

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**
**FOR THE THREE - MONTH PERIOD ENDED
31 MARCH 2020**



KPMG Al Fozan & Partners
Certified Public Accountants



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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Al Rajhi Banking and Investment Corporation** (the "Bank") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2020, and the interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other regulatory matters

As required by Saudi Arabian Monetary Authority ("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 submission to SAMA and found no material inconsistencies.

KPMG Al Fozan & Partners
Certified Public Accountants
 P.O. Box 92876
 Riyadh 11663
 Kingdom of Saudi Arabia

Ernst & Young
 P.O. Box 2732
 Riyadh 11461
 Kingdom of Saudi Arabia

Dr Abdullah Hamad Al Fozan
 Certified Public Accountant
 License no. 348



25 Ramadan 1441H
 (18 May 2020)

Rashid S. Al Rashoud
 Certified Public Accountant
 License no. 366



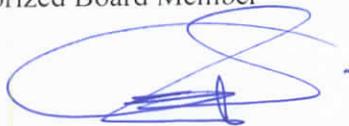
AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(SAR'000)		
		31 March 2020	31 December 2019	31 March 2019 (Restated note 19)
Notes	(Unaudited)	(Audited)	(Unaudited)	
ASSETS				
Cash and balances with Saudi Arabian Monetary Authority ("SAMA") and other central banks				
3	36,292,646	39,294,099	39,203,328	
Due from banks and other financial institutions				
4	28,013,710	32,058,182	28,076,039	
Investments, net				
5	49,657,859	46,842,630	45,611,735	
Financing, net				
6	261,385,345	249,682,805	234,826,111	
Investment properties, net				
	1,471,334	1,383,849	1,293,394	
Property and equipment, net				
	10,224,605	10,407,247	10,133,383	
Other assets, net				
	4,855,870	4,417,764	3,910,354	
TOTAL ASSETS		391,901,369	384,086,576	363,054,344
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions				
7	5,510,548	2,219,604	2,558,475	
Customers' deposits				
8	315,660,893	312,405,823	293,503,818	
Other liabilities				
	21,143,186	18,269,492	16,017,493	
Total liabilities		342,314,627	332,894,919	312,079,786
Shareholders' equity				
Share capital				
15	25,000,000	25,000,000	16,250,000	
Statutory reserve				
	21,789,632	21,789,632	16,250,000	
Other reserves				
10	(451,108)	(216,041)	(248,848)	
Retained earnings				
	3,248,218	868,066	15,067,156	
Proposed gross dividends				
18	-	3,750,000	3,656,250	
Total shareholders' equity		49,586,742	51,191,657	50,974,558
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		391,901,369	384,086,576	363,054,344

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements

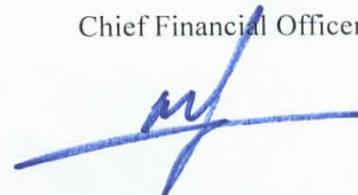
Authorized Board Member



Chief Executive Officer



Chief Financial Officer



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 AND 2019

		(SAR'000)	
	Notes	2020	2019 (Restated note 19)
INCOME			
Gross financing and investment income		4,252,884	4,086,623
Return on customers', banks' and financial institutions' time investments		(142,401)	(142,663)
Net financing and investment income		4,110,483	3,943,960
Fee from banking services, net		617,678	472,652
Exchange income, net		207,441	173,631
Other operating income, net		31,961	48,697
Total operating income		4,967,563	4,638,940
EXPENSES			
Salaries and employees' related benefits		733,406	685,078
Depreciation		275,378	213,385
Other general and administrative expenses		612,195	503,075
Total operating expenses before impairment charge		1,620,979	1,401,538
Impairment charge for financing and other financial assets, net	6	692,808	389,417
Total operating expenses		2,313,787	1,790,955
Income before Zakat		2,653,776	2,847,985
Zakat	11 & 19	(273,624)	(280,000)
Net income for the period		2,380,152	2,567,985
Basic and diluted earnings per share (SAR)	16 & 19	0.95	1.03

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member

Chief Executive Officer

Chief Financial Officer

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 AND 2019

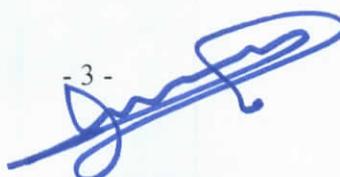
	(SAR'000)	
	2020	2019 (Restated note 19)
Net income for the period	2,380,152	2,567,985
<i>Other comprehensive income</i>		
<i>Other comprehensive (loss) income that will not be reclassified to interim condensed consolidated statement of income</i>		
- Net change in fair value of FVOCI investments	(192,770)	94,063
<i>Other comprehensive (loss) income that will be reclassified to interim condensed consolidated statement of income</i>		
- Exchange difference on translation of foreign operations	(42,297)	6,644
Total comprehensive income for the period	2,145,085	2,668,692

