



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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As of and for the six-month period ended 30 June 2023



KPMG Professional Services
(Professional Closed Joint Stock Company)
Paid-up capital SR 40,000,000

Riyadh Front
Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarters in Riyadh

C.R. No. 1010425494



Ernst & Young Professional Services
(Professional LLC)
Paid-up capital (SR 5,500,000 – Five million
five hundred thousand Saudi Riyal)

Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

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 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 30 June 2023, and the interim consolidated statements of income and comprehensive income for the three-month and the six-month periods then ended, and the interim consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, and explanatory notes (the "interim condensed consolidated financial statements"). The Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Other regulatory matters

As required by Saudi Central Bank ("SAMA"), certain capital adequacy information has been disclosed in note 22 to the accompanying interim condensed 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.

KPMG Professional Services

Khalil Ibrahim Al Sedais
Certified Public Accountant
License no. 371



Ernst and Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License no. 437



12 Muharram 1445H
(30 July 2023)

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

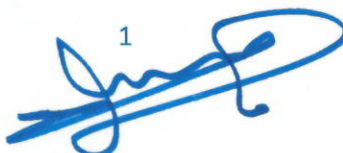
As at	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2022 (Unaudited)
Assets				
Cash and balances with Central Banks	4	46,020,421	42,052,496	37,713,730
Due from banks and other financial institutions, net	5	10,983,167	25,655,929	29,412,157
Investments, net	6	120,548,151	101,325,425	96,290,764
Financing, net	8	579,080,207	568,338,114	519,700,730
Investment in associate		871,701	820,717	327,439
Investment properties, net		1,361,193	1,364,858	1,378,310
Property, equipment, and right of use assets, net		11,771,672	11,338,782	10,980,297
Goodwill and other intangibles, net		1,308,986	1,214,547	606,508
Positive fair value of Shariah compliant derivatives	7	1,085,426	996,143	699,545
Other assets, net		11,489,326	8,542,037	12,168,770
Total assets		784,520,250	761,649,048	709,278,250
Liabilities and equity				
Liabilities				
Due to banks and other financial institutions	9	81,591,132	70,839,117	42,532,024
Customers' deposits	10	570,665,286	564,924,688	552,956,842
Negative fair value of Shariah compliant derivatives	7	1,001,224	961,405	636,718
Sukuk issued	11	3,789,878	-	-
Other liabilities		24,285,284	24,698,803	31,239,483
Total liabilities		681,332,804	661,424,013	627,365,067
Equity				
Share capital		40,000,000	40,000,000	40,000,000
Statutory reserve		29,287,706	29,287,706	25,000,000
Other reserves	15	(332,188)	(427,569)	(244,528)
Retained earnings		17,731,928	9,864,898	10,657,711
Proposed dividends		-	5,000,000	-
Equity attributable to shareholders of the Bank		86,687,446	83,725,035	75,413,183
Tier I Sukuk	12	16,500,000	16,500,000	6,500,000
Total equity		103,187,446	100,225,035	81,913,183
Total liabilities and equity		784,520,250	761,649,048	709,278,250

The accompanying notes from 1 to 26 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 Consolidated Statement of Income (Unaudited)
(SAR'000)

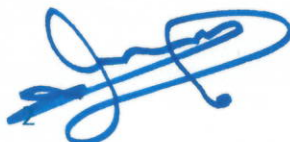
		For the three-month ended 30 June		For the six-month ended 30 June	
	Note	2023	2022	2023	2022
Income					
Gross financing and investment income		9,295,525	6,479,892	18,063,420	12,370,714
Gross financing and investment return		(4,101,855)	(913,129)	(7,744,492)	(1,463,779)
Net financing and investment income		5,193,670	5,566,763	10,318,928	10,906,935
Fee from banking services, income		2,411,512	2,024,132	4,755,472	3,955,749
Fee from banking services, expenses		(1,282,913)	(861,411)	(2,416,925)	(1,645,329)
Fee from banking services, net		1,128,599	1,162,721	2,338,547	2,310,420
Exchange income, net		290,898	307,632	588,811	544,623
Other operating income, net		214,281	110,742	361,784	342,444
Total operating income		6,827,448	7,147,858	13,608,070	14,104,422
Expenses					
Salaries and employees' related benefits		885,346	804,490	1,757,454	1,609,685
Depreciation and amortization		381,659	342,032	744,510	643,772
Other general and administrative expenses		572,901	673,688	1,138,078	1,335,658
Total operating expenses before credit impairment charge		1,839,906	1,820,210	3,640,042	3,589,115
Impairment charge for financing and other financial assets, net		360,386	580,420	719,166	1,158,725
Total operating expenses		2,200,292	2,400,630	4,359,208	4,747,840
Net income for the period before Zakat		4,627,156	4,747,228	9,248,862	9,356,582
Zakat Expense		(477,094)	(488,924)	(953,626)	(964,732)
Net income for the period		4,150,062	4,258,304	8,295,236	8,391,850
Basic and diluted earnings per share (SAR)	13	0.98	1.05	1.97	2.08

The accompanying notes from 1 to 26 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 Consolidated Statement of Comprehensive Income (Unaudited)
(SAR'000)

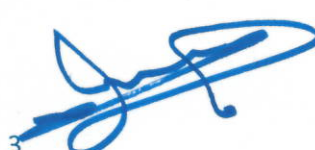
	For the three-month ended 30 June		For the six-month ended 30 June	
	2023	2022	2023	2022
Net income for the period	4,150,062	4,258,304	8,295,236	8,391,850
Other comprehensive income:				
<i>Items that will not be reclassified to the interim consolidated statement of income in subsequent periods:</i>				
- Net change in fair value of FVOCI Equity investments	57,179	(751,148)	49,932	(270,458)
- Actuarial gain on re-measurement of employees' end of service benefits liabilities ("ESOB")	10,188	158,712	10,188	158,712
- Share in FVOCI from associate	38,118	9,704	23,993	7,413
<i>Items that may be reclassified to the interim consolidated statement of income in subsequent periods:</i>				
- Exchange difference on translating foreign operations	(60,161)	(31,777)	(66,709)	(74,874)
- Net change in fair value of FVOCI Sukuk and Structured products investments	(3,448)	(14,894)	14,510	(51,200)
- Cash flow hedge effective portion of change in the fair value	(3,010)	-	66,419	-
Total other comprehensive income	38,866	(629,403)	98,333	(230,407)
Total comprehensive income for the period	4,188,928	3,628,901	8,393,569	8,161,443

