BANQUE SAUDI FRANSI

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED

SEPTEMBER 30, 2021

Ernst and Young & Co Public Accountants
(Professional Limited Liability Company)

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Banque Saudi Fransi ("the Bank") and its subsidiaries (collectively referred to as "the Group") as of 30 September 2021, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2021, and the related interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine month period then ended, and other explanatory notes (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Other regulatory matters

As required by Saudi Central Bank ("SAMA"), certain capital adequacy information has been disclosed in note (21) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (21) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

for Ernst and Young & Co. Public Accountants
(Professional Limited Liability Company)

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25 Rabi Alawwal 1443H
(31 October 2021)

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BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at

SAR '000	Notes	Sep 30, 2021 (Unaudited)	Dec 31, 2020 (Audited)	Sep 30, 2020 (Unaudited)
ASSETS				
Cash and balances with SAMA	5	**9,635,157**	10,548,399	9,478,176
Due from banks and other financial institutions, net	6	**5,388,935**	4,026,997	3,718,503
Investments held at fair value through profit or loss	7a	**209,090**	144,603	246,448
Investments held at fair value through other comprehensive income, net	7b	**14,555,970**	11,733,158	11,993,074
Investments held at amortised cost, net	7c	**28,821,561**	25,800,880	25,661,285
Positive fair value of derivatives	12	**4,826,350**	6,909,046	7,235,804
Loans and advances, net	8	**144,392,943**	130,564,835	134,355,742
Investment in associate, net		**9,695**	9,695	9,695
Property, equipment and right of use assets, net		**1,541,739**	1,440,170	1,416,486
Other real estate, net		**384,181**	384,181	388,023
Other assets, net		**3,569,471**	2,511,620	2,941,572
Total assets		**213,335,092**	194,073,584	197,444,808
LIABILITIES AND EQUITY				
Liabilities				
Due to SAMA	9	**8,333,894**	9,129,625	9,051,902
Due to banks and other financial institutions	10	**11,709,124**	7,662,588	7,400,073
Customers' deposits	11	**143,322,098**	127,111,644	135,654,647
Negative fair value of derivatives	12	**3,818,108**	5,096,458	5,449,331
Other liabilities		**6,909,914**	6,437,324	6,206,239
Total liabilities		**174,093,138**	155,437,639	163,762,192
Equity				
Share capital		**12,053,572**	12,053,572	12,053,572
Statutory reserve		**12,053,572**	12,053,572	12,053,572
General reserve		**982,857**	982,857	982,857
Other reserves		**720,701**	1,188,115	1,270,307
Retained earnings		**8,481,826**	7,433,263	7,398,144
Treasury shares		**(50,574)**	(75,434)	(75,836)
Equity attributable to the shareholders of the Bank		**34,241,954**	33,635,945	33,682,616
Tier 1 Sukuk	15	**5,000,000**	5,000,000	-
Total equity		**39,241,954**	38,635,945	33,682,616
Total liabilities and equity		**213,335,092**	194,073,584	197,444,808

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mazen Azoony	**Rayan Fayez**
Chief Financial Officer	**Managing Director & CEO**

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
Unaudited

SAR '000	For the three months ended		For the nine months ended	
	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Special commission income	**1,542,278**	1,569,057	**4,408,763**	4,860,134
Special commission expense	**118,676**	194,019	**367,412**	901,035
Net special commission income	**1,423,602**	1,375,038	**4,041,351**	3,959,099
Fee and commission income	**409,990**	361,123	**1,316,773**	1,064,490
Fee and commission expense	**115,206**	111,469	**390,460**	306,946
Net fee and commission income	**294,784**	249,654	**926,313**	757,544
Exchange income, net	**86,679**	84,881	**243,360**	296,610
Trading income, net	**83,832**	25,740	**183,649**	106,478
Dividend income	**310**	291	**930**	871
Gains on FVOCI / non-trading investments, net	**8,012**	-	**22,464**	7,027
Other operating income	**16,754**	15,148	**45,078**	140,088
Total operating income	**1,913,973**	1,750,752	**5,463,145**	5,267,717
Salaries and employee related expenses	**355,033**	353,177	**1,050,262**	1,049,957
Rent and premises related expenses	**16,977**	17,469	**48,049**	50,855
Depreciation and amortization	**54,125**	54,568	**160,215**	156,308
Other operating and general and administrative expenses	**181,929**	151,038	**568,168**	435,220
Total operating expenses before impairment charge	**608,064**	576,252	**1,826,694**	1,692,340
Impairment charge for expected credit losses, net	**296,342**	930,449	**853,393**	1,962,332
Impairment (reversal) / charge for investments, financial assets and others, net	**(7,250)**	(179,697)	**4,640**	(163,987)
Total operating expenses, net	**897,156**	1,327,004	**2,684,727**	3,490,685
Net income for the period before zakat and income tax	**1,016,817**	423,748	**2,778,418**	1,777,032
Zakat and income tax for the period	**109,568**	90,358	**321,808**	324,769
Net income for the period	**907,249**	333,390	**2,456,610**	1,452,263
Basic and diluted earnings per share (SAR)	**0.71**	0.28	**1.92**	1.21

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mazen Azoony
Chief Financial Officer

