235	-	4,797,415
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net change for the period	362,932	(32,605)	-	330,327
Write-offs	-	-	-	-
Balance at the end of the period	5,117,112	10,630	-	5,127,742

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	5,316,259	7,885	-	5,324,144
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net change for the year	(562,079)	35,350	-	(526,729)
Write-offs	-	-	-	-
Balance at the end of the year	4,754,180	43,235	-	4,797,415

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	5,316,259	7,885	-	5,324,144
Transfer from 12-month ECL	(646)	646	-	-
Transfer from lifetime ECL not credit impaired	37	(37)	-	-
Net change for the period	(823,368)	7,882	-	(815,486)
Write-offs	-	-	-	-
Balance at the end of the period	4,492,282	16,376	-	4,508,658

7. Investments, net

a) Investment securities are classified as follows:

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Investment at amortized cost - gross	24,715,664	26,051,032	26,172,895
Less: impairment	(11,447)	(7,895)	(7,908)
Investment at amortized cost, net	24,704,217	26,043,137	26,164,987
Investments at FVOCI – Debt instruments	21,231,251	18,085,275	16,865,422
Investments at FVOCI – Equity/other investments	357,111	320,393	241,530
Total FVOCI	21,588,362	18,405,668	17,106,952
Investment at FVSI – Debt/equity instruments	97,094	68,744	69,541
Total	46,389,673	44,517,549	43,341,480

Gross Investments include Shariah based investments amounting to SAR 32,215 million (December 31, 2022: SAR 29,818 million; September 30, 2022: SAR 29,054 million).

b) Investments held at amortised cost

Investments by type of securities

SAR '000	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)			September 30, 2022 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	22,117,226	-	22,117,226	20,686,727	-	20,686,727	22,219,521	-	22,219,521
Floating-rate securities	2,192,638	-	2,192,638	4,778,807	-	4,778,807	3,306,907	-	3,306,907
Other	394,353	-	394,353	577,603	-	577,603	638,559	-	638,559
Total	24,704,217	-	24,704,217	26,043,137	-	26,043,137	26,164,987	-	26,164,987

c) Investments held at fair value through other comprehensive income

Investments by type of securities

SAR '000	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)			September 30, 2022 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	11,830,864	5,272,951	17,103,815	8,893,525	4,915,935	13,809,460	8,137,861	4,445,814	12,583,675
Floating-rate securities	3,316,782	810,654	4,127,436	3,204,689	1,071,126	4,275,815	3,214,480	1,067,267	4,281,747
Equities and others	346,886	10,225	357,111	310,162	10,231	320,393	231,348	10,182	241,530
Total	15,494,532	6,093,830	21,588,362	12,408,376	5,997,292	18,405,668	11,583,689	5,523,263	17,106,952

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

7. Investments, net (continued)

d) Investments held at fair value through statement of income (FVSI)

Investments by type of securities

SAR '000	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)			September 30, 2022 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	76,293	18,582	94,875	60,459	3,800	64,259	60,882	8,659	69,541
Floating-rate securities	-	-	-	-	-	-	-	-	-
Equities	2,219	-	2,219	4,485	-	4,485	-	-	-
Total	78,512	18,582	97,094	64,944	3,800	68,744	60,882	8,659	69,541

i) The following table shows the stage wise movement in ECL allowance for debt instruments:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	25,422	-	-	25,422
Net charge for the period	2,350	-	-	2,350
Balance at the end of the period	27,772	-	-	27,772

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	20,730	-	-	20,730
Net charge for the year	4,692	-	-	4,692
Balance at the end of the year	25,422	-	-	25,422

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	20,730	-	-	20,730
Net charge for the period	3,472	-	-	3,472
Balance at the end of the period	24,202	-	-	24,202

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

7. Investments, net (continued)

ii) The following table shows the stage wise gross carrying value of debt instruments:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	44,136,307	-	-	44,136,307
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the period	1,810,608	-	-	1,810,608
Write-offs	-	-	-	-
Balance at the end of the period	45,946,915	-	-	45,946,915

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	43,316,349	-	-	43,316,349
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the year	819,958	-	-	819,958
Write-offs	-	-	-	-
Balance at the end of the year	44,136,307	-	-	44,136,307