The accompanying notes from 1 to 26 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 Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

(SAR'000)

For the Six-month period ended 30 June 2023	Note	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed gross dividends	Total equity attributable to shareholders of the Bank	Tier I Sukuk	Total equity
Balance at 31 December 2022		40,000,000	29,287,706	(427,569)	9,864,898	5,000,000	83,725,035	16,500,000	100,225,035
Net income for the period		-	-	-	8,295,236	-	8,295,236	-	8,295,236
Net change in fair value of FVOCI Equity investments		-	-	49,932	-	-	49,932	-	49,932
Net change in fair value of FVOCI Sukuk and Structured products investments		-	-	14,510	-	-	14,510	-	14,510
Share in FVOCI from associate		-	-	23,993	-	-	23,993	-	23,993
Actuarial gain on re-measurement employees' end of service benefits ("EOSB")		-	-	10,188	-	-	10,188	-	10,188
Exchange difference on translation of foreign operations		-	-	(66,709)	-	-	(66,709)	-	(66,709)
Cash flow hedge Effective portion of change in the fair value		-	-	66,419	-	-	66,419	-	66,419
Total other comprehensive income recognized in shareholders' equity		-	-	98,333	-	-	98,333	-	98,333
Total comprehensive income for the period		-	-	98,333	8,295,236	-	8,393,569	-	8,393,569
Disposal of FVOCI equity instruments		-	-	(2,952)	2,952	-	-	-	-
Tier I Sukuk costs		-	-	-	(431,158)	-	(431,158)	-	(431,158)
Dividend for annual year 2022	19	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance at 30 June 2023		40,000,000	29,287,706	(332,188)	17,731,928	-	86,687,446	16,500,000	103,187,446
For the Six-month period ended 30 June 2022									
Balance at 31 December 2021		25,000,000	25,000,000	309,394	16,999,457	-	67,308,851	-	67,308,851
Net income for the period		-	-	-	8,391,850	-	8,391,850	-	8,391,850
Net change in fair value of FVOCI Equity investments		-	-	(270,458)	-	-	(270,458)	-	(270,458)
Net change in fair value of FVOCI Sukuk and Structured products		-	-	(51,200)	-	-	(51,200)	-	(51,200)
Share in FVOCI from associate		-	-	7,413	-	-	7,413	-	7,413
Actuarial gain on re-measurement employees' end of service benefits ("EOSB")		-	-	158,712	-	-	158,712	-	158,712
Exchange difference on translation of foreign operations		-	-	(74,874)	-	-	(74,874)	-	(74,874)
Total other comprehensive income recognized in shareholders' equity		-	-	(230,407)	-	-	(230,407)	-	(230,407)
Total comprehensive income for the period		-	-	(230,407)	8,391,850	-	8,161,443	-	8,161,443
Disposal of FVOCI equity instruments		-	-	(323,515)	323,515	-	-	-	-
Tier I Sukuk issued		-	-	-	-	-	-	6,500,000	6,500,000
Tier I Sukuk costs		-	-	-	(57,111)	-	(57,111)	-	(57,111)
Bonus shares Issued	20	15,000,000	-	-	(15,000,000)	-	-	-	-
Balance at 30 June 2022		40,000,000	25,000,000	(244,528)	10,657,711	-	75,413,183	6,500,000	81,913,183

The accompanying notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements

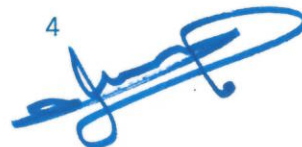
Authorized Board Member

Chief Executive Officer

Chief Financial Officer



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

For the Six-month period ended 30 June	Note	2023	2022
Cash Flows from operating activities			
Income before Zakat		9,248,862	9,356,582
Adjustments to reconcile net income to net cash from operating activities:			
Loss on investments held at fair value through statement of income (FVIS)		44,473	45,773
Depreciation on property, equipment and right of use assets		664,312	582,507
Depreciation on investment properties		3,665	33,159
Amortization of goodwill and other intangibles		76,533	28,106
Gain on sale of property and equipment, net		(4,617)	(746)
Impairment charge for financing and other financial assets, net	8	719,166	1,158,725
Share in profit of an associate		(24,631)	(1,353)
Dividend income		(59,017)	(92,357)
Accretion/amortisation relating to Sukuk investments, net		(24,346)	27,038
Profit charge against lease obligations		17,760	18,449
Fair value adjustment for Shariah compliant derivatives		(49,464)	(21,880)
(Increase) / decrease in operating assets			
Statutory deposit with SAMA and other central banks		(394,182)	(1,187,663)
Due from banks and other financial institutions		7,041,526	7,726,198
Financing		(11,461,259)	(68,028,798)
FVIS investments, net		431,442	(311,195)
Other assets, net		(3,013,997)	(5,249,530)
Increase / (decrease) in operating liabilities			
Due to banks and other financial institutions		10,752,015	24,579,884
Customers' deposits		5,740,598	40,884,629
Other liabilities		666,534	7,349,516
Profit payment against lease obligations		(17,760)	(18,449)
Net cash generated from operating activities before Zakat		20,357,613	16,878,595
Zakat paid		(1,971,690)	(1,695,578)
Net cash generated from operating activities		18,385,923	15,183,017

The accompanying notes from 1 to 26 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 Consolidated Statement of Cash Flows (Unaudited)

(SAR'000)