Rayan Fayez
Managing Director & CEO

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited

SAR '000	For the three months ended		For the nine months ended	
	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Net income for the period	**907,249**	333,390	**2,456,610**	1,452,263
Other comprehensive income / (loss):				
Items that cannot be recycled back to consolidated statement of income in subsequent periods				
Movement in equity instruments at fair value through other comprehensive income				
Net change in the fair value	**(28,980)**	58,150	**5,490**	66,289
Items that can be recycled back to consolidated statement of income in subsequent periods				
Debt instruments at fair value through other comprehensive income				
Net change in the fair value	**68,827**	(147,636)	**44,247**	3,578
Loss transferred to interim condensed consolidated statement of income	**(5,012)**	-	**(19,464)**	(7,027)
Cash flow hedge				
Net change in the fair value	**27,910**	(69,708)	**36,448**	776,758
Income transferred to interim condensed consolidated statement of income	**(160,587)**	(178,276)	**(534,135)**	(381,513)
Total other comprehensive (loss) / income for the period	**(97,842)**	(337,470)	**(467,414)**	458,085
Total comprehensive income / (loss) for the period	**809,407**	(4,080)	**1,989,196**	1,910,348

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mazen Azoony
Chief Financial Officer

Rayan Fayez
Managing Director & CEO

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

SAR '000	Share capital	Statutory reserve	General reserve	Retained earnings	Other reserves		Proposed dividend	Treasury shares	Total equity attributable to the shareholders	Tier 1 Sukuk	Total Equity
					FVOCI	Cash flow hedge					
For the nine months period ended September 30, 2021											
Balance at the beginning of the period	**12,053,572**	**12,053,572**	**982,857**	**7,433,263**	**178,472**	**1,009,643**	**-**	**(75,434)**	**33,635,945**	**5,000,000**	**38,635,945**
Net income for the period	-	-	-	2,456,610	-	-	-	-	2,456,610	-	2,456,610
Net change in the fair value	-	-	-	-	49,737	36,448	-	-	86,185	-	86,185
Net amount transferred to consolidated statement of income	-	-	-	-	(19,464)	(534,135)	-	-	(553,599)	-	(553,599)
Total comprehensive income for the period	-	-	-	2,456,610	30,273	(497,687)	-	-	1,989,196	-	1,989,196
Final dividend paid for 2020	-	-	-	(479,979)	-	-	-	-	(479,979)	-	(479,979)
Interim dividend paid for 2021	-	-	-	(779,966)	-	-	-	-	(779,966)	-	(779,966)
Tier 1 Sukuk related cost	-	-	-	(148,102)	-	-	-	-	(148,102)	-	(148,102)
Net change in treasury shares	-	-	-	-	-	-	-	24,860	24,860	-	24,860
Balance at the end of the period	**12,053,572**	**12,053,572**	**982,857**	**8,481,826**	**208,745**	**511,956**	**-**	**(50,574)**	**34,241,954**	**5,000,000**	**39,241,954**
For the nine months period ended September 30, 2020											
Balance at the beginning of the period	12,053,572	12,053,572	982,857	5,945,881	68,138	744,084	1,199,679	(101,065)	32,946,718	-	32,946,718
Net income for the period	-	-	-	1,452,263	-	-	-	-	1,452,263	-	1,452,263
Net change in the fair value	-	-	-	-	69,867	776,758	-	-	846,625	-	846,625
Net amount transferred to consolidated statement of income	-	-	-	-	(7,027)	(381,513)	-	-	(388,540)	-	(388,540)
Total comprehensive income for the period	-	-	-	1,452,263	62,840	395,245	-	-	1,910,348	-	1,910,348
Final dividend paid for 2019	-	-	-	-	-	-	(1,199,679)	-	(1,199,679)	-	(1,199,679)
Net change in treasury shares	-	-	-	-	-	-	-	25,229	25,229	-	25,229
Balance at the end of the period	12,053,572	12,053,572	982,857	7,398,144	130,978	1,139,329	-	(75,836)	33,682,616	-	33,682,616

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mazen Azoony
Chief Financial Officer

Rayan Fayez
Managing Director & CEO

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

SAR '000	Note	For the nine months ended	
		Sep 30, 2021	Sep 30, 2020
OPERATING ACTIVITIES			
Net income for the period before zakat and income tax		**2,778,418**	1,777,032
Adjustments to reconcile net income before zakat and income tax to net cash from / (used in) operating activities:			
Accretion of discounts on investments not held as FVTPL, net		**149,251**	23,835
Gains on FVOCI		**(22,464)**	(7,027)
Depreciation and amortization		**160,215**	156,308
Gains on disposal of property, equipment, net		**(284)**	(272)
Impairment charge for expected credit losses, net	8	**853,393**	1,962,332
Impairment charge for investments, financial assets and others, net		**4,640**	(163,987)
Long term incentive scheme provision		**24,860**	25,229
Provision on other real estate		**-**	(2,841)
Operating income before changes in operating assets and liabilities		**3,948,029**	3,770,609
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		**(593,275)**	(252,326)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		**-**	1,350,000
Investments held as FVTPL, trading		**(64,487)**	(171,036)
Loans and advances		**(14,878,577)**	(10,592,978)
Other assets		**518,807**	(3,393,751)
Net increase / (decrease) in operating liabilities:			
Due to SAMA, banks and other financial institutions, net		**3,424,047**	14,079,835
Customers' deposits		**16,210,454**	2,817,145
Other liabilities		**(1,125,962)**	1,492,977
Net cash generated from operating activities		**7,439,036**	9,100,475
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investment not held as FVTPL		**3,057,498**	17,624,481
Purchase of investments not held as FVTPL		**(8,997,505)**	(23,838,731)
Purchases of property and equipment		**(210,903)**	(213,670)
Proceeds from sale of property and equipment		**483**	272
Net cash used in investing activities		**(6,150,427)**	(6,427,648)
FINANCING ACTIVITIES			
Dividends paid		**(1,259,945)**	(1,199,679)
Principal payment of lease liability		**(25,141)**	(38,221)
Tier I Sukuk related cost		**(148,102)**	-
Net cash used in financing activities		**(1,433,188)**	(1,237,900)
(Decrease) / Increase in cash and cash equivalents		**(144,579)**	1,434,927
Cash and cash equivalents at the beginning of the period		**6,609,409**	3,662,506
Cash and cash equivalents at the end of the period	14	**6,464,830**	5,097,433
Special commission received during the period		**4,292,330**	4,733,031
Special commission paid during the period		**402,163**	1,226,451
Supplemental non-cash information			
Movement in other reserve and transfers to the interim condensed consolidated statement of income		**(467,414)**	458,085