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	43,316,349	-	-	43,316,349
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the period	(278,032)	-	-	(278,032)
Write-offs	-	-	-	-
Balance at the end of the period	43,038,317	-	-	43,038,317

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

8. Loans and advances, net

i) Loans and advances held at amortised cost are classified as follows:

SAR '000	September 30, 2023 (Unaudited)			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	144,395,522	671,796	31,012,755	176,080,073
Non-performing loans and advances, net	3,382,991	18,789	138,491	3,540,271
Total loans and advances	147,778,513	690,585	31,151,246	179,620,344
Allowance for impairment	(4,679,868)	(39,485)	(220,206)	(4,939,559)
Loans and advances held at amortised cost, net	143,098,645	651,100	30,931,040	174,680,785

SAR '000	December 31, 2022 (Audited)			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	130,156,440	586,647	29,099,056	159,842,143
Non-performing loans and advances, net	4,038,589	20,175	111,160	4,169,924
Total loans and advances	134,195,029	606,822	29,210,216	164,012,067
Allowance for impairment	(4,696,609)	(38,798)	(265,135)	(5,000,542)
Loans and advances held at amortised cost, net	129,498,420	568,024	28,945,081	159,011,525

SAR '000	September 30, 2022 (Unaudited)			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	129,596,305	583,188	29,053,559	159,233,052
Non-performing loans and advances, net	4,343,229	20,576	107,067	4,470,872
Total loans and advances	133,939,534	603,764	29,160,626	163,703,924
Allowance for impairment	(4,921,974)	(43,725)	(256,871)	(5,222,570)
Loans and advances held at amortised cost, net	129,017,560	560,039	28,903,755	158,481,354

Gross Loans and advances include Shariah based loans and advances amounting to SAR 128,590 million (December 31, 2022: SAR 115,207 million; September 30, 2022: SAR 114,417 million).

ii) The movement in the allowance for impairment of loans and advances to customers for the period is as follows:

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Opening loss allowance as at January 01	5,000,542	4,732,824	4,732,824
Charge for the period / year, net	1,370,069	1,548,321	997,011
Bad debts written off against provision	(1,431,052)	(1,280,603)	(507,265)
Balance at the end of the period / year	4,939,559	5,000,542	5,222,570

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

8. Loans and advances, net (continued)

iii) The following table shows the stage wise movement in ECL allowance for loans and advances:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	421,205	1,799,671	2,779,666	5,000,542
Transfer from 12-month ECL	(14,380)	12,222	2,158	-
Transfer from lifetime ECL not credit impaired	36,591	(206,841)	170,250	-
Transfer from Lifetime ECL credit impaired	6,456	8,738	(15,194)	-
Net charge / (reversal) for the period	(138,783)	386,253	1,122,599	1,370,069
Write-offs	-	-	(1,431,052)	(1,431,052)
Balance at the end of the period	311,089	2,000,043	2,628,427	4,939,559

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	526,450	1,828,983	2,377,391	4,732,824
Transfer from 12-month ECL	(19,274)	16,816	2,458	-
Transfer from lifetime ECL not credit impaired	51,113	(740,238)	689,125	-
Transfer from Lifetime ECL credit impaired	11,445	422,939	(434,384)	-
Net charge / (reversal) for the year	(148,529)	271,171	1,425,679	1,548,321
Write-offs	-	-	(1,280,603)	(1,280,603)
Balance at the end of the year	421,205	1,799,671	2,779,666	5,000,542

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	526,450	1,828,983	2,377,391	4,732,824
Transfer from 12-month ECL	(11,643)	10,038	1,605	-
Transfer from lifetime ECL not credit impaired	30,714	(619,759)	589,045	-
Transfer from Lifetime ECL credit impaired	11,415	420,789	(432,204)	-
Net charge / (reversal) for the period	(215,873)	325,687	887,197	997,011
Write-offs	-	-	(507,265)	(507,265)
Balance at the end of the period	341,063	1,965,738	2,915,769	5,222,570

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

8. Loans and advances, net (continued)

iv) The following table shows the stage wise gross loans and advances by product:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	132,461,431	11,921,948	3,395,134	147,778,513
Credit Card	637,147	28,189	25,249	690,585
Consumer	30,694,447	296,308	160,491	31,151,246
Balance at the end of the period	163,793,025	12,246,445	3,580,874	179,620,344