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements

Authorized Board Member



Chief Executive Officer



Chief Financial Officer



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 AND 2019

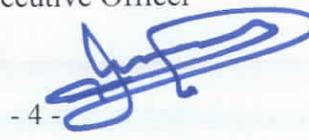
	Notes	Share capital SAR'000	Statutory reserve SAR'000	Other reserves SAR'000	Retained earnings SAR'000	Proposed gross dividends SAR'000	Total SAR'000
For the three-month period ended 31 March 2020							
Balance at 1 January 2020		25,000,000	21,789,632	(216,041)	868,066	3,750,000	51,191,657
Net income for the period		-	-	-	2,380,152	-	2,380,152
Net change in fair value of FVOCI investments		-	-	(192,770)	-	-	(192,770)
Net movement in foreign currency translation reserve		-	-	(42,297)	-	-	(42,297)
Net other comprehensive loss recognized directly in equity		-	-	(235,067)	-	-	(235,067)
Total comprehensive income for the period		-	-	(235,067)	2,380,152	-	2,145,085
Transferred of proposed gross dividends to other liabilities	18	-	-	-	-	(3,750,000)	(3,750,000)
Balance at 31 March 2020		25,000,000	21,789,632	(451,108)	3,248,218	-	49,586,742
For the three-month period ended 31 March 2019							
Balance at 1 January 2019		16,250,000	16,250,000	(349,555)	12,747,323	3,656,250	48,554,018
Impact of depreciation of property and equipment	19	-	-	-	(248,152)	-	(248,152)
Restated balance at 1 January 2019	19	16,250,000	16,250,000	(349,555)	12,499,171	3,656,250	48,305,866
Restated income for the period	19	-	-	-	2,567,985	-	2,567,985
Net change in fair value of FVOCI in investments		-	-	94,063	-	-	94,063
Net movement in foreign currency translation reserve		-	-	6,644	-	-	6,644
Net other comprehensive income recognized directly in equity		-	-	100,707	-	-	100,707
Total comprehensive income for the period		-	-	100,707	2,567,985	-	2,668,692
Balance at 31 March 2019 (Restated)		16,250,000	16,250,000	(248,848)	15,067,156	3,656,250	50,974,558

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member



Chief Executive Officer



Chief Financial Officer

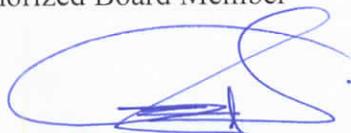


**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 AND 2019**

	(SAR'000)	
Note s	2020	2019 (Restated noted 19)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before zakat	2,653,776	2,847,985
Adjustments to reconcile net income to net cash used in operating activities:		
Gain on investments held at fair value through statement of income (FVSI)	(5,347)	(1,062)
Depreciation of property, equipment and right of use asset	275,378	213,385
Depreciation of investment properties	4,000	4,197
Impairment charge for financing and other financial assets, net	6 692,808	389,417
Share of profit of an associate	(690)	(137)
Loss on sale of property and equipment	552	-
Net (increase) / decrease in operating assets		
Statutory deposit with SAMA and other central banks	240,923	(106,717)
Due from banks and other financial institutions	3,761,271	(2,084,344)
Financing	(12,395,349)	(1,152,739)
Investments held at FVSI	(993,905)	11,217
Other assets, net	(341,282)	(241,550)
Net increase / (decrease) in operating liabilities		
Due to banks and other financial institutions	3,290,944	(4,731,149)
Customers' deposits	3,255,069	(405,307)
Other liabilities	(3,039,742)	(865,930)
Net cash used in operating activities	<u>(2,601,594)</u>	<u>(6,122,734)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(93,052)	(325,080)
Purchase of FVOCI investments	(1,314,169)	(341,855)
Proceeds from matured investments held at amortized cost	15,402,281	23,288,098
Purchase of investments held at amortized cost	(14,308,856)	(25,411,369)
Net cash used in investing activities	<u>(313,796)</u>	<u>(2,790,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment against lease obligations	(128,341)	(52,808)
Net cash used in financing activities	<u>(128,341)</u>	<u>(52,808)</u>