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Mazen Azoony	Rayan Fayez
Chief Financial Officer	Managing Director & CEO

1. General

Banque Saudi Fransi (the Bank) is a Saudi Joint Stock Company established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 04, 1977). The Bank formally commenced its activities on Muharram 01, 1398H (corresponding to December 11, 1977), by taking over the branches of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration Number 1010073368 dated Safar 04, 1410H (corresponding to September 05, 1989), through its 85 branches (September 30, 2020: 87 branches) in the Kingdom of Saudi Arabia, employing 2,995 people (September 30, 2020: 2,883 people).

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

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

The Bank also formed a subsidiaries BSF Markets Limited and BSF Sukuk Limited registered in Cayman Islands having 100% share in equity. The objective of BSF Markets Limited Company is derivative trading and Repo activities.

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

2. Basis of preparation

The interim condensed consolidated financial statements of the Group as at and for the period ended September 30, 2021 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2020.

The consolidated financial statements of the Group as at and for the year ended December 31, 2020, were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA. The interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand.

3. Basis of consolidation

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

3. Basis of consolidation (continued)

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

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

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

4. Significant Accounting Policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2020 except for the policies explained in note 23 to these interim condensed consolidated financial statements.

Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 01, 2022. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- IFRS 17, “Insurance Contracts”, as amended in June 2020

5. Cash and balances with SAMA

SAR '000	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Cash on hand	**1,075,895**	965,457	1,033,364
Statutory deposit	**8,559,262**	7,965,987	8,099,246
Money market placements with SAMA	**-**	1,616,955	345,566
Total	**9,635,157**	10,548,399	9,478,176

6. Due from banks and other financial institutions

SAR '000	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Current accounts	**2,916,628**	4,027,436	2,451,013
Money market placements	**2,472,532**	-	1,267,875
Less: impairment	**(225)**	(439)	(385)
Total	**5,388,935**	4,026,997	3,718,503

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

SAR '000	September 30, 2021 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	**379**	**60**	**-**	**439**
Change for the period, net	**(209)**	**(5)**	**-**	**(214)**
Balance at the end of the period	**170**	**55**	**-**	**225**

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	333	40	-	373
Change for the year, net	46	20	-	66
Balance at the end of the year	379	60	-	439

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

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	333	40	-	373
Change for the period, net	50	(38)	-	12
Balance at the end of the period	383	2	-	385

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

SAR '000	**September 30, 2021 (Unaudited)**			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Balance as at January 01	**4,017,172**	**10,264**	**-**	**4,027,436**
Transfer from 12-month ECL	**1,037**	**(1,037)**	**-**	**-**
Transfer from lifetime ECL not credit impaired	**-**	**-**	**-**	**-**
Net change for the period	**1,362,365**	**(641)**	**-**	**1,361,724**
Write-offs	**-**	**-**	**-**	**-**
Balance at the end of the period	**5,380,574**	**8,586**	**-**	**5,389,160**

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	3,734,954	7,509	-	3,742,463
Transfer from 12-month ECL	(31,932)	31,932	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net change for the year	314,150	(29,177)	-	284,973
Write-offs	-	-	-	-
Balance at the end of the year	4,017,172	10,264	-	4,027,436

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	3,734,954	7,509	-	3,742,463
Transfer from 12-month ECL	2,138	(2,138)	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net change for the period	(18,250)	(5,325)	-	(23,575)
Write-offs	-	-	-	-
Balance at the end of the period	3,718,842	46	-	3,718,888

7. Investments, net

a) Investments held at fair value through profit or loss

Investments by type of securities

SAR '000	**September 30, 2021 (Unaudited)**			December 31, 2020 (Audited)			September 30, 2020 (Unaudited)		
	Domestic	**International**	**Total**	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	**139,515**	**11,164**	**150,679**	24,096	64,533	88,629	52,040	138,289	190,329
Floating-rate securities	**54,573**	**-**	**54,573**	55,974	-	55,974	56,119	-	56,119
Equities	**3,838**	**-**	**3,838**	-	-	-	-	-	-
Total	**197,926**	**11,164**	**209,090**	80,070	64,533	144,603	108,159	138,289	246,448

b) Investments held at fair value through other comprehensive income

Investments by type of securities

SAR '000	**September 30, 2021 (Unaudited)**			December 31, 2020 (Audited)			September 30, 2020 (Unaudited)		
	Domestic	**International**	**Total**	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	**7,748,521**	**2,369,676**	**10,118,197**	6,802,862	1,410,585	8,213,447	6,928,092	1,478,413	8,406,505
Floating-rate securities	**3,834,931**	**376,420**	**4,211,351**	3,231,070	67,673	3,298,743	3,259,523	74,826	3,334,349
Equities	**216,143**	**10,279**	**226,422**	201,611	19,357	220,968	214,883	37,337	252,220
Total	**11,799,595**	**2,756,375**	**14,555,970**	10,235,543	1,497,615	11,733,158	10,402,498	1,590,576	11,993,074

c) Investments held at amortised cost

Investments by type of securities

SAR '000	**September 30, 2021 (Unaudited)**			December 31, 2020 (Audited)			September 30, 2020 (Unaudited)		
	Domestic	**International**	**Total**	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	**25,211,201**	**-**	**25,211,201**	21,775,557	-	21,775,557	21,482,129	-	21,482,129
Floating-rate securities	**3,072,496**	**-**	**3,072,496**	3,472,932	-	3,472,932	3,473,227	-	3,473,227
Other	**537,864**	**-**	**537,864**	552,391	-	552,391	705,929	-	705,929
Total	**28,821,561**	**-**	**28,821,561**	25,800,880	-	25,800,880	25,661,285	-	25,661,285