For the Six-month period ended 30 June	Note	2023	2022
Cash flows from investing activities			
Purchase of property and equipment		(1,066,170)	(1,031,541)
Proceeds from disposal of property and equipment		26,272	24,116
Other intangibles		(170,972)	(116,503)
Purchase of FVOCI investments		(4,848,305)	-
Proceeds from disposal of FVOCI investments		11,550	2,829,836
Proceeds from maturities of investments recorded at amortized cost		2,961,851	8,529,175
Purchase of investments held at amortised cost		(17,604,004)	(24,590,476)
Dividend income		59,017	92,357
Net cash used in investing activities		(20,630,761)	(14,263,036)
Cash flows from financing activities			
Dividends paid		(5,000,000)	-
Tier I Sukuk costs		(431,158)	(57,111)
Tier I Sukuk issuance	12	-	6,500,000
Payments against lease obligation		(128,478)	(127,289)
Sukuk issued	11	3,746,981	-
Net cash (used in) / generated from financing activities		(1,812,655)	6,315,600
Net (decrease) / increase in cash and cash equivalents		(4,057,493)	7,235,581
Cash and cash equivalents at the beginning of the period	16	25,193,172	22,240,247
Cash and cash equivalents at end of the period	16	21,135,679	29,475,828

Supplemental Non-cash transactions:

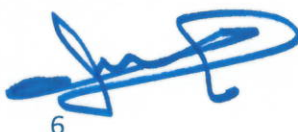
ROU assets	52,687	58,189
Lease Liability	58,918	42,555
Net change in fair value of FVOCI investments	64,442	(321,658)
Remeasurement gain on EoSB	10,188	158,712

The accompanying notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Authorized Board Member



Chief Executive Officer



Chief Financial Officer



1 - General

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

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

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

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

Shari'a Authority

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

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

(a) Subsidiaries

Name of subsidiary	Shareholding		
	2023	2022	
Al Rajhi Capital Company – KSA	100%	100%	A Saudi Closed Joint Stock Company authorized by the Capital Market Authority to carry on securities business in the activities of Dealing/brokerage, Managing assets, Advising, Arranging, and Custody.
Management and Development for Human Resources Company – KSA	100%	100%	A limited liability company registered in Kingdom of Saudi Arabia to provide recruitment services.
Al Rajhi Bank – Kuwait	100%	100%	A foreign branch registered with the Central Bank of Kuwait.
Al Rajhi Bank – Jordan	100%	100%	A foreign branch operating in Hashemite Kingdom of Jordan, providing all financial, banking, and investments services and importing and trading in precious metals and stones in accordance with Islamic Sharia'a rules and under the applicable banking law.

1 - General (Continued)

(a) Subsidiaries (Continued)

Name of subsidiaries	Shareholding		
	2023	2022	
Tuder Real Estate Company – KSA	100%	100%	A limited liability company registered in Kingdom of Saudi Arabia to support the mortgage programs of the Bank through transferring and holding the title deeds of real estate properties under its name on behalf of the Bank, collection of revenue of certain properties sold by the Bank, provide real estate and engineering consulting services, provide documentation service to register the real estate properties and overseeing the evaluation of real estate properties.
Al Rajhi Corporation Limited – Malaysia	100%	100%	A licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.
Emkan Finance Company – KSA	100%	100%	A closed joint stock company registered in the Kingdom of Saudi Arabia providing micro consumer financing, finance lease and small and medium business financing.
Tawtheeq Company – KSA	100%	100%	A closed joint stock company registered in Kingdom of Saudi Arabia providing financial leasing contracts registration to organize contracts data and streamline litigation processes.
Al Rajhi Financial Markets Ltd – Cyman Islands	100%	100%	A Limited Liability Company registered in the Cayman Islands with the objective of managing certain treasury related transactions on behalf of the Bank.
International Digital Solutions Co. (Neoleap) – KSA	100%	100%	A closed joint stock company owned by the Bank for the purpose of practicing technical work in financial services, digital payment systems, financial settlements and related services.
Ejada System Limited Co. – KSA	100%	100%	A Saudi Limited Liability owned by the Bank for the purpose of providing professional, scientific, technological activities, information communication services, and system analysis and senior management consultation services.

2 - Basis of preparation

The interim condensed consolidated financial statements of the Group as at and for the period ended 30 June 2023 and 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

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

The preparation of these interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities and income and expense. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the annual consolidated financial statements as of and for the year ended December 31, 2022.

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

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

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

The Following standards, interpretations and amendments are effective from the current year and are adopted by the Group, however, these do not have any significant impact on the interim condensed consolidated financial statements of the period unless otherwise stated below:

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

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

Standard, interpretation and amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.

(b) Forthcoming new standards not yet effective

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

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

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

(b) Forthcoming new standards not yet effective (Continued)

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

4 - Cash and balances with Central Banks

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

	30 June 2023	31 December 2022	30 June 2022
Cash in hand	8,179,144	6,672,064	5,985,798
Statutory deposit	33,313,417	32,919,235	29,991,193
Balances with central banks (current accounts)	612,431	408,197	776,832
Mutajara with SAMA	3,915,429	2,053,000	959,907
Total	46,020,421	42,052,496	37,713,730

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

5 - Due from banks and other financial institutions, net

Due from banks and other financial institutions comprise the following:

	30 June 2023	31 December 2022	30 June 2022
Current accounts	4,231,964	4,765,889	14,179,193
Mutajara	6,754,908	20,894,850	15,236,774
Less: Allowance for expect credit losses	(3,705)	(4,810)	(3,810)
Total	10,983,167	25,655,929	29,412,157

6 - Investments, net

(a) Investments comprise the following:

	30 June 2023	31 December 2022	30 June 2022
Investments held at amortized cost			
Murabaha with Saudi Government and SAMA	22,271,687	22,696,693	22,670,009
Sukuk	83,833,166	70,608,347	63,662,675
Structured Products	3,036,922	1,033,894	1,000,000
Less: Impairment (Stage 1)	(48,691)	(43,294)	(40,670)
Total investments held at amortized cost	109,093,084	94,295,640	87,292,014
Investments held at FVIS			
Mutual funds	2,234,936	2,214,056	2,977,017
Sukuk	139,350	159,591	32,315
Structured Products	148,891	737,551	728,141
Equity investments	268,719	156,613	-
Total FVIS investments	2,791,896	3,267,811	3,737,473
FVOCI investments			
Sukuk	5,196,943	2,132,880	1,854,815
Structured Products	1,089,893	111,438	-
Equity investments	2,376,918	1,517,874	3,406,697
Less: Impairment (Stage 1)	(583)	(218)	(235)
Total FVOCI investments	8,663,171	3,761,974	5,261,277
Investments, net	120,548,151	101,325,425	96,290,764

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

The Bank, under repurchase agreements, pledges with other banks sukuk securities that include government sukuk. The fair values of those sukuk pledged as collateral with financial institutions as at 30 June 2023 is SAR 64,811 million and the related balances of the repurchase agreements is SAR 33,391 million.