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Authorized Board Member



Chief Executive Officer



Chief Financial Officer



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 AND 2019 (CONTINUED)

	Notes	(SAR'000)	
		2020	2019 (Restated note 19)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,043,731)	(8,965,748)
Cash and cash equivalents at beginning of the period		<u>21,111,399</u>	<u>29,786,503</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12	<u>18,067,668</u>	<u>20,820,755</u>
Gross financing and investment income received during the period		3,916,331	3,903,840
Return on customers', banks' and financial institutions' time investments paid during the period		<u>(47,476)</u>	<u>(276,208)</u>
<u>Non-cash transactions:</u>			
Net change in fair value of FVOCI investments		<u>(192,770)</u>	<u>94,063</u>

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member

Chief Executive Officer

Chief Financial Officer

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2020

1. GENERAL

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

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

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

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

SHARI’A AUTHORITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the period ended 31 March 2020 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 Certified Public Accountants (“SOCPA”).

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 for the year ended 31 December 2019 except for the effect of government grant accounting policy mentioned in note 2.IV below.

II. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Group. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Adjustments have been made to the interim condensed consolidated financial statements of the subsidiaries, where necessary, to align with the Bank’s interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

III. SUBSIDIARIES

Subsidiaries are the entities that are controlled by the Group. The Group 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.

When the Group has less than a majority of the voting or similar rights of an investee entity, it considers relevant facts and circumstances in assessing whether it has power over the entity, including:

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

The Group re-assesses whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are ceased to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the period are included in the interim condensed consolidated statements of comprehensive income from the date of the acquisition or up to the date of disposal, as appropriate.

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

As at 31 March 2020 and 2019, the following subsidiaries were included in the interim condensed consolidated financial statements:

Name of subsidiaries	Shareholding %		
	2020	2019	
Al Rajhi Capital Company – KSA	100%	100%	A Saudi Closed Joint Stock Company authorized by the Capital Market Authority to carry on securities business in the activities of Dealing/brokerage, Managing assets, advising, Arranging, and Custody.
Al Rajhi Takaful Agency Company – KSA	99 %	99%	A limited liability company registered in Kingdom of Saudi Arabia to act as an agent for insurance brokerage activities per the agency agreement with Al Rajhi Cooperative insurance company.
Al Rajhi Company for management services – KSA	100 %	100%	A limited liability company registered in Kingdom of Saudi Arabia to provide recruitment services.
Al Rajhi Bank – Kuwait	100 %	100%	A foreign branch registered with the Central Bank of Kuwait.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

III. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Shareholding %		
	2020	2019	
Al Rajhi Bank – Jordan	100%	100%	A foreign branch operating in hashemite Kingdom of Jordan, providing all financial, banking, and investments services and importing and trading in precious metals and stones in accordance with Islamic Sharia'a rules and under the applicable banking law.
Al Rajhi Development Company – KSA	100%	100%	A limited liability company registered in Kingdom of Saudi Arabia to support the mortgage programs of the Bank through transferring and holding the title deeds of real estate properties under its name on behalf of the Bank, collection of revenue of certain properties sold by the Bank, provide real estate and engineering consulting services, provide documentation service to register the real estate properties and overseeing the evaluation of real estate properties.
Al Rajhi Corporation Limited – Malaysia	100%	100%	A licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.
Emkan Finance Company – KSA	100%	-	A closed joint stock company registered in the Kingdom of Saudi Arabia providing micro consumer financing, finance lease and small and medium business financing. As of 31 of March 2020, the company is under licensing process with Saudi Arabian Monetary Authority (SAMA).
Tawtheeq company – KSA	100%	-	A closed joint stock company registered in Kingdom of Saudi Arabia providing financial leasing contracts registration, to organize contracts data and streamline litigation processes. As of 31 March 2020, the company is under licensing process with Saudi Arabian Monetary Authority (SAMA).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IV. AMENDMENTS TO ACCOUNTING POLICIES

Accounting for Zakat

The interim condensed consolidated financial statements of the Group as at and for the period ended 31 March 2019, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) as modified by Saudi Arabian Monetary Authority (“SAMA”) for the accounting of zakat (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” in so far as these relate to zakat) and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

On 17 July 2019, SAMA instructed the banks in the Kingdom of Saudi Arabia to account for zakat in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia, and with the other standards and pronouncements that are issued by SOCPA (collectively referred to as “IFRS as endorsed in KSA”).

Accordingly, the Group changed its accounting treatment for zakat by retrospectively adjusting the impact in line with International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors (for further details refer to notes 11 and 19 to the interim condensed consolidated financial statements).