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	118,193,805	11,932,997	4,068,227	134,195,029
Credit Card	562,135	18,953	25,734	606,822
Consumer	28,792,514	233,689	184,013	29,210,216
Balance at the end of the year	147,548,454	12,185,639	4,277,974	164,012,067

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	116,283,614	13,237,567	4,418,353	133,939,534
Credit Card	559,401	18,717	25,646	603,764
Consumer	28,802,920	235,349	122,357	29,160,626
Balance at the end of the period	145,645,935	13,491,633	4,566,356	163,703,924

v) The following table shows the stage wise gross carrying value of loans and advances:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	147,548,454	12,185,639	4,277,974	164,012,067
Transfer from 12-month ECL	(2,758,602)	2,416,877	341,725	-
Transfer from lifetime ECL not credit impaired	1,878,868	(2,378,009)	499,141	-
Transfer from Lifetime ECL credit impaired	82,295	20,483	(102,778)	-
Net change for the period	17,042,010	1,455	(4,136)	17,039,329
Write-offs	-	-	(1,431,052)	(1,431,052)
Balance at the end of the period	163,793,025	12,246,445	3,580,874	179,620,344

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

8. Loans and advances, net (continued)

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	134,589,045	14,022,436	3,934,102	152,545,583
Transfer from 12-month ECL	(3,307,476)	3,141,115	166,361	-
Transfer from lifetime ECL not credit impaired	2,174,569	(4,490,566)	2,315,997	-
Transfer from Lifetime ECL credit impaired	20,875	884,010	(904,885)	-
Net change for the year	14,071,441	(1,371,356)	47,002	12,747,087
Write-offs	-	-	(1,280,603)	(1,280,603)
Balance at the end of the year	147,548,454	12,185,639	4,277,974	164,012,067

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	134,589,045	14,022,436	3,934,102	152,545,583
Transfer from 12-month ECL	(2,449,994)	2,351,790	98,204	-
Transfer from lifetime ECL not credit impaired	975,173	(2,917,894)	1,942,721	-
Transfer from Lifetime ECL credit impaired	20,739	879,262	(900,001)	-
Net change for the period	12,510,972	(843,961)	(1,405)	11,665,606
Write-offs	-	-	(507,265)	(507,265)
Balance at the end of the period	145,645,935	13,491,633	4,566,356	163,703,924

9. Due to SAMA

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Current accounts	-	19,134	130,324
Repo	4,988,773	-	-
Deposits	1,542,159	3,557,904	9,060,016
Government grant	4,066,530	4,591,880	4,599,968
Modification impact, net	(94,744)	(164,515)	(192,294)
Total	10,502,718	8,004,403	13,598,014

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

10. Due to banks and other financial institutions

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Current accounts	389,528	243,553	557,846
Money market placements	9,648,102	8,522,486	5,938,300
Total	10,037,630	8,766,039	6,496,146

11. Derivatives

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

a) Swaps

Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For currency rate swaps, fixed and floating commission payments and principal 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 market. Foreign currency and commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

c) Forward rate agreements

Forward rate agreements are individually negotiated commission rate contracts that call for a cash settlement for the difference between a contracted commission rate and the market rate on a specified future date, on a notional principal for an agreed period.

d) Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Held for trading purposes

Most of the Bank's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers, Banks and other financial institutions in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profiting from price differentials between markets or products. The Bank also holds structured derivatives which are fully back-to-back in accordance with the Bank's risk management strategy.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

11. Derivatives (continued)**Held for hedging purposes**

The Bank has adopted a comprehensive system for the measurement and the management of risk. Part of the risk management process involves managing the Bank's exposure to fluctuations in foreign exchange and commission rates to reduce its exposure to currency and commission rate risks to an acceptable level as determined by the Board of Directors in accordance with the guidelines issued by SAMA.

The Board of Directors has established the levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Board of Directors has also established the level of commission rate risk by setting commission rate sensitivity limits. Commission rate exposure in terms of the sensitivity is reviewed on a periodic basis and hedging strategies are used to reduce the exposure within the established limits.

As part of its asset and liability management the Bank uses derivatives for hedging purposes in order to adjust its own exposure to currency and commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall consolidated statement of financial position exposures. Strategic hedging does not qualify for special hedge accounting and the related derivatives are accounted for as held for trading.