7. **Investments, net (continued)**

d) **Investment securities are classified as follows:**

SAR '000	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Investment at amortized cost	**28,826,984**	25,807,423	25,668,960
Investments at FVOCI – Debt instruments	**14,342,275**	11,521,039	11,749,189
Investments at FVOCI – Equity/other investments	**226,422**	220,968	252,220
Investment at FVTPL – Debt/equity instruments	**209,090**	144,603	246,448
Less: Impairment	**(18,150)**	(15,392)	(16,010)
Total	**43,586,621**	37,678,641	37,900,807

Gross Investments include Shariah based investments amounting to SAR 31,033 million (December 31, 2020: SAR 22,187 million; September 30, 2020: SAR 21,623 million).

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

SAR '000	**September 30, 2021 (Unaudited)**			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Balance at January 01	**15,392**	**-**	**-**	**15,392**
Change for the period, net	**2,758**	**-**	**-**	**2,758**
Balance at the end of the period	**18,150**	**-**	**-**	**18,150**

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	22,084	-	-	22,084
Change for the year, net	(6,692)	-	-	(6,692)
Balance at the end of the year	15,392	-	-	15,392

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	22,084	-	-	22,084
Change for the period, net	(6,074)	-	-	(6,074)
Balance at the end of the period	16,010	-	-	16,010

7. Investments, net (continued)

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

SAR '000	**September 30, 2021 (Unaudited)**			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Balance at January 01	**37,328,462**	**-**	**-**	**37,328,462**
Transfer from12-month ECL	**-**	**-**	**-**	**-**
Transfer from lifetime ECL not credit impaired	**-**	**-**	**-**	**-**
Transfer from lifetime ECL credit impaired	**-**	**-**	**-**	**-**
Net change for the period	**5,840,797**	**-**	**-**	**5,840,797**
Write-offs	**-**	**-**	**-**	**-**
Balance at the end of the period	**43,169,259**	**-**	**-**	**43,169,259**

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	31,280,745	-	-	31,280,745
Transfer from12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the year	6,047,717	-	-	6,047,717
Write-offs	-	-	-	-
Balance at the end of the year	37,328,462	-	-	37,328,462

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	31,280,745	-	-	31,280,745
Transfer from12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the period	6,137,404	-	-	6,137,404
Write-offs	-	-	-	-
Balance at the end of the period	37,418,149	-	-	37,418,149

8. Loans and advances, net

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

SAR '000	**September 30, 2021 (Unaudited)**			
	Overdraft & Commercial loans	**Credit Cards**	**Consumer Loans**	**Total**
Performing loans and advances – gross	**118,615,293**	**502,126**	**26,617,831**	**145,735,250**
Non-performing loans and advances, net	**3,592,487**	**27,958**	**175,614**	**3,796,059**
Total loans and advances	**122,207,780**	**530,084**	**26,793,445**	**149,531,309**
Allowance for impairment	**(4,816,349)**	**(47,352)**	**(274,665)**	**(5,138,366)**
Loans and advances held at amortised cost, net	**117,391,431**	**482,732**	**26,518,780**	**144,392,943**

SAR '000	December 31, 2020 (Audited)			
	Overdraft & Commercial loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	108,514,110	451,388	22,525,757	131,491,255
Non-performing loans and advances, net	3,539,025	45,048	182,517	3,766,590
Total loans and advances	112,053,135	496,436	22,708,274	135,257,845
Allowance for impairment	(4,277,421)	(85,124)	(330,465)	(4,693,010)
Loans and advances held at amortised cost, net	107,775,714	411,312	22,377,809	130,564,835

SAR '000	September 30, 2020 (Unaudited)			
	Overdraft & Commercial loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	112,756,164	439,631	21,263,249	134,459,044
Non-performing loans and advances, net	3,495,972	45,449	218,303	3,759,724
Total loans and advances	116,252,136	485,080	21,481,552	138,218,768
Allowance for impairment	(3,447,849)	(83,841)	(331,336)	(3,863,026)
Loans and advances held at amortised cost, net	112,804,287	401,239	21,150,216	134,355,742

Gross Loans and advances include Shariah based loans and advances amounting to SAR 104,508 million (December 31, 2020: SAR 94,852 million; September 30, 2020: SAR 94,560 million).

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

SAR '000	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Opening loss allowance as at January 01	**4,693,010**	3,708,288	3,708,288
Charge for the period, net	**853,393**	2,816,322	1,962,332
Bad debts written off against provision	**(408,037)**	(1,831,600)	(1,807,594)
Balance at the end of the period / year	**5,138,366**	4,693,010	3,863,026

8. Loans and advances, net (continued)

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

SAR '000	**September 30, 2021 (Unaudited)**			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Balance at January 01	**579,357**	**1,375,529**	**2,738,124**	**4,693,010**
Transfer from12-month ECL	**(33,610)**	**31,698**	**1,912**	**-**
Transfer from lifetime ECL not credit impaired	**13,652**	**(25,550)**	**11,898**	**-**
Transfer from Lifetime ECL credit impaired	**30,480**	**36,469**	**(66,949)**	**-**
Net charge / (reversal) for the period	**(74,682)**	**641,597**	**286,483**	**853,398**
Write-offs	**-**	**-**	**(408,042)**	**(408,042)**
Balance at the end of the period	**515,197**	**2,059,743**	**2,563,426**	**5,138,366**