Government grant

The Bank recognizes a government grant related to income, if there is a reasonable assurance that it will be received and the Bank will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of profit is treated as a government grant related to income. The below-market rate deposit is recognized and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of profit is measured as the difference between the initial fair value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. The government grant is recognised in the statement of income on a systematic basis over the period in which the bank recognises as expenses the related costs for which the grant is intended to compensate.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (CONTINUED)**
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2020

3. CASH AND BALANCES WITH SAMA AND OTHER CENTRAL BANKS

Cash and balances with SAMA and central banks comprise of the following:

	(SAR'000)		
	<u>31 March</u>	31 December	31 March
	<u>2020</u>	2019	2019
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Cash in hand	10,271,617	7,404,276	8,633,362
Statutory deposit	20,422,581	20,663,503	19,550,911
Current account with SAMA	495,442	371,320	383,055
Mutajara with SAMA	5,103,006	10,855,000	10,636,000
Total	<u>36,292,646</u>	<u>39,294,099</u>	<u>39,203,328</u>

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

4. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Due from banks and other financial institutions comprise the following:

	(SAR'000)		
	<u>31 March</u>	31 December	31 March
	<u>2020</u>	2019	2019
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Current accounts	716,548	798,168	693,310
Mutajara	27,297,162	31,260,014	27,382,729
Total	<u>28,013,710</u>	<u>32,058,182</u>	<u>28,076,039</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2020**

5. INVESTMENTS, NET

Investments comprise the following:

	(SAR'000)		
	31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2019 (Unaudited)
Investment in an associate	196,924	196,235	172,890
Investments held at amortized cost			
Murabaha with Saudi Government and SAMA	25,041,765	24,991,978	24,921,392
Sukuk	19,599,043	17,973,379	17,074,981
Less: Impairment (Stage 1)	(28,364)	(22,270)	(28,337)
Total investments held at amortized cost	44,612,444	42,943,087	41,968,036
Investments held at fair value through statement of income (FVSI)			
Mutual funds	2,147,113	1,230,711	1,224,598
Sukuk	800,000	800,000	800,000
Total FVSI investments	2,947,113	2,030,711	2,024,598
FVOCI investments			
Equity investments	1,901,378	1,672,597	1,446,211
Total investments	49,657,859	46,842,630	45,611,735

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2020

6. FINANCING, NET

6.1 Net financing held at amortized cost:

31 March 2020 (unaudited) SAR' 000	Retail	Corporate	Total
Performing financing	202,571,357	63,232,681	265,804,038
Non-performing financing	875,016	2,009,473	2,884,489
Gross financing	203,446,373	65,242,154	268,688,527
Provision for financing impairment	(3,993,242)	(3,309,940)	(7,303,182)
Financing, net	199,453,131	61,932,214	261,385,345

31 December 2019 (audited) SAR' 000	Retail	Corporate	Total
Performing financing	189,925,781	64,459,827	254,385,608
Non-performing financing	629,719	1,687,074	2,316,793
Gross financing	190,555,500	66,146,901	256,702,401
Provision for financing impairment	(3,832,473)	(3,187,123)	(7,019,596)
Financing, net	186,723,027	62,959,778	249,682,805

31 March 2019 (unaudited) SAR' 000	Retail	Corporate	Total
Performing financing	172,392,431	68,068,990	240,461,421
Non-performing financing	583,862	1,706,856	2,290,718
Gross financing	172,976,293	69,775,846	242,752,139
Provision for financing impairment	(3,989,548)	(3,936,480)	(7,926,028)
Financing, net	168,986,745	65,839,366	234,826,111

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

For the three-month period ended SAR' 000	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Balance at the beginning of the period	7,019,596	7,832,471
Provided for the period	939,189	634,973
Bad debt written off against provision for the period	(655,603)	(541,416)
Balance at the end of the period	7,303,182	7,926,028

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6. FINANCING, NET (CONTINUED)

6.3 The allowance for impairment of financing charged to the interim consolidated statement of income comprise of the following:

For the three-month period ended SAR' 000	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Provided for the period	939,189	634,973
Recovery of written off financing for the period	(246,381)	(245,556)
Allowance for impairment for the period, net	692,808	389,417