The Bank uses forward foreign exchange contracts and currency rate swaps to hedge against specifically identified currency risks. In addition, the Bank uses commission rate swaps and commission rate futures to hedge against the commission rate risk arising from specifically identified fixed commission rate exposures. The Bank also uses commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument are formally documented and the transactions are accounted for as fair value or cash flow hedges.

Cash flow hedges

The Bank is exposed to variability in future special commission income cash flows on non-trading assets and liabilities which bear variable commission rate. The Bank uses commission rate swaps as cash flow hedges of these commission 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 commission rate risks which are hedged with cross currency commission rate swaps.

The tables below show the positive and negative fair values of derivative financial instruments held, 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 / year, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

SAR '000	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)			September 30, 2022 (Unaudited)		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Held for trading:									
Commission rate swaps	6,930,267	6,622,459	223,638,571	6,134,158	5,859,651	207,931,197	6,216,004	5,873,251	244,737,696
Forward rate agreements and commission rate futures and options	205,001	205,001	14,920,832	229,298	229,298	25,127,912	190,322	190,322	30,189,872
Forward foreign exchange contracts	85,603	67,437	15,766,917	110,907	81,096	25,157,176	178,420	231,691	24,944,179
Currency options	15,010	15,010	2,110,054	20,568	20,568	1,905,281	45,308	45,308	1,523,295
Others	14,771	14,771	1,062,083	37,039	37,039	1,262,606	54,433	54,433	1,289,796
Held as fair value hedges:									
Commission rate swaps	58,785	346,352	8,375,000	20,638	43,146	4,130,063	22,869	-	327,563
Held as cash flow hedges:									
Commission rate swaps	36,608	1,347,400	34,681,000	30,372	1,112,909	25,570,000	36,240	1,068,667	24,895,000
Total	7,346,045	8,618,430	300,554,457	6,582,980	7,383,707	291,084,235	6,743,596	7,463,672	327,907,401

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

12. Customers' deposits

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Demand	88,113,983	91,181,332	97,354,653
Saving	872,098	1,053,846	931,258
Time	72,497,910	60,275,249	54,398,686
Other	4,882,892	5,081,893	5,136,320
Total	166,366,883	157,592,320	157,820,917

Time deposits include Shariah based deposits amounting to SAR 35,914 million (December 31, 2022: SAR 28,648 million; September 30, 2022: SAR 23,686 million).

13. Debt securities and term loans

During Q3 2023, the Bank via BSF Sukuk Company Limited issued USD 100 million senior unsecured trust certificates (the "Certificates") under its USD 4 Billion Trust Certificate Issuance Programme. The Certificates mature on July 18, 2027 and bear a profit rate of 5.47 per cent. per annum payable semi-annually in arrears.

During Q2 2023, the Bank via BSF Sukuk Company Limited issued USD 900 million senior unsecured trust certificates (the "Certificates") under its USD 4 Billion Trust Certificate Issuance Programme. The Certificates mature on May 31, 2028 and bear a profit rate of 4.75 per cent. per annum payable semi-annually in arrears. In addition, the Bank also issued a privately placed USD 50 million unsecured term loan facility in June 2023 for a period of 2.5 years for general banking purposes. The term loan facility pays a three months coupon of SOFR + margin of 0.70% in arrears.

During Q4 2022, the Bank issued USD 700 million in 5 year non-convertible and unsecured senior fixed rate bonds, under its USD 4 Billion Euro Medium Term Note programme which is listed on the London Stock Exchange. The bonds pay a semi-annual coupon of 5.50% in arrears and are to be used for general banking purposes. In addition, the Bank also issued a privately placed USD 500 million unsecured term loan facility in December 2022 for a period of 3 years for general banking purposes. The term loan facility pays a three months coupon of SOFR + margin of 0.70% in arrears.