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	680,944	981,444	2,045,900	3,708,288
Transfer from12-month ECL	(81,788)	72,861	8,927	-
Transfer from lifetime ECL not credit impaired	78,873	(416,420)	337,547	-
Transfer from Lifetime ECL credit impaired	33,090	8,016	(41,106)	-
Net charge / (reversal) for the year	(131,762)	729,628	2,218,456	2,816,322
Write-offs	-	-	(1,831,600)	(1,831,600)
Balance at the end of the year	579,357	1,375,529	2,738,124	4,693,010

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	680,944	981,444	2,045,900	3,708,288
Transfer from12-month ECL	(47,790)	41,289	6,501	-
Transfer from lifetime ECL not credit impaired	43,805	(382,924)	339,119	-
Transfer from Lifetime ECL credit impaired	22,628	7,139	(29,767)	-
Net charge / (reversal) for the period	(338,004)	387,925	1,912,401	1,962,322
Write-offs	-	-	(1,807,584)	(1,807,584)
Balance at the end of the period	361,583	1,034,873	2,466,570	3,863,026

8. Loans and advances, net (continued)

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

SAR '000	**September 30, 2021 (Unaudited)**			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Overdraft & commercial loans	**103,670,649**	**14,843,402**	**3,693,729**	**122,207,780**
Credit Card	**483,626**	**14,535**	**31,923**	**530,084**
Consumer	**26,427,046**	**194,724**	**171,675**	**26,793,445**
Balance at the end of the period	**130,581,321**	**15,052,661**	**3,897,327**	**149,531,309**

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	96,155,315	12,185,330	3,712,490	112,053,135
Credit Card	415,084	20,390	60,962	496,436
Consumer	22,257,313	238,439	212,522	22,708,274
Balance at the end of the year	118,827,712	12,444,159	3,985,974	135,257,845

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	100,213,134	12,223,263	3,815,739	116,252,136
Credit Card	395,292	29,506	60,282	485,080
Consumer	20,877,814	317,812	285,926	21,481,552
Balance at the end of the period	121,486,240	12,570,581	4,161,947	138,218,768

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

SAR '000	**September 30, 2021 (Unaudited)**			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Balance at January 01	**118,827,712**	**12,444,159**	**3,985,974**	**135,257,845**
Transfer from12-month ECL	**(4,587,983)**	**4,490,424**	**97,559**	**-**
Transfer from lifetime ECL not credit impaired	**1,303,857**	**(1545,347)**	**241,490**	**-**
Transfer from Lifetime ECL credit impaired	**53,773**	**78,512**	**(132,285)**	**-**
Net change for the period	**14,983,962**	**(415,087)**	**112,631**	**14,681,506**
Write-offs	**-**	**-**	**(408,042)**	**(408,042)**
Balance at the end of the period	**130,581,321**	**15,052,661**	**3,897,327**	**149,531,309**

8. Loans and advances, net (continued)

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	113,985,696	12,005,667	3,442,021	129,433,384
Transfer from12-month ECL	(6,127,649)	5,761,073	366,576	-
Transfer from lifetime ECL not credit impaired	3,606,550	(5,889,652)	2,283,102	-
Transfer from Lifetime ECL credit impaired	79,204	19,329	(98,533)	-
Net change for the year	7,283,911	547,742	(175,592)	7,656,061
Write-offs	-	-	(1,831,600)	(1,831,600)
Balance at the end of the year	118,827,712	12,444,159	3,985,974	135,257,845

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	113,985,696	12,005,667	3,442,021	129,433,384
Transfer from12-month ECL	(5,057,346)	4,793,482	263,864	-
Transfer from lifetime ECL not credit impaired	1,428,239	(3,732,372)	2,304,133	-
Transfer from Lifetime ECL credit impaired	49,196	15,738	(64,934)	-
Net change for the period	11,080,455	(511,934)	24,447	10,592,968
Write-offs	-	-	(1,807,584)	(1,807,584)
Balance at the end of the period	121,486,240	12,570,581	4,161,947	138,218,768

9. Due to SAMA

SAR '000	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Current accounts	**493,107**	67,594	-
Government grant	**8,165,857**	9,214,101	9,203,769
Modification impact, net	**(325,070)**	(152,070)	(151,867)
Total	**8,333,894**	9,129,625	9,051,902

10. Due to banks and other financial institutions

SAR '000	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Current accounts	**665,852**	342,230	398,491
Money market placements	**11,043,272**	7,320,358	7,001,582
Total	**11,709,124**	7,662,588	7,400,073

11. Customers' deposits

SAR '000	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Demand	**85,310,615**	79,860,073	78,266,393
Saving	**866,046**	753,054	725,065
Time	**51,942,689**	40,442,288	50,200,506
Other	**5,202,748**	6,056,229	6,462,683
Total	**143,322,098**	127,111,644	135,654,647

Time deposits include Shariah based deposits amounting to SAR 18,978 million (December 31, 2020: SAR 17,453 million; September 30, 2020: SAR 19,855 million).

12. Derivatives

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

a) Swaps

Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For currency rate swaps, fixed and floating commission payments and principal are exchanged in different currencies.

b) Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over the counter market. Foreign currency and commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

c) Forward rate agreements

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

12. Derivatives (continued)

d) Options

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

Held for trading purposes

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

Held for hedging purposes

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

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

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

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

Cash flow hedges

The Bank is exposed to variability in future special commission income cash flows on non-trading assets and liabilities which bear variable commission rate. The Bank uses commission rate swaps as cash flow hedges of these commission rate risks. Also, as a result of firm commitments in foreign currencies, such as its issued foreign currency debt, the Bank is exposed to foreign exchange and commission rate risks which are hedged with cross currency commission rate swaps.