6 - Investments, net (Continued)

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

30 June 2023	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	68,194,468	10,115,385	78,309,853
Floating-rate Sukuk	27,795,000	-	27,795,000
Structured products	500,000	2,536,922	3,036,922
Less: Impairment (Stage 1)	(46,960)	(1,731)	(48,691)
Total investments held at amortized cost	96,442,508	12,650,576	109,093,084
Investments held as FVIS			
Mutual funds	1,093,770	1,141,166	2,234,936
Structured Products	-	148,891	148,891
Fixed-rate Sukuk	121,350	-	121,350
Floating-rate Sukuk	18,000	-	18,000
Equity investments	268,719	-	268,719
Total FVIS investments	1,501,839	1,290,057	2,791,896
Investments held as FVOCI:			
Fixed-rate Sukuk	2,449,510	2,140,323	4,589,833
Floating-rate Sukuk	232,000	375,110	607,110
Structured Products	-	1,089,893	1,089,893
Equity investments	2,356,011	20,907	2,376,918
Less: Impairment (Stage 1)	-	(583)	(583)
Total FVOCI investments	5,037,521	3,625,650	8,663,171
Investments, net	102,981,868	17,566,283	120,548,151

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

6 - Investments, net (Continued)

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

30 June 2022	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	53,467,489	6,115,195	59,582,684
Floating-rate Sukuk	26,750,000	-	26,750,000
Structured products	500,000	500,000	1,000,000
Less: Impairment (Stage 1)	(40,670)	-	(40,670)
Total investments held at amortized cost	80,676,819	6,615,195	87,292,014
Investments held as FVIS			
Mutual funds	2,977,017	-	2,977,017
Structured Products	508,000	220,141	728,141
Fixed-rate Sukuk	32,315	-	32,315
Total FVIS investments	3,517,332	220,141	3,737,473
Investments held as FVOCI:			
Fixed-rate Sukuk	1,421	1,853,394	1,854,815
Equity investments	3,385,790	20,907	3,406,697
Less: Impairment (Stage 1)	-	(235)	(235)
Total investments held as FVOCI	3,387,211	1,874,066	5,261,277
Investments, net	87,581,362	8,709,402	96,290,764

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

30 June 2023	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	22,271,687	22,271,687
Sukuk	74,778,041	14,342,144	89,120,185
Structured Products	-	4,275,706	4,275,706
Equity investments	1,511,872	1,133,765	2,645,637
Mutual Funds	28,902	2,206,034	2,234,936
Total	76,318,815	44,229,336	120,548,151

31 December 2022	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	22,696,693	22,696,693
Sukuk	64,238,386	8,618,920	72,857,306
Structured Products	-	1,882,883	1,882,883
Equity investments	960,221	714,266	1,674,487
Mutual Funds	24,690	2,189,366	2,214,056
Total	65,223,297	36,102,128	101,325,425

30 June 2022	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	22,670,009	22,670,009
Sukuk	56,029,072	9,479,828	65,508,900
Structured Products	-	1,728,141	1,728,141
Equity investments	2,667,789	738,908	3,406,697
Mutual Funds	25,182	2,951,835	2,977,017
Total	58,722,043	37,568,721	96,290,764

7 - Shariah compliant derivatives

The tables below summarise the positive and negative fair values of Shariah compliant derivatives, together with the notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the period-end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

30 June 2023	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	1,001,842	(938,590)	26,902,910
Foreign exchange forward contracts	493	(481)	100,036
FX Swaps	758	(4,265)	8,623,370
Total Held for trading	1,003,093	(943,336)	35,626,316
Held as cash flow hedge:			
Profit rate swaps	82,333	(57,888)	8,743,877
Total Held as cash flow hedge	82,333	(57,888)	8,743,877
Total Shariah compliant derivatives	1,085,426	(1,001,224)	44,370,193

31 December 2022	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	974,428	(908,244)	23,037,476
Foreign exchange forward contracts	10,529	(10,428)	280,798
FX Swaps	11,186	(758)	4,708,746
Total Held for trading	996,143	(919,430)	28,027,020
Held as cash flow hedge:			
Profit rate swaps	-	(41,975)	3,000,000
Total Held as cash flow hedge	-	(41,975)	3,000,000
Total Shariah compliant derivatives	996,143	(961,405)	31,027,020

30 June 2022	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	645,057	(588,281)	21,202,799
Foreign exchange forward contracts	43,665	(36,332)	675,445
FX Swaps	10,823	(12,105)	10,317,488
Total Shariah compliant derivatives	699,545	(636,718)	32,195,732

8

- Financing, net

(a) Net financing held at amortized cost:

30 June 2023	Retail	Corporate	Total
Performing financing	432,992,829	150,554,858	583,547,687
Non-performing financing	1,850,408	1,723,228	3,573,636
Gross financing	434,843,237	152,278,086	587,121,323
Provision for financing impairment	(5,442,536)	(2,598,580)	(8,041,116)
Financing, net	429,400,701	149,679,506	579,080,207

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

30 June 2022	Retail	Corporate	Total
Performing financing	413,686,275	111,850,882	525,537,157
Non-performing financing	1,471,766	1,553,049	3,024,815
Gross financing	415,158,041	113,403,931	528,561,972
Provision for financing impairment	(4,923,964)	(3,937,278)	(8,861,242)
Financing, net	410,234,077	109,466,653	519,700,730

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

	30 June 2023	30 June 2022
Balance at the beginning of the period	8,027,658	9,198,154
Provided for the period	1,651,292	1,776,265
Bad debt written off	(1,637,834)	(2,113,177)
Balance at the end of the period	8,041,116	8,861,242