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

31 March 2020 (unaudited)	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
SAR' 000	ECL	ECL	ECL	Total
Balance at the beginning of the period	2,501,529	2,735,544	1,782,523	7,019,596
Provided for the period	(116,391)	(427,527)	1,483,107	939,189
Bad debt written off against provision for the period	(27,668)	(3,853)	(624,082)	(655,603)
Balance at the end of the period	2,357,470	2,304,164	2,641,548	7,303,182
31 March 2019 (unaudited)	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
SAR' 000	ECL	ECL	ECL	Total
Balance at the beginning of the period	2,649,346	3,360,889	2,033,418	8,043,653
Provided for the period	133,085	(353,502)	855,390	634,973
Bad debt written off against provision for the period	(34,117)	(7,287)	(500,012)	(541,416)
Balance at the end of the period	2,748,314	3,000,100	2,388,796	8,137,210

Allowances for impairment of financing closing balance as of 31 March 2019 includes impairment allowance related to off balance sheet items amounting to SAR 211 million which is accounted for in other liabilities.

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7. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Due to banks and other financial institutions comprise the following:

	(SAR'000)		
	31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2019 (Unaudited)
Current accounts	566,049	545,572	1,278,136
Banks' time investments	4,944,499	1,674,032	1,280,339
Total	5,510,548	2,219,604	2,558,475

In order to offset the modification loss that the Bank is expected to incur in deferring the payments as disclosed in note 20, the Bank has received a profit free deposit of SR 1.75 billion from SAMA with a maturity of 3 years.

8. CUSTOMERS' DEPOSITS

Customers' deposits by type comprise the following:

	(SAR'000)		
	31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2019 (Unaudited)
Demand deposits	291,187,685	284,299,851	276,963,793
Customers' time investments	18,632,781	22,126,226	11,173,460
Other customer accounts	5,840,427	5,979,746	5,366,565
Total	315,660,893	312,405,823	293,503,818

9. CONTINGENT LIABILITIES

Contingent liabilities comprise the following:

	(SAR'000)		
	31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2019 (Unaudited)
Letters of credit	2,962,426	890,942	1,176,278
Acceptances	379,264	324,962	542,658
Letters of guarantee	4,810,582	4,973,200	4,629,842
Irrevocable commitments to extend credit	8,108,692	11,636,094	9,245,618
Total	16,260,964	17,825,198	15,594,396

The Bank is subject to legal proceedings in the ordinary course of business. There have been no significant changes in the status of legal proceedings as disclosed in the 31 December 2019 year-end consolidated financial statements.

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10. OTHER RESERVES

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

11. ZAKAT

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

The accounting treatment for zakat has impacted the comparative financial information. Refer to note 19.

12. CASH AND CASH EQUIVALENTS

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

	(SAR'000)		
	31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2019 (Unaudited)
Cash in hand	10,271,617	7,404,276	8,633,362
Due from banks and other financial institutions maturing within 90 days from the date of purchase	2,197,603	2,480,803	1,168,338
Balances with SAMA and other central banks (current accounts)	495,442	371,320	383,055
Mutajara with SAMA	5,103,006	10,855,000	10,636,000
Cash and cash equivalents	18,067,668	21,111,399	20,820,755

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13. OPERATING SEGMENTS

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

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

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

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

The Group's total assets and liabilities as at 31 March 2020 and 2019 together with the total operating income and expenses, and net income for the three month periods then ended, for each business segment, are analyzed as follows:

	Retail segment	Corporate segment	Treasury segment	Investment services and brokerage segment	Total
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
31 March 2020 (unaudited)					
Total assets	221,170,138	59,218,217	108,294,463	3,218,551	391,901,369
Total liabilities	295,290,025	33,108,120	13,795,147	121,335	342,314,627
Financing and investment income from external customers	2,957,288	756,070	527,300	12,226	4,252,884
Inter-segment operating income / (expense)	66,792	(176,697)	109,905	-	-
Gross financing and investment income	3,024,080	579,373	637,205	12,226	4,252,884
Return on customers', banks' and financial institutions' time investments	(49,239)	(44,474)	(48,688)	-	(142,401)
Net financing and investment income	2,974,841	534,899	588,517	12,226	4,110,483
Fee from banking services, net	434,984	77,710	11,516	93,468	617,678
Exchange income, net	55,703	19,288	132,450	-	207,441
Other operating income, net	4,696	-	18,081	9,184	31,961
Total operating income	3,470,224	631,897	750,564	114,878	4,967,563
Depreciation	(253,757)	(2,902)	(16,753)	(1,966)	(275,378)
Impairment charge for financing and other financial assets, net	(273,155)	(417,944)	(1,709)	-	(692,808)
Other operating expenses	(1,146,169)	(72,189)	(92,256)	(34,987)	(1,345,601)
Total operating expenses	(1,673,081)	(493,035)	(110,718)	(36,953)	(2,313,787)
Income before Zakat	1,797,143	138,862	639,846	77,925	2,653,776