14. Commitments and contingencies

The Bank's credit related commitments and contingencies are as follows:

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Letters of credit	8,693,080	9,794,419	8,365,002
Letters of guarantee	45,990,071	40,195,932	38,876,994
Acceptances	3,626,047	2,412,633	2,571,182
Irrevocable commitments to extend credit	11,897,357	11,443,665	9,137,209
Total	70,206,555	63,846,649	58,950,387

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

14. Commitments and contingencies (continued)

i) The following table shows the stage wise movement in ECL allowance for commitments and contingencies:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	14,057	12,457	251,120	277,634
Transfer from 12-month ECL	(47)	47	-	-
Transfer from lifetime ECL not credit impaired	4,538	(4,727)	189	-
Transfer from Lifetime ECL credit impaired	-	383	(383)	-
Net reversal for the period	(3,338)	(3,210)	(76,101)	(82,649)
Write-offs	-	-	-	-
Balance at the end of the period	15,210	4,950	174,825	194,985

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	17,261	15,093	255,925	288,279
Transfer from 12-month ECL	(337)	335	2	-
Transfer from lifetime ECL not credit impaired	1,302	(2,090)	788	-
Net reversal for the year	(4,169)	(881)	(5,595)	(10,645)
Write-offs	-	-	-	-
Balance at the end of the year	14,057	12,457	251,120	277,634

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	17,261	15,093	255,925	288,279
Transfer from 12-month ECL	(304)	304	-	-
Transfer from lifetime ECL not credit impaired	495	(733)	238	-
Net reversal for the period	(3,038)	(5,163)	(1,679)	(9,880)
Write-offs	-	-	-	-
Balance at the end of the period	14,414	9,501	254,484	278,399

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

14. Commitments and contingencies (continued)

- ii) The following table shows the CCF (credit conversion factor) adjusted credit exposure amount of off statement of financial position items:

SAR '000	September 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	31,938,575	2,325,850	556,680	34,821,105
Transfer from 12-month ECL	(189,293)	187,496	1,797	-
Transfer from lifetime ECL not credit impaired	639,426	(736,676)	97,250	-
Transfer from Lifetime ECL credit impaired	3,492	13,336	(16,828)	-
Net change for the period	4,878,411	(264,386)	(146,636)	4,467,389
Write-offs	-	-	-	-
Balance at the end of the period	37,270,611	1,525,620	492,263	39,288,494

SAR '000	December 31, 2022 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	28,257,723	2,178,077	474,244	30,910,044
Transfer from 12-month ECL	(946,020)	925,650	20,370	-
Transfer from lifetime ECL not credit impaired	392,709	(526,669)	133,960	-
Transfer from Lifetime ECL credit impaired	-	686	(686)	-
Net change for the year	4,234,163	(251,894)	(71,208)	3,911,061
Write-offs	-	-	-	-
Balance at the end of the year	31,938,575	2,325,850	556,680	34,821,105

SAR '000	September 30, 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	28,257,723	2,178,077	474,244	30,910,044
Transfer from 12-month ECL	(433,280)	433,048	232	-
Transfer from lifetime ECL not credit impaired	16,955	(34,997)	18,042	-
Transfer from Lifetime ECL credit impaired	-	-	-	-
Net change for the period	1,796,697	(674,862)	19,795	1,141,630
Write-offs	-	-	-	-
Balance at the end of the period	29,638,095	1,901,266	512,313	32,051,674

The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings filed against the Bank as disclosed at December 31, 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

15. Cash and cash equivalents

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

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Cash and balances with SAMA excluding statutory deposit (note 5)	1,097,131	2,158,736	2,805,315
Due from banks and other financial institutions maturing within three months from the date of acquisition	3,945,016	3,639,183	4,507,303
Total	5,042,147	5,797,919	7,312,618

16. Tier 1 Sukuk

During 2020, the Bank through a Shariah compliant arrangement issued Tier 1 Sukuk (the "Sukuk"), amounting to SAR 5 billion. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank.

These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuks in a specific period, subject to the terms and conditions stipulated in the Sukuk Agreement.

The applicable profit rate is 4.5% per annum from date of issue up to 2025 and is subjected to reset every 5 years. The applicable profit on the Sukuks is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such 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.

17. Zakat

In March 2019, Zakat, Tax and Customs Authority ("ZATCA") issued new zakat regulations through Ministerial Decree No. 2215 dated Rajab 07, 1440H corresponding to March 14, 2019, which provides the new basis for the calculation of Zakat for companies engaged in financing activities and licensed by SAMA. The new Zakat regulations are issued pursuant to the Zakat Implementing Regulations and are applicable for the periods from January 01, 2019.