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

	30 June 2023	30 June 2022
Provided for the period for financing	1,651,292	1,776,265
Provided for the period for other financial assets & off balance sheet	(184,916)	(386)
Recovery of written off financing for the period	(747,210)	(617,154)
Allowance for financing impairment, net	719,166	1,158,725

8 - Financing, net (Continued)

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

	Gross carrying amount as of 30 June 2023			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Financing				
At 1 January 2023	562,049,635	9,576,654	4,739,483	576,365,772
Transfers:				
Transfer to 12-month ECL	1,987,974	(1,766,439)	(221,535)	-
Transfer to Lifetime ECL not credit impaired	(6,452,981)	6,492,708	(39,727)	-
Transfer to Lifetime ECL credit impaired	(1,504,952)	(1,312,182)	2,817,134	-
Write-offs	-	-	(1,637,834)	(1,637,834)
New business/ Other movements	13,061,664	(1,016,899)	348,620	12,393,385
At 30 June 2023	569,141,340	11,973,842	6,006,141	587,121,323

	Gross carrying amount as of 31 December 2022			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Financing				
At 1 January 2022	448,294,309	9,557,878	4,176,624	462,028,811
Transfers:				
Transfer to 12-month ECL	1,968,259	(1,923,214)	(45,045)	-
Transfer to Lifetime ECL not credit impaired	(5,034,653)	5,268,310	(233,657)	-
Transfer to Lifetime ECL credit impaired	(1,108,367)	(1,664,680)	2,773,047	-
Write-offs	-	-	(4,482,660)	(4,482,660)
New business/ Other movements	117,930,087	(1,661,640)	2,551,174	118,819,621
At 31 December 2022	562,049,635	9,576,654	4,739,483	576,365,772

	Gross carrying amount as of 30 June 2022			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Financing				
At 1 January 2022	448,294,309	9,557,878	4,176,624	462,028,811
Transfers:				
Transfer to 12-month ECL	1,593,685	(1,571,577)	(22,108)	-
Transfer to Lifetime ECL not credit impaired	(4,168,754)	4,350,850	(182,096)	-
Transfer to Lifetime ECL credit impaired	(699,536)	(1,251,995)	1,951,531	-
Write-offs	-	-	(2,113,177)	(2,113,177)
New business/ Other movements	69,378,762	(1,253,625)	521,201	68,646,338
At 30 June 2022	514,398,466	9,831,531	4,331,975	528,561,972

8 - Financing, net (Continued)

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

	Credit loss allowance as of 30 June 2023			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
ECL allowances for impairment of financing	3,276,243	1,714,791	3,036,624	8,027,658
At 1 January 2023				
Transfers:				
Transfer to 12-month ECL	280,482	(144,819)	(135,663)	-
Transfer to Lifetime ECL not credit impaired	(140,061)	163,077	(23,016)	-
Transfer to Lifetime ECL credit impaired	(49,482)	(318,602)	368,084	-
Write-offs	-	-	(1,637,834)	(1,637,834)
Net Charge for the Period	(497,130)	156,241	1,992,181	1,651,292
At 30 June 2023	2,870,052	1,570,688	3,600,376	8,041,116

	Credit loss allowance as of 31 December 2022			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
ECL allowances for impairment of financing				
At 1 January 2022	3,712,975	2,326,414	3,158,765	9,198,154
Transfers:				
Transfer to 12-month ECL	549,956	(527,427)	(22,529)	-
Transfer to Lifetime ECL not credit impaired	(315,415)	433,896	(118,481)	-
Transfer to Lifetime ECL credit impaired	(149,722)	(626,937)	776,659	-
Write-offs	-	-	(4,482,660)	(4,482,660)
Net Charge for the Period	(521,551)	108,845	3,724,870	3,312,164
At 31 December 2022	3,276,243	1,714,791	3,036,624	8,027,658

	Credit loss allowance as of 30 June 2022			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
ECL allowances for impairment of financing				
At 1 January 2022	3,712,975	2,326,414	3,158,765	9,198,154
Transfers:				
Transfer to 12-month ECL	228,614	(216,114)	(12,500)	-
Transfer to Lifetime ECL not credit impaired	(132,465)	251,624	(119,159)	-
Transfer to Lifetime ECL credit impaired	(29,721)	(500,740)	530,461	-
Write-offs	-	-	(2,113,177)	(2,113,177)
Net Charge for the Period	(136,406)	296,157	1,616,514	1,776,265
At 30 June 2022	3,642,997	2,157,341	3,060,904	8,861,242

9 - Due to banks and other financial institutions

Due to banks and other financial institutions comprise the following:

	30 June 2023	31 December 2022	30 June 2022
Current accounts	138,371	1,343,738	1,654,924
Banks' time investments	81,452,761	69,495,379	40,877,100
Total	81,591,132	70,839,117	42,532,024

10 - Customers' deposits

Customers' deposits by type comprise the following:

	30 June 2023	31 December 2022	30 June 2022
Demand deposits and call accounts	367,940,537	351,549,468	388,505,310
Customers' time investments	192,992,098	202,039,260	155,750,346
Other customer accounts	9,732,651	11,335,960	8,701,186
Total	570,665,286	564,924,688	552,956,842

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

11 - Sukuk issued

During April 2023, the Bank successfully issued U.S. dollar denominated senior unsecured sustainable Sukuk, amounting to USD 1 billion (SAR 3.75 billion) with 5-years maturity and a profit rate of 4.75% and redeemable prior to scheduled maturity date in certain cases. The Sukuk represents Al Rajhi Bank's first issuance in the USD international capital markets is a part of a comprehensive international program of issuance via USD 4 billion Sukuk programme that has a multi-issuance variability of one or more tranches of senior unsecured or tier 2 subordinated Sukuk. The sustainable Sukuk is listed on the London Stock Exchange's International Securities Market and could be sold in light of applicable acts and regulations.