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

12. Derivatives (continued)

SAR '000	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)			September 30, 2020 (Unaudited)		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Held for trading:									
Commission rate swaps	**3,451,171**	**3,269,102**	**206,592,769**	4,554,278	4,222,635	199,290,260	4,880,022	4,542,787	186,248,432
Commission rate futures and options	**465,202**	**465,202**	**29,465,614**	744,023	744,023	34,996,063	853,574	853,574	45,659,003
Forward foreign exchange contracts	**131,498**	**66,612**	**35,105,824**	242,504	121,796	32,777,959	150,657	51,881	25,962,291
Currency options	**6,444**	**6,444**	**712,634**	944	944	67,743	577	577	57,212
Others	**2,595**	**2,595**	**24,140**	2,616	2,616	61,357	512	512	64,448
Held as fair value hedges:									
Commission rate swaps	**-**	**19**	**37,500**	-	-	-	-	-	-
Held as cash flow hedges:									
Commission rate swaps	**769,440**	**8,134**	**26,911,500**	1,364,681	4,444	32,571,544	1,350,462	-	30,935,068
Total	**4,826,350**	**3,818,108**	**298,849,981**	6,909,046	5,096,458	299,764,926	7,235,804	5,449,331	288,926,454

13. Commitments and contingencies

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

SAR '000	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Letters of credit	**8,706,778**	8,355,493	8,855,948
Letters of guarantee	**36,121,591**	39,497,700	39,674,396
Acceptances	**1,775,473**	2,192,464	1,895,361
Irrevocable commitments to extend credit	**7,449,476**	6,165,495	6,098,421
Total	**54,053,318**	56,211,152	56,524,126

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

SAR '000	September 30, 2021 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	**25,569**	**11,027**	**374,275**	**410,871**
Transfer from12-month ECL	**(1,076)**	**1,076**	**-**	**-**
Transfer from lifetime ECL not credit impaired	**210**	**(210)**	**-**	**-**
Transfer from Lifetime ECL credit impaired	**-**	**-**	**-**	**-**
Net charge / (reversal) for the period	**(6,386)**	**1,671**	**7,128**	**2,413**
Write-offs	**-**	**-**	**-**	**-**
Balance at the end of the period	**18,317**	**13,564**	**381,403**	**413,284**

13. Commitments and contingencies (continued)

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	42,107	25,629	488,202	555,938
Transfer from12-month ECL	(2,172)	2,164	8	-
Transfer from lifetime ECL not credit impaired	8,500	(8,560)	60	-
Transfer from Lifetime ECL credit impaired	-	-	-	-
Net reversal for the year	(22,866)	(8,206)	(113,995)	(145,067)
Write-offs	-	-	-	-
Balance at the end of the year	25,569	11,027	374,275	410,871

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	42,107	25,629	488,202	555,938
Transfer from12-month ECL	(3,157)	3,145	12	-
Transfer from lifetime ECL not credit impaired	1,863	(1,924)	61	-
Transfer from Lifetime ECL credit impaired		72	(72)	-
Net reversal for the period	(15,207)	(13,147)	(135,262)	(163,616)
Write-offs	-	-	-	-
Balance at the end of the period	25,606	13,775	352,941	392,322

ii) The following table shows the stage wise gross exposure of commitments and contingencies:

SAR '000	**September 30, 2021 (Unaudited)**			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Balance at January 01	**31,040,764**	**1,520,215**	**937,803**	**33,498,782**
Transfer from12-month ECL	**(1,343,984)**	**1,340,547**	**3,437**	**-**
Transfer from lifetime ECL not credit impaired	**587,191**	**(587,705)**	**514**	**-**
Transfer from Lifetime ECL credit impaired	**-**	**3,344**	**(3,344)**	**-**
Net change for the period	**(2,570,173)**	**(184,463)**	**(394,911)**	**(3,149,547)**
Write-offs	**-**	**-**	**-**	**-**
Balance at the end of the period	**27,713,798**	**2,091,938**	**543,499**	**30,349,235**

13. Commitments and contingencies (continued)

SAR '000	December 31, 2020 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	28,908,401	1,336,396	684,563	30,929,360
Transfer from12-month ECL	(1,041,807)	1,014,003	27,804	-
Transfer from lifetime ECL not credit impaired	1,526,942	(1,632,856)	105,914	-
Transfer from Lifetime ECL credit impaired	-	-	-	-
Net change for the year	1,647,228	802,672	119,522	2,569,422
Write-offs	-	-	-	-
Balance at the end of the year	31,040,764	1,520,215	937,803	33,498,782

SAR '000	September 30, 2020 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	27,644,945	1,336,396	684,563	29,665,904
Transfer from12-month ECL	(1,302,058)	1,277,624	24,434	-
Transfer from lifetime ECL not credit impaired	256,906	(271,488)	14,582	-
Transfer from Lifetime ECL credit impaired	-	160	(160)	-
Net change for the period	4,290,546	(1,152,395)	157,769	3,295,920
Write-offs	-	-	-	-
Balance at the end of the period	30,890,339	1,190,297	881,188	32,961,824

The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings filed against the Bank as disclosed at December 31, 2020.