The Bank submitted its zakat return for the year ended 31 December 2022, and obtained the unrestricted zakat certificate. The assessments in respect to the Bank's zakat returns for the financial years up to 2018 have been finalized. The assessments for the financial years 2019 to 2022 are under the review of ZATCA.

Zakat for the period ended September 30, 2023 amounted to approximately SAR 381 million (September 30, 2022: SAR 288 million). The provision of Zakat is estimated based on the results of operations of the Bank for the nine month period ended and the consolidated financial position at September 30, 2023.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

18. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Bank uses widely recognized valuation models for determining the fair value of common and simpler financial instruments.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction. Fair values aim also to reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty where appropriate.

Valuation Framework

The Bank has an established control framework with respect to the measurement of fair values. This framework includes a Market Risk Department, which is independent of Front Office management and reports to the Chief Risk Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements.

Determination of fair value and fair value hierarchy

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

Level 1: Quoted prices in active markets for the same instrument (i.e. without modification or repackaging)

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

18. Fair values of financial assets and liabilities (continued)

Derivative products valued using a valuation technique with market observable inputs are mainly commission rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and commission rate curves. Other investments in level 2 are valued based on market observable date including broker rates etc.

SAR '000	Carrying Value	Level 1	Level 2	Level 3	Total
September 30, 2023 (Unaudited)					
Financial assets					
Derivative financial instruments positive fair value	7,346,045	-	7,346,045	-	7,346,045
Financial investments designated at FVSI	97,094	38,701	58,393	-	97,094
Financial investments at FVOCI	21,588,362	13,068,600	8,309,483	210,279	21,588,362
Total	29,031,501	13,107,301	15,713,921	210,279	29,031,501
Financial Liabilities					
Derivative financial instruments negative fair value	8,618,430	-	8,618,430	-	8,618,430
Total	8,618,430	-	8,618,430	-	8,618,430

SAR '000	Carrying Value	Level 1	Level 2	Level 3	Total
December 31, 2022 (Audited)					
Financial assets					
Derivative financial instruments positive fair value	6,582,980	-	6,582,980	-	6,582,980
Financial investments designated at FVSI	68,744	8,285	60,459	-	68,744
Financial investments at FVOCI	18,405,668	13,018,029	5,177,286	210,353	18,405,668
Total	25,057,392	13,026,314	11,820,725	210,353	25,057,392
Financial Liabilities					
Derivative financial instruments negative fair value	7,383,707	-	7,383,707	-	7,383,707
Total	7,383,707	-	7,383,707	-	7,383,707

SAR '000	Carrying Value	Level 1	Level 2	Level 3	Total
September 30, 2022 (Unaudited)					
Financial assets					
Derivative financial instruments positive fair value	6,743,596	-	6,743,596	-	6,743,596
Financial investments designated at FVTPL	69,541	69,541	-	-	69,541
Financial investments at FVOCI	17,106,952	14,107,165	2,797,665	202,122	17,106,952
Total	23,920,089	14,176,706	9,541,261	202,122	23,920,089
Financial Liabilities					
Derivative financial instruments negative fair value	7,463,672	-	7,463,672	-	7,463,672
Total	7,463,672	-	7,463,672	-	7,463,672

During the period there have been no transfers in between level 1, level 2 and level 3.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

18. Fair values of financial assets and liabilities (continued)

The fair values of investments held at amortized cost are SAR 23,975 million (December 31, 2022: SAR 25,217 million and September 30, 2022: SAR 25,338) against carrying value of SAR 24,704 million (December 31, 2022: SAR 26,043 million and September 30, 2022: SAR 26,165 million). The fair values of commission bearing customers' deposits, debt securities, due from and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the condensed interim consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of due from and due to banks and other financial institutions. An active market for these instruments is not available and the Bank intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

The estimated fair values of investments held at amortized cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds. Consequently, differences can arise between carrying values and fair value estimates. The fair values of derivatives are based on the quoted market prices when available or by using the appropriate valuation technique. The Bank uses the discounted cash flow method using current yield curve to arrive at the fair value of loans and advances after adjusting internal credit spread which is SAR 175,975 million (December 31, 2022: SAR 160,823 million and September 30, 2022: SAR 160,160 million). The carrying values of those loans and advances are SAR 174,681 million (December 31, 2022: SAR 159,012 million and September 30, 2022: SAR 158,481 million).