12 - Tier I Sukuk

In January 2022, the Bank through a Shariah compliant arrangement, (the "arrangement"), issued Tier I Sukuk (the "Sukuk"), of SAR 6.5 billion. The Sukuk are perpetual securities in respect of which there are no fixed redemption dates, the Sukuk also represent an undivided ownership interest of the Sukuk-holders in the Sukuk assets without any preference or priority among themselves, with each unit of the Sukuk constituting an unsecured, conditional and subordinated obligation of the Bank and classified under equity. However, the Bank has the exclusive option to redeem or call all of the Sukuk on 23 January 2027 or any periodic distribution date thereafter, subject to the terms and conditions stipulated in the Sukuk agreement.

In addition to the Tier I Sukuk mentioned above, and during November 2022, the Bank has completed the issuance of an additional Tier I sukuk programme of SAR 10 billion in a SAR-denominated Tier I sukuk by way of a public offering in Saudi Arabia. These Sukuk are perpetual securities with no fixed redemption dates, the Sukuk also have an undivided ownership interest of the Sukuk-holders in the Sukuk assets without any preference or priority among those Sukuk-holders. The entire units of such Sukuk are unsecured, conditional and subordinated obligation of the Bank and classified under equity. However, the Bank has the exclusive option to redeem or call all of the Sukuk on 26 November 2027 or any periodic distribution date thereafter, subject to the terms and conditions stipulated in the Sukuk agreement.

The applicable profit rate on the Sukuks is payable on each periodic quarterly distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion, subject to certain terms and conditions, elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

13 - Earnings per share

Basic and diluted earnings per share is calculated by dividing net income adjusted for Tier I Sukuk costs by weighted average number of the issued and outstanding shares after giving retrospective effect to the bonus shares issuance of 1,500 million shares as set out below:

	30 June 2023	30 June 2022
Net income for the period	8,295,236	8,391,850
Less: Tier I Sukuk Costs	(431,158)	(57,111)
Net income after Tier I Sukuk payments	7,864,078	8,334,739
Number of outstanding shares at the beginning of period	4,000,000	2,500,000
Bonus shares issued	-	1,500,000
Weighted average number of shares	4,000,000	4,000,000
Basic and diluted earning per share (in SAR)	1.97	2.08

14 - Commitments and contingencies

(a) Commitments and contingencies comprise the following:

	30 June 2023	31 December 2022	30 June 2022
Letters of credit	8,144,001	7,551,372	6,610,834
Acceptances	1,974,353	1,798,294	1,345,565
Letters of guarantee	18,450,210	14,902,966	11,985,738
Irrevocable commitments to extend credit	16,503,911	15,624,088	10,846,469
Total	45,072,475	39,876,720	30,788,606

(b) Legal proceedings

As at 30 June 2023, there were certain legal proceedings outstanding against the Group in the normal course of business including those relating to the extension of credit facilities. Such proceedings are being reviewed by the concerned parties.

Provisions have been made for some of these legal cases based on the assessment of the Group's legal counsel.

The Bank was named as one of many defendants in certain lawsuits initiated in the US commencing in 2002. The Bank was successful in defending the claims, all of which were finally dismissed by the relevant courts. With respect to new lawsuits commencing in 2016, however, the most recent dismissal was reversed by the court of appeals to permit limited jurisdictional discovery, which commenced in 2021. The Bank's management believes that the claims will be defended successfully, although note that there are inherent uncertainties in litigation.

(c) Commitments and contingencies that may result in credit exposure

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

30 June 2023	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	8,136,363	1,967,501	17,858,641	16,399,532	44,362,037
Stage 2 - (lifetime ECL not credit impaired)	5,434	767	257,901	104,379	368,481
Stage 3 - (lifetime ECL for credit impaired)	2,204	6,085	333,668	-	341,957
Total outstanding balance at end of the period	8,144,001	1,974,353	18,450,210	16,503,911	45,072,475

14

- Commitments and contingencies (Continued)

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

30 June 2023	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	62,374	1,680	28,983	2,848	95,885
Stage 2 - (lifetime ECL not credit impaired)	208	400	3,261	175	4,044
Stage 3 - (lifetime ECL for credit impaired)	251	6,085	132,650	-	138,986
Total	62,833	8,165	164,894	3,023	238,915

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

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

30 June 2022	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	6,588,386	1,340,948	11,263,995	10,664,535	29,857,864
Stage 2 - (lifetime ECL not credit impaired)	22,089	1,466	371,435	181,934	576,924
Stage 3 - (lifetime ECL for credit impaired)	359	3,151	350,308	-	353,818
Total outstanding balance at end of the period	6,610,834	1,345,565	11,985,738	10,846,469	30,788,606

14 - Commitments and contingencies (Continued)

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

30 June 2022	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 - (12-months ECL)	54,848	3,463	12,030	19,465	89,806
Stage 2 - (lifetime ECL not credit impaired)	40	117	4,431	3,652	8,240
Stage 3 - (lifetime ECL for credit impaired)	356	3,151	305,298	-	308,805
Total	55,244	6,731	321,759	23,117	406,851

15 - Other Reserves

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

	30 June 2023	31 December 2022	30 June 2022
FVOCI investments	(228,504)	(289,994)	(72,554)
Foreign currency translation	(267,424)	(200,715)	(210,073)
Employee share plan reserve	37,110	37,110	37,110
Re-measurement of employees' end of service benefits	52,832	42,644	(30,468)
Share in OCI from associate	49,353	25,360	31,457
Cash flow hedge effective portion in the fair value	24,445	(41,974)	-
Total	(332,188)	(427,569)	(244,528)

16 - Cash and cash equivalents

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

	30 June 2023	31 December 2022	30 June 2022
Cash in hand	8,179,144	6,672,064	5,985,798
Due from banks and other financial institutions maturing within 90 days from the date of purchase	8,428,675	16,059,911	21,753,291
Balances with SAMA and other central banks (current accounts)	612,431	408,197	776,832
Mutajara with SAMA	3,915,429	2,053,000	959,907
Cash and cash equivalents	21,135,679	25,193,172	29,475,828

17 - Operating segments

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

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated statement of income. Segment assets and liabilities comprise operating assets and liabilities, which represents the majority of the Bank's assets and liabilities.