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13. OPERATING SEGMENTS (CONTINUED)

31 March 2019 (unaudited)	Retail segment SAR'000	Corporate segment SAR'000	Treasury segment SAR'000	Investment services and brokerage segment SAR'000	Total SAR'000
Total assets	190,732,564	64,683,384	104,672,229	2,966,167	363,054,344
Total liabilities	278,944,129	22,412,639	10,612,445	110,573	312,079,786
Financing and investment income from external customers	2,612,945	844,777	624,113	4,788	4,086,623
Inter-segment operating income / (expense)	268,177	(283,340)	15,163	-	-
Gross financing and investment income	2,881,122	561,437	639,276	4,788	4,086,623
Return on customers', banks' and financial institutions' time investments	(46,683)	(45,087)	(50,893)	-	(142,663)
Net financing and investment income	2,834,439	516,350	588,383	4,788	3,943,960
Fee from banking services, net	280,074	94,807	11,187	86,584	472,652
Exchange income, net	31,760	17,179	124,692	-	173,631
Other operating income, net	18,005	10,009	9,711	10,972	48,697
Total operating income	3,164,278	638,345	733,973	102,344	4,638,940
Depreciation	(176,974)	(5,787)	(29,335)	(1,289)	(213,385)
Impairment charge for financing and other financial assets, net	(383,818)	(14,675)	9,076	-	(389,417)
Other operating expenses	(994,233)	(77,329)	(80,164)	(36,427)	(1,188,153)
Total operating expenses	(1,555,025)	(97,791)	(100,423)	(37,716)	(1,790,955)
Income before Zakat	1,609,253	540,554	633,550	64,628	2,847,985

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14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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

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

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.

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

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

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

Assets and liabilities at fair values are as follows:

31 March 2020 (unaudited)	(SAR'000)				
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value					
Investments held at FVSI	2,147,113	-	2,147,113	-	2,147,113
FVOCI investment	1,901,378	1,877,031	-	24,347	1,901,378
Sukuk	800,000	-	-	800,000	800,000
Financial assets not measured at fair value					
Due from banks and other financial institutions	28,013,710	-	-	28,334,195	28,334,195
Investments held at amortized cost					
- Murabaha with Saudi Government and SAMA	25,041,765	-	-	25,345,359	25,345,359
- Sukuk	19,599,043	-	-	20,117,997	20,117,997
Gross Financing	268,688,527	-	-	269,817,229	269,817,229
Total	346,191,536	1,877,031	2,147,113	344,439,127	348,463,271
Financial liabilities					
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	5,510,548	-	-	5,504,834	5,504,834
Customers' deposits	315,660,893	-	-	315,668,855	315,668,855
Total	321,171,441	-	-	321,173,689	321,173,689

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14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

31 December 2019 (Audited)	(SAR'000)				Total
	Carrying value	Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets measured at fair value					
FVSI Investments – Mutual funds	1,230,711	-	1,230,711	-	1,230,711
FVOCI equity investments	1,672,597	1,648,242	-	24,355	1,672,597
FVSI Sukuk	800,000	-	-	800,000	800,000
Financial assets not measured at fair value					
Due from banks and other financial institutions	32,058,182	-	-	32,300,842	32,300,842
Investments held at amortized cost					
- Murabaha with Saudi Government and SAMA	24,991,978	-	-	25,268,177	25,268,177
- Sukuk	17,973,379	-	-	18,357,588	18,357,588
Gross Financing	256,702,401			275,942,492	275,942,492
Total	335,429,248	1,648,242	1,230,711	352,693,454	355,572,407
<u>Financial liabilities</u>					
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	2,219,604	-	-	2,219,642	2,219,642
Customers' deposits	312,405,823	-	-	312,405,823	312,405,823
Total	314,625,427	-	-	314,625,465	314,625,465

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

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

The value obtained from the relevant valuation model may differ from the transaction price of a financial instrument. The difference between the transaction price and the model value commonly referred to as 'day one profit and loss' is either amortized over the life of the transaction, deferred until the instrument's fair value can be determined using market observable data, or realized through disposal. Subsequent changes in fair value are recognized immediately in the interim condensed consolidated statement of income without reversal of deferred day one profit and loss.