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Balance at the beginning of the period / year	210,353	121,167	121,167
Transfer from level 2	-	-	-
Additions during the period / year	6,062	90,413	81,039
Change in value	(6,136)	(1,227)	(84)
Balance at the end of period / year	210,279	210,353	202,122

19. Segment information

Operating segments are identified on the basis of internal reports about components of the Bank that are regularly reviewed by the Bank's Board of Directors in its function as chief decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between operating segments are approved by the management as per agreed terms and are reported according to the Bank's internal transfer pricing policy. These terms are in line with normal commercial terms and conditions. The revenue from external parties report to the Board is measured in a manner consistent with that in the condensed interim consolidated statement of income.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

19. Segment information (continued)

The Bank is organised into the following main operating segments:

Retail banking – incorporates private and small establishment customers' demand accounts, overdrafts, loans, saving accounts, deposits, credit and debit cards, consumer loans, certain forex products and auto leasing.

Corporate banking – incorporates corporate and medium establishment customers' demand accounts, deposits, overdrafts, loans and other credit facilities and derivative products.

Treasury – incorporates treasury services, trading activities, investment securities, money market, Bank's funding operations and derivative products.

Investment banking and brokerage – Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities, retail investments products, corporate finance and international and local shares brokerage services and insurance.

The Bank's total assets and liabilities, together with total operating income, total operating expenses and net income before zakat for the nine month period ended, by operating segments, are as follows:

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
<u>September 30, 2023 (Unaudited)</u>					
Total assets	42,983,893	134,141,801	70,593,776	2,142,769	249,862,239
Loans and advances, net	40,442,955	132,811,804	-	1,426,026	174,680,785
Total liabilities	76,641,262	94,452,327	37,159,239	2,326,744	210,579,572
Customers' deposits	75,467,284	90,899,599	-	-	166,366,883
Total operating income	2,636,631	3,209,550	955,118	331,752	7,133,051
Total operating expenses before impairment charge	1,213,473	557,058	244,736	160,546	2,175,813
Impairment charges for financial assets & others, net	(90,535)	1,266,667	5,056	-	1,181,188
Net income for the period before zakat	1,513,693	1,385,825	705,326	171,206	3,776,050
Net special commission income	2,507,328	2,797,008	534,294	128,827	5,967,457
Fee and commission income, net	78,579	408,740	-	190,040	677,359
Exchange income, net	46,571	3,617	287,109	-	337,297
Trading income, net	-	-	149,318	2,373	151,691
Inter-segment revenue	1,908,599	1,025,963	(2,934,562)	-	-
Depreciation and amortization	114,116	34,848	18,393	3,388	170,745

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
<u>December 31, 2022 (Audited)</u>					
Total assets	38,411,305	122,840,810	68,634,685	2,191,319	232,078,119
Total liabilities	78,542,043	81,980,544	31,204,920	1,605,287	193,332,794

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

19. Segment information (continued)

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
<u>September 30, 2022 (Unaudited)</u>					
Total assets	38,342,726	122,273,340	68,657,856	2,384,777	231,658,699
Loans and advances, net	36,984,341	119,823,608	-	1,673,405	158,481,354
Total liabilities	76,073,845	84,540,497	31,200,761	2,038,886	193,853,989
Customers' deposits	74,872,317	82,948,600	-	-	157,820,917
Total operating income	1,562,352	2,483,529	1,398,383	330,184	5,774,448
Total operating expenses before impairment charge	1,025,207	499,479	248,178	157,611	1,930,475
Impairment charges for financial assets & others, net	3,574	885,641	(5,489)	-	883,726
Net income for the period before zakat	533,571	1,098,409	1,155,694	172,573	2,960,247
Net special commission income	1,388,759	2,195,854	979,372	84,007	4,647,992
Fee and commission income, net	131,274	284,030	-	234,824	650,128
Exchange income, net	41,784	3,180	288,902	-	333,866
Trading income, net	-	-	126,346	1,143	127,489
Inter-segment revenue	798,879	385,268	(1,184,147)	-	-
Depreciation and amortization	107,919	40,196	20,629	2,211	170,955

20. Share capital and Earnings per share

The authorised, issued and fully paid share capital of the Bank consists of 1,205 million shares of SAR 10 each (December 31, 2022: 1,205 million shares of SAR 10 each and September 30, 2022: 1,205 million shares of SAR 10 each).