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

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

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

The Group's total assets and liabilities as at 30 June 2023 and 2022 together with the total operating income and expenses, and income before zakat for the six-month periods then ended, for each business segment, are analyzed as follows:

30 June 2023	Retail segment	Corporate segment	Treasury segment	Investment services, brokerage and other segments	Total
Total Assets	458,449,282	149,817,769	169,343,153	6,910,046	784,520,250
Total Liabilities	314,757,221	261,364,773	104,326,370	884,440	681,332,804
Financing and investment income from external customers	10,876,503	4,621,616	2,493,824	71,477	18,063,420
Inter-segment operating income /(expense)	(3,489,399)	2,627,563	861,836	-	-
Gross financing and investment income	7,387,104	7,249,179	3,355,660	71,477	18,063,420
Gross financing and investment return	(304,509)	(4,698,791)	(2,741,192)	-	(7,744,492)
Net financing and investment income	7,082,595	2,550,388	614,468	71,477	10,318,928
Fee from banking services, net	923,197	554,461	587,498	273,391	2,338,547
Exchange income, net	286,404	134,189	168,218	-	588,811
Other operating income, net	22,912	7,216	34,232	297,424	361,784
Total operating income	8,315,108	3,246,254	1,404,416	642,292	13,608,070
Depreciation and amortization	(611,517)	(99,906)	(18,910)	(14,177)	(744,510)
Impairment charge for financing and other financial assets, net	(1,454,444)	744,599	(9,321)	-	(719,166)
Other operating expenses	(2,321,437)	(317,812)	(94,593)	(161,690)	(2,895,532)
Total operating expenses	(4,387,398)	326,881	(122,824)	(175,867)	(4,359,208)
Income before Zakat	3,927,710	3,573,135	1,281,592	466,425	9,248,862

17 - Operating segments (Continued)

30 June 2022	Retail segment	Corporate segment	Treasury segment	Investment services, brokerage and other segments	Total
Total Assets	436,556,139	109,207,252	156,171,419	7,343,440	709,278,250
Total Liabilities	315,823,325	253,815,304	57,146,221	580,217	627,365,067
Financing and investment income from external customers	9,155,748	1,872,006	1,288,985	53,975	12,370,714
Inter-segment operating income/(expense)	(3,383,311)	640,528	2,742,783	-	-
Gross financing and investment income	5,772,437	2,512,534	4,031,768	53,975	12,370,714
Gross financing and investment return	(118,750)	(1,081,946)	(263,083)	-	(1,463,779)
Net financing and investment income	5,653,687	1,430,588	3,768,685	53,975	10,906,935
Fee from banking services, net	800,028	460,206	665,693	384,493	2,310,420
Exchange income, net	281,208	88,885	174,530	-	544,623
Other operating income, net	15,560	3,131	208,095	115,658	342,444
Total operating income	6,750,483	1,982,810	4,817,003	554,126	14,104,422
Depreciation and amortization	(571,757)	(49,353)	(14,990)	(7,672)	(643,772)
Impairment charge for financing, net	(611,559)	(532,400)	(14,766)	-	(1,158,725)
Other operating expenses	(2,465,106)	(248,067)	(89,616)	(142,554)	(2,945,343)
Total operating expenses	(3,648,422)	(829,820)	(119,372)	(150,226)	(4,747,840)
Income before Zakat	3,102,061	1,152,990	4,697,631	403,900	9,356,582

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 takes place either:

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

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim consolidated financial statements.

Determination of fair value and fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for the same or identical instrument that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique include inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

- Fair values of financial assets and liabilities (Continued)

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, for financial instruments measured at fair value and financial instruments not measured at fair value:

30 June 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,234,936	28,902	2,206,034	-	2,234,936
FVOCI - Equity investments	2,376,918	1,243,153	-	1,133,765	2,376,918
FVIS - Equity investments	268,719	268,719	-	-	268,719
FVIS Sukuk	139,350	-	139,350	-	139,350
FVOCI Sukuk	5,196,943	3,718,602	1,478,341	-	5,196,943
FVIS Structured Products	148,891	-	-	148,891	148,891
FVOCI Structure Products	1,089,893	-	-	1,089,893	1,089,893
Positive fair value Shariah compliant derivatives	1,085,426	-	1,085,426	-	1,085,426
Financial assets not measured at fair value:					
Due from banks and other financial institutions	10,983,167	-	-	10,981,846	10,981,846
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	22,271,687	-	22,461,575	-	22,461,575
Sukuk	83,833,166	65,525,291	13,483,894	-	79,009,185
Structured Products	3,036,922	-	-	3,036,922	3,036,922
Gross Financing	587,121,323	-	-	575,680,326	575,680,326
Total	719,787,341	70,784,667	40,854,620	592,071,643	703,710,930
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	1,001,224	-	1,001,224	-	1,001,224
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	81,591,132	-	-	81,999,799	81,999,799
Customers' deposits	570,665,286	-	-	573,440,296	573,440,296
Total	653,257,642	-	1,001,224	655,440,095	656,441,319

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- Fair values of financial assets and liabilities (Continued)