14. Cash and cash equivalents

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

SAR '000	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Cash and balances with SAMA excluding statutory deposit (note 5)	**1,075,895**	2,582,412	1,378,930
Due from banks and other financial institutions maturing within three months from the date of acquisition	**5,388,935**	4,026,997	3,718,503
Total	**6,464,830**	6,609,409	5,097,433

15. Tier 1 Sukuk

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

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

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

16. Zakat and Income Tax

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

Zakat for the period ended September 30, 2021 attributable to Saudi Shareholders amounted to approximately SAR 266 million (September 30, 2020: SAR 281 million). Income tax attributable to non-Saudi Shareholder on the current period's share of net income is SAR 56 million (September 30, 2020: SAR 44 million). The provision of Zakat and income tax is estimated based on the results of operations of the Bank for the nine months period ended and the consolidated financial position at September 30, 2021.

Credit Agricole Corporate and Investment Bank (CA-CIB) sold its remaining shares in the Bank during 2020. After the sale of these shares, it is expected that the Bank is not subjected to Income Tax and 100 percent of its shareholding is considered zakatable. However, the shareholding matter is currently under discussion with ZATCA and the Bank has recorded provisions for both zakat and income tax for the nine months period ended September 30, 2021.

17. Fair values of financial assets and liabilities

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

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

Valuation models

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

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

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

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

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

Valuation Framework

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

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

SAR '000	Level 1	Level 2	Level 3	Total
September 30, 2021 (Unaudited)				
Financial assets				
Derivative financial instruments positive fair value	**-**	**4,826,350**	**-**	**4,826,350**
Financial investments designated at FVTPL	**15,002**	**194,088**	**-**	**209,090**
Financial investments at FVOCI	**8,409,618**	**6,130,349**	**16,003**	**14,555,970**
Total	**8,424,620**	**11,150,787**	**16,003**	**19,591,410**
Financial Liabilities				
Derivative financial instruments negative fair value	**-**	**3,818,108**	**-**	**3,818,108**
Total	**-**	**3,818,108**	**-**	**3,818,108**

SAR '000	Level 1	Level 2	Level 3	Total
December 31, 2020 (Audited)				
Financial assets				
Derivative financial instruments positive fair value	-	6,909,046	-	6,909,046
Financial investments designated at FVTPL	88,629	55,974	-	144,603
Financial investments at FVOCI	7,273,262	4,434,816	25,080	11,733,158
Total	7,361,891	11,399,836	25,080	18,786,807
Financial Liabilities				
Derivative financial instruments negative fair value	-	5,096,458	-	5,096,458
Total	-	5,096,458	-	5,096,458

SAR '000	Level 1	Level 2	Level 3	Total
September 30, 2020 (Unaudited)				
Financial assets				
Derivative financial instruments positive fair value	-	7,235,804	-	7,235,804
Financial investments designated at FVTPL	190,330	56,118	-	246,448
Financial investments at FVOCI	7,483,129	4,493,936	16,009	11,993,074
Total	7,673,459	11,785,858	16,009	19,475,326
Financial Liabilities				
Derivative financial instruments negative fair value	-	5,449,331	-	5,449,331
Total	-	5,449,331	-	5,449,331

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

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

The fair values of investments held at amortized cost are SAR 29,108 million (December 31, 2020: SAR 26,337 million and September 30, 2020: SAR 26,036 million) against carrying value of SAR 28,822 million (December 31, 2020: SAR 25,801 million and September 30, 2020: SAR 25,661 million).The fair values of commission bearing customers' deposits, debt securities, due from and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of due from and due to banks and other financial institutions. An active market for these instruments is not available and the Bank intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

The estimated fair values of investments held at amortized cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds. Consequently, differences can arise between carrying values and fair value estimates. The fair values of derivatives are based on the quoted market prices when available or by using the appropriate valuation technique. The Bank uses the discounted cash flow method using current yield curve to arrive at the fair value of loans and advances after adjusting internal credit spread which is SAR 148,432 million (December 31, 2020: SAR 134,194 million and September 30, 2020: SAR 137,371 million). The carrying values of those loans and advances are SAR 144,606 million (December 31, 2020: SAR 130,565 million and September 30, 2020: SAR 134,356 million).

18. Segment information

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2020.

The Bank is organised into the following main operating segments:

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

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

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

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

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

18. Segment information (continued)

SAR '000	**Retail banking**	**Corporate banking**	**Treasury**	**Investment banking & brokerage**	**Total**
September 30, 2021 (Unaudited)					
Total assets	**34,372,453**	**110,834,923**	**66,267,050**	**1,860,666**	**213,335,092**
Loans and advances, net	**33,089,527**	**109,675,486**	**-**	**1,627,930**	**144,392,943**
Total liabilities	**80,334,098**	**65,582,335**	**26,439,664**	**1,737,041**	**174,093,138**
Customers' deposits	**79,190,976**	**64,131,122**	**-**	**-**	**143,322,098**
Total operating income	**1,446,256**	**2,235,242**	**1,426,611**	**355,036**	**5,463,145**
Total operating expenses before impairment charge	**962,084**	**474,802**	**240,628**	**149,180**	**1,826,694**
Impairment charges for financial assets & others, net	**20,247**	**832,333**	**5,453**	**-**	**858,033**
Net income for the period before zakat and income tax	**463,925**	**928,107**	**1,180,530**	**205,856**	**2,778,418**
Net special commission income	**1,193,463**	**1,802,723**	**988,443**	**56,722**	**4,041,351**
Fee and commission income, net	**187,033**	**427,616**	**13,351**	**298,313**	**926,313**
Exchange income, net	**25,321**	**2,825**	**215,214**	**-**	**243,360**
Trading income, net	**-**	**-**	**183,649**	**-**	**183,649**
Inter-segment revenue	**618,635**	**386,588**	**(1,005,223)**	**-**	**-**
Depreciation and amortization	**113,064**	**25,857**	**18,909**	**2,385**	**160,215**