Basic and diluted earnings per share for the periods ended September 30, 2023 and 2022 are calculated on a weighted average basis by dividing the net income adjusted for Tier I Sukuk costs for the period by 1,205 million shares after excluding treasury shares consisting of 6.8 million shares as of September 30, 2023 (December 31, 2022: 5.4 million shares and September 2022: 5.5 million shares).

The final net dividend of SAR 0.90 net per share for the year 2022 has been approved by the shareholders at the General Assembly Meeting held on May 24, 2023.

The Board of Directors of the Bank approved on July 25, 2023 to distribute interim cash dividend of SAR 1,140 million, being SAR 0.95 per share for the six months period ended June 30, 2023 (2022: SAR 901 million at SAR 0.75 per share).

21. Related party balances

In the ordinary course of its activities, the Bank transacts business with related parties. In the opinion of the management and the Board, the related party transactions are carried out on group's internal pricing framework. The related party transactions are governed by limits set by the Banking Control Law and Regulations issued by SAMA.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

21. Related party balances (continued)

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

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Associates			
Investments	9,695	9,695	9,695
Due to banks and other financial institutions	8,377	8,204	8,218
Directors, senior management, shariah members and major shareholders' and their affiliates			
Loans and advances	10,865,869	11,813,189	12,253,993
Investments	998,208	957,941	962,784
Due from banks and other financial institutions	-	-	-
Other assets	58,511	17,783	16,330
Customers' deposits	16,188,815	12,112,335	11,930,625
Due to banks and other financial institutions	1,416,485	900,000	-
Other liabilities	2,441	6,542	6,492
Derivatives at fair value, net	(118,353)	(45,733)	3,350
Commitments and contingencies	3,031,236	3,224,229	2,204,178

22. Capital Adequacy

The Bank's objectives when managing capital are, to comply with the capital requirements set by SAMA; to safeguard the Bank'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 Bank's management.

The Bank 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 amount of derivatives at a weighted amount to reflect their relative risk.

SAMA requires holding the minimum level of the regulatory capital of and maintaining a ratio of total regulatory capital to the risk-weighted asset (RWA) at or above the agreed minimum level.

SAMA through its circular number 391000029731 dated 15/03/1439H, which relates to the interim approach and transitional arrangements for the accounting allocations under IFRS 9 – financial instruments, 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.

The current period numbers are presented as per Basel III final reform issued by SAMA (circular number 44047144) effective from January 01, 2023, while the prior period is based on the previous Basel III regulations.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

22. Capital Adequacy (continued)

Bank's total risk weighted assets and total Tier I & Tier I + Tier II Capital are as follows:

SAR '000	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	September 30, 2022 (Unaudited)
Credit Risk RWA	209,551,335	199,328,125	195,936,821
Operational Risk RWA	7,545,292	13,681,882	13,655,990
Market Risk RWA	2,236,259	1,662,442	2,214,413
Total RWA	219,332,886	214,672,449	211,807,224
Common Equity Tier I Capital	36,075,819	35,571,463	34,575,747
Additional Tier I Capital	5,000,000	5,000,000	5,000,000
Tier I Capital	41,075,819	40,571,463	39,575,747
Tier II Capital	1,068,980	2,200,323	2,278,575
Total Tier I & II Capital	42,144,799	42,771,786	41,854,322
Capital Adequacy Ratio %			
Common Equity Tier I ratio	16.45%	16.57%	16.32%
Tier I ratio	18.73%	18.90%	18.68%
Tier I + Tier II ratio	19.21%	19.92%	19.76%

23. 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 an interest rate benchmark, including the replacement of an existing London Inter-bank Offer Rate ("LIBOR") with an alternative Risk-Free Rate ("RFR").

Management had put in place a robust transition project for those contracts which reference LIBOR and to transition them to the alternate benchmarks as applicable. This transition project considered changes to systems, processes, risk management policies, and models, as well as accounting implications. Further, the Bank has actively approached customers for awareness and led communication and negotiations with affected counterparties. As of September 30, 2023, all of the impacted financial instruments have transitioned to alternate reference rate. The Bank has no exposure to any other LIBOR rates.

24. Board of Directors Approval

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on October 23, 2023 corresponding to Rabia Al-Thaany 08,1445H.