31 December 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,214,056	24,690	2,189,366	-	2,214,056
FVOCI - Equity investments	1,517,874	803,608	-	714,266	1,517,874
FVIS - Equity investments	156,613	156,613	-	-	156,613
FVIS Sukuk	159,591	-	159,591	-	159,591
FVOCI Sukuk	2,132,880	564,252	1,568,628	-	2,132,880
FVIS Structured Products	737,551	-	-	737,551	737,551
FVOCI Structured Products	111,438	-	-	111,438	111,438
Positive fair value Shariah compliant derivatives	996,143	-	996,143	-	996,143
Financial assets not measured at fair value:					
Due from banks and other financial institutions	25,655,929	-	-	25,619,542	25,619,542
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	22,696,693	-	23,295,550	-	23,295,550
Sukuk	70,608,347	55,096,083	9,881,547	-	64,977,630
Structured Products	1,033,894	-	-	1,033,894	1,033,894
Gross Financing	576,365,772	-	-	570,324,419	570,324,419
Total	704,386,781	56,645,246	38,090,825	598,541,110	693,277,181
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	961,405	-	961,405	-	961,405
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	70,839,117	-	-	71,410,981	71,410,981
Customers' deposits	564,924,688	-	-	567,439,463	567,439,463
Total	636,725,210	-	961,405	638,850,444	639,811,849
30 June 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,977,017	25,182	2,951,835	-	2,977,017
FVOCI - Equity investments	3,406,697	2,667,789	-	738,908	3,406,697
FVIS Sukuk	32,315	-	32,315	-	32,315
FVOCI Sukuk	1,854,815	52,341	1,802,474	-	1,854,815
FVIS Structured Products	728,141	-	-	728,141	728,141
Positive fair value Shariah compliant derivatives	699,545	-	699,545	-	699,545
Financial assets not measured at fair value:					
Due from banks and other financial institutions	29,412,157	-	-	29,349,079	29,349,079
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	22,670,009	-	22,937,923	-	22,937,923
Sukuk	63,662,675	50,507,465	9,302,986	-	59,810,451
Structured Products	1,000,000	-	-	948,258	948,258
Gross Financing	528,561,972	-	-	526,655,892	526,655,892
Total	655,005,343	53,252,777	37,727,078	558,420,278	649,400,133
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	636,718	-	636,718	-	636,718
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	42,532,024	-	-	42,978,743	42,978,743
Customers' deposits	552,956,842	-	-	555,797,165	555,797,165
Total	596,125,584	-	636,718	598,775,908	599,412,626

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

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

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

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

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

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

19 - Dividends

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

20 - Bonus shares

Al Rajhi Bank Board of Directors, through circulation on 16 Rajab, 1443 (corresponding to 17 February, 2022), recommended to the Extraordinary General Assembly to increase the Bank's capital by granting bonus shares to the bank's shareholders through capitalization of SAR 15,000 Million from the retained earnings by granting 3 shares for every 5 shares owned.

On 07 Shawal, 1443 (corresponding to 08 May, 2022), the Bank's shareholders in an extraordinary general assembly meeting approved the recommended such bonus shares issuance.

21 - Subsequent Event

Subsequent to the reporting date, on 23 July 2023, the Bank's Board of Directors approved a distribution of cash dividends to the shareholders for the first half of 2023, amounting to SAR 4,600 million (SAR 1.15 per share).

22 - Capital adequacy

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

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. SAMA requires the banks to hold the minimum level of regulatory capital and also to maintain a ratio of total regulatory capital to the risk-weighted assets at or above Basel prescribed minimum.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its interim consolidated statement of financial position, commitments and contingencies to reflect their relative risks.

SAMA through its Circular Number 391000029731 dated 15 Rabi Al-Awwal 1439H (3 December 2017), which relates to the interim approach and transitional arrangements for the accounting provisions under IFRS 9, has directed banks that the initial impact on the capital adequacy ratio as a result of applying IFRS 9 shall be transitioned over five years.

22 - Capital adequacy (Continued)

As part of SAMA guidance on Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures, Banks were allowed to add-back up to 100% of the transitional adjustment amount to Common Equity Tier 1 (CET1) for the full two years' period comprising 2020 and 2021 effective from 31 March 2020 financial statement reporting. The add-back amount must be then phased-out on a straight-line basis over the subsequent 3 years.

Starting June 2021, the Group has opted to apply SAMA allowance to recognize 100% of IFRS9 transitional adjustment amount in the Group's Common Equity Tier 1 (CET 1). As of June 2023, this has resulted in an increase of SAR 1,441 million.

In line with SAMA and the internationally agreed timeline set by the Basel Committee on Banking Supervision (BCBS), the global standard-setter for the prudential regulation of banks, the Group started reporting Capital Adequacy Ratios (CAR) as per Basel III: Finalizing post-crisis reforms regulations issued by SAMA through its Circular Number 44047144 effectively from January 1, 2023.

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

	30 June 2023	31 December 2022	30 June 2022
Credit risk weighted assets	459,950,848	454,047,013	430,666,348
Operational risk weighted assets	38,443,216	42,282,263	37,798,847
Market risk weighted assets	5,123,439	1,643,421	2,671,508
Total Pillar I - risk weighted assets	503,517,503	497,972,697	471,136,703
Tier I capital	103,319,804	100,932,280	83,708,915
Tier II capital	5,722,149	5,675,588	5,383,329
Total tier I & II capital	109,041,953	106,607,868	89,092,244
Capital Adequacy Ratio %			
Tier I ratio	20.52%	20.27%	17.77%
Tier I & II ratio	21.66%	21.41%	18.91%

23 - IBOR transition (profit rate benchmark reforms)

A fundamental review and reform of major profit rate benchmarks are being undertaken globally. The IASB has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of a profit rate benchmark, including the replacement of an existing 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 June 30, 2023, most of the impacted financial instruments have transitioned to alternate reference rate except for few complex legacy contracts referencing USD 1M, 3M & 6M IBORs and transactions which will be repriced after 30 June and will transition to alternate rate at the next repricing date. The Bank has no exposure to any other LIBOR rates.

24 - Related party transactions

In the ordinary course of business, the Group transacts business with related parties. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA. The nature and balances resulting from such transactions as at and for the period ended 30 June are as follows:

	2023	2022
Related parties		
Members of the Board of Directors		
Mutajara	204,815	188,876
Companies and establishments guaranteed by members of the Board of Directors		
Mutajara	8,984,730	12,071,593
Contingent liabilities (*)	4,477,822	4,138,849
Associate		
Contributions payable	203,407	139,260
Receivable against claims	87,127	253,120
Bank balances	53,555	361,263

(*) = off balance sheet items.

The amounts of compensations recorded in favor of or paid to the Board of Directors and the executive management personnel during the periods ended 30 June are as follows:

	2023	2022
Provision for employees' end of service benefits	490	435

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

25 - Comparative Figures

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

26 - Approval of the Board of Directors

The interim condensed consolidated financial statements were approved by the Board of Directors on 09 Muharram 1445H (corresponding to 27 July 2023).