Sensitivity analysis

The effect on the Group's equity investments held as FOVCI due to a reasonably possible change in prices, with all other variables held constant, is as follows:

	For the three month-period ended 31 March 2020		For the year ended 31 December 2019	
	Change in Equity price %	Effect in (SAR'000)	Change in Equity price %	Effect in (SAR'000)
Local Share Equity	+/- 10	+/- 178,352	+/- 10	+/- 164,824

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15. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Bank consists of 2,500 million shares of SAR 10 each as of 31 March 2020 (31 December 2019: 2,500 million shares of SAR 10 each and 31 March 2019: 1,625 million shares of SAR 10 each).

On the 4th of April 2019, the Bank's extraordinary general assembly approved to increase the share capital from SAR 16,250 million to SAR 25,000 million through issuance of stock dividends (7 shares for every 13 shares held). The amount of the capital increase was transferred from retained earnings.

16. EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 31 March 2020 and 2019 is calculated by dividing the net income for the period by 2,500 million shares to give a retrospective effect (in the case of 2019) of change in the number of shares increased as a result of the bonus shares issued. The diluted earnings per share is the same as the basic earnings per share.

17. 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. SAMA requires the banks to hold the minimum level of the regulatory capital and also to maintain a ratio of total regulatory capital to the risk-weighted assets at or above 8%.

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 consolidated statement of financial position, commitments and contingencies to reflect their relative risks as shown in the following table:

	31 March 2020 (Unaudited) SAR'000	31 December 2019 (Audited) SAR'000	31 March 2019 (Restated note 19) (Unaudited) SAR'000
Credit risk weighted assets	242,340,965	234,299,968	226,138,708
Operational risk weighted assets	30,784,119	30,784,119	28,094,351
Market risk weighted assets	9,298,527	7,236,637	5,122,523
Total Pillar I - risk weighted assets	282,423,611	272,320,724	259,355,582
Tier I capital	49,586,742	51,191,657	50,974,558
Tier II capital	3,029,262	2,928,750	2,826,734
Total tier I & II capital	52,616,004	54,120,407	53,801,292
Capital Adequacy Ratio %			
Tier I ratio	17.56%	18.80%	19.65%
Tier I & II ratio	18.63%	19.87%	20.74%

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18. DIVIDENDS

The Board of Directors proposed on 2 February 2020, distribution of final dividends to shareholders for the year ended 31 December 2019, amounting to SAR 3,750 million, being SAR 1.5 per share. The proposed final dividends for 2019 was approved from the Annual General Assembly in its meeting held on 29 March 2020.

19. COMPARATIVE FIGURES

a. Zakat

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

The change in the accounting treatment for zakat (referred to in note 2.IV) has the following impact on the line items of the interim condensed consolidated statement of income, interim condensed consolidated statement of financial position and interim condensed consolidated statement of changes in shareholders' equity as at and for the period ended 31 March 2019:

Financial statement impacted	Account	As previously stated as at 31 March 2019 SAR'000	Effect of restatement SAR'000	As restated as at 31 March 2019 SAR'000
Interim condensed consolidated statement of changes in shareholders' equity	Provision for zakat (retained earnings)	280,000	(280,000)	-
Interim condensed consolidated statement of income	Zakat	-	280,000	280,000

There has been no impact on the Group's retained earnings and total shareholders' equity balances as at 1 January 2019 nor an impact on the interim condensed consolidated statement of cash flows as a result of this change in accounting for Zakat.

b. Capitalization of property and equipment

The Bank has performed an analysis of capital work in progress reported under property and equipment in the consolidated statement of financial position during 2019. As a result of that analysis, the management identified certain assets amounting to SAR 1,902 million as at 31 December 2019 that were not capitalized on a timely basis, which has resulted in an understatement of depreciation expenses in the previous years.

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19. COMPARATIVE FIGURES (continued)

Capitalization of property and equipment (continued)

The correction of the above error has resulted in the following impact on the line items of the consolidated statement of income, consolidated statement of financial position and consolidated statement of changes in shareholders' equity as detailed below:

As at 1 January 2019:

Financial statement impacted	Account	As previously stated as at 1 January 2019 SAR'000	Effect of Restatement SAR'000	As restated as at 1 January 2019 SAR'000
Consolidated statement of financial position	Property and equipment	8,897,587	(248,152)	8,649,435
Consolidated statement of changes in shareholders' equity	Retained earnings	12,747,323	(248,152)	12,499,171

As at and for the period ended 31 March 2019:

Financial statement impacted	Account	As previously stated as at and for the period ended 31 March 2019 SAR'000	Effect of Restatement SAR'000	As restated as at and for year ended 31 March 2019 SAR'000
Interim condensed consolidated statement of financial position	Property and equipment	10,418,839	(285,456)	10,133,383
Interim condensed consolidated of changes in shareholders' equity	Retained earnings	15,352,612	(285,456)	15,067,156
Interim condensed consolidated statement of income	Depreciation	176,081	37,304	213,385

Impact on earnings per share

The above two restatements have the following impact on the earnings per share for the three – month period ended 31 March 2019:

Financial statement impacted	As previously stated as at and for the period ended 31 March 2019 SAR	Effect of Zakat restatement SAR	Effect of capitalization of property and equipment restatement SAR	As restated for year period ended 31 March 2019 SAR
Earnings per share (retrospective effect of bonus share issued)	1.15	(0.11)	(0.015)	1.03

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20. IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES (“ECL”) AND SAMA PROGRAMS

During March 2020, the World Health Organization (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

Oil prices have also witnessed significant volatility during the current period, owing not just to demand issues arising from COVID-19 as the world economies go into lockdown, but also supply issues driven by production levels which had predated the pandemic. The Bank has evaluated the current situation through conducting stress testing scenarios on expected movements of oil prices and its impact on key credit, liquidity, operational, solvency and performance indicators in addition to other risk management practices to manage the potential business disruption due to COVID-19 outbreak that may have on its operations and financial performance. The steps taken by management also include commencing review of credit exposure concentrations at a more granular level such as the economic sectors, regions, country, counterparty etc., collateral protection, timely review and customer credit rating actions and appropriately restructuring loans, where required. These also take into consideration the impacts of government and SAMA support relief programmes.

The current events and the prevailing economic condition require the Bank to revise certain inputs and assumptions used for the determination of expected credit losses (“ECL”). These would primarily revolve around either adjusting macroeconomic factors used by the Bank in the estimation of ECL or revisions to the scenario probabilities currently being used by the Bank. The impact of such uncertain economic environment is difficult to assess at this point in time for the purpose of ECL estimation. Alternatively, the Bank has recognised overlays of SR 132.7 million and SR 180 million for corporate and retail financing respectively. These have been based on a sector-based analysis performed by the Bank in cognisance of the impacted portfolios. The Bank will continue to individually assess significant exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

SAMA support programs and initiatives

In response to COVID-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”) as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The PSFSP mainly encompasses the following programs:

- Deferred payments program;
- Funding for lending program;
- Loan guarantee program; and
- Point of sale (“POS”) and e-commerce service fee support program.

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**20. IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES (“ECL”) AND SAMA
PROGRAMS (continued)**

As part of the deferred payments program, the Bank is required to defer payments for six months on lending facilities to those companies that qualify as MSMEs. The payment reliefs are considered as short-term liquidity support to address the borrower’s potential cash flow issues. The Bank has affected the payment reliefs by deferring the instalments falling due within the period from 14 March 2020 to 14 September 2020 for a period of six months without increasing the facility tenor. The accounting impact of these changes in terms of the credit facilities has been assessed and are treated as per the requirements of IFRS 9 as modification in terms of arrangement. This has resulted in the Bank recognising a day 1 modification loss of SR 76.8 million as at 31 March 2020, and this has been presented as part of net financing income. In the absence of other factors, participation in this deferment is not considered a significant increase in credit risk.

In order to compensate all the related cost that the Bank is expected to incur under the SAMA and other public authorities program, the Bank has received SR 1.75 billion of profit free deposit from SAMA. The benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. This resulted in a total income of SR 125 million which has been recognised immediately as part of net financing income in the statement of income as at 31 March 2020. The management has exercised certain judgements in the recognition and measurement of this grant income.

As at 31 March 2020, the Bank is yet to participate in SAMA’s funding for lending and loan guarantee programs. Furthermore, the POS and e-commerce service fee programs have had an immaterial impact to the Bank’s financial statements.

During April 2020, SAMA has issued a guidance around Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures. The Bank will consider the guidance issued and evaluate the accounting impact in Q2 2020 accordingly.

Health care sector support

In recognition of the significant efforts that our healthcare workers are putting in to safeguard the health of our citizens and residents in response to the COVID-19 outbreak, the Bank has decided to voluntarily postpone payments for all public and private health care workers who have credit facilities with the Bank for three months. This has resulted in the Bank recognising a day 1 modification loss of SR 243.7 million as at 31 March 2020 and this has been presented as part of net financing income.

21. APPROVAL OF THE BOARD OF DIRECTORS

The interim condensed consolidated financial statements were approved by the Board of Directors on 21 Ramadan 1441H (corresponding to 14 May 2020).