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
December 31, 2020 (Audited)					
Total assets	29,086,054	102,506,558	61,050,037	1,430,935	194,073,584
Total liabilities	74,966,550	54,368,111	24,680,827	1,422,151	155,437,639

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
September 30, 2020 (Unaudited)					
Total assets	28,191,906	108,303,838	59,476,867	1,472,197	197,444,808
Loans and advances, net	26,935,876	106,039,733	-	1,380,133	134,355,742
Total liabilities	73,581,828	64,703,433	24,056,154	1,420,777	163,762,192
Customers' deposits	73,216,739	62,437,908	-	-	135,654,647
Total operating income	1,354,009	2,229,616	1,438,572	245,520	5,267,717
Total operating expenses before impairment charge	873,167	474,076	210,081	135,016	1,692,340
Impairment charges for financial assets & others, net	240,059	1,557,355	(4,371)	5,302	1,798,345
Net income for the period before zakat and income tax	240,783	198,185	1,232,862	105,202	1,777,032
Net special commission income	1,188,170	1,748,644	984,042	38,243	3,959,099
Fee and commission income, net	109,565	447,750	(7,048)	207,277	757,544
Exchange income, net	19,260	2,045	275,305	-	296,610
Trading income, net	-	-	106,478	-	106,478
Inter-segment revenue	764,140	298,733	(1,062,873)	-	-
Depreciation and amortization	110,489	29,451	14,018	2,350	156,308

19. Share capital and Earnings per share

The authorised, issued and fully paid share capital of the Bank consists of 1,205 million shares of SAR 10 each (December 31, 2020: 1,205 million shares of SAR 10 each and September 30, 2020: 1,205 million shares of SAR 10 each).

Basic and diluted earnings per share for the periods ended September 31, 2021 and 2020 are calculated on a weighted average basis by dividing the net income adjusted for Tier I Sukuk costs for the period by 1,200 million shares after excluding treasury shares consisting of 5.4 million shares as of September 30, 2021 (December 31, 2020: 5.7 million shares and September 30, 2020: 5.7 million shares).

The final net dividend of SAR 0.40 per share for the year ended 2020 has been approved by the shareholders at the General Assembly Meeting held on May 05, 2021.

20. Interim Dividend

The Board of Directors recommended on July 02, 2021 interim net dividend of SAR 0.65 per share (June 30, 2020: SAR NIL per share) of SAR 780 million (June 30, 2020: SAR NIL million) for the six months period ended June 30, 2021.

21. Capital Adequacy

The Bank's objectives when managing capital are, to comply with the capital requirements set by SAMA; to safeguard the Bank's ability to continue as a going concern; and to maintain a strong capital base. Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management.

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

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

SAMA through its circular number 391000029731 dated 15/03/1439H, which relates to the interim approach and transitional arrangements for the accounting allocations under IFRS 9 – financial instruments, has directed Banks that the initial impact on the capital adequacy ratio as a result of applying IFRS 9 shall be transitioned over five years.

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

SAR '000	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)
Credit Risk RWA	**182,313,679**	170,312,433	175,950,323
Operational Risk RWA	**12,958,582**	12,952,525	12,863,146
Market Risk RWA	**4,616,824**	3,967,483	5,491,554
Total RWA	**199,889,085**	187,232,441	194,305,023
Tier I Capital	**39,592,873**	38,489,177	33,406,162
Tier II Capital	**2,278,921**	1,884,995	1,434,850
Total Tier I & II Capital	**41,871,794**	40,374,172	34,841,012
Capital Adequacy Ratio %			
Tier I ratio	**19.81%**	20.56%	17.19%
Tier I + Tier II ratio	**20.95%**	21.56%	17.93%

22. Impact of COVID-19 on Expected Credit Losses ("ECL") and SAMA programs

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

During 2020 the Bank's management performed a detailed assessment to ascertain the impact of the pandemic and resultant government and SAMA support measures, such as repayment holidays and other mitigating packages, have had on the financing portfolio. The Bank made updates within its ECL model to refine the application of the staging criteria due to SICR on affected customers to be able to differentiate and reflect appropriately in its models:

- Customers whose credit quality appear to have deteriorated on a permanent basis and thus the Bank is required to recognise lifetime ECL losses on such exposures;

- Customers whose credit quality have either stayed stable (due to the offsetting nature of availing government programs) or have declined but the decline is deemed to be temporary as the customer may have sound fundamentals to emerge strongly post lockdown.

The Bank also continues to evaluate the current macroeconomic situation and conduct review of credit exposure concentrations at a more granular level with particular focus on specific economic sectors, regions, counterparties and collateral protection and taking appropriate customer credit rating actions and initiating restructuring of loans, where required. The credit reviews also take into consideration the impact of the government and SAMA support relief programs.

The Bank's ECL model continues to be sensitive to macroeconomic variables. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Bank will continue to reassess its position and the related impact on a regular basis. To the extent that certain effects cannot be fully incorporated into the ECL model calculations at this point in time, management continues to exercise expert credit judgement to estimate ECL by considering reasonable and supportable information not already included in the quantitative models.

SAMA support programs and initiatives

Private Sector Financing Support Program ("PSFSP")

In response to COVID-19, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises ("MSME") as per the definition issued by SAMA via Circular No. 381000064902 dated Jumada II 16, 1438H. The PSFSP mainly encompasses the following programs:

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

22. Impact of COVID-19 on Expected Credit Losses ("ECL") and SAMA programs (continued)

As part of the deferred payments program launched by SAMA in March 2020 and with further extensions to the program subsequently announced, the Bank deferred payments on lending facilities to MSME. The payment reliefs are considered as short-term liquidity support to address the borrower's potential cash flow shortages. The Bank implemented the payment reliefs by deferring the instalments falling due within the period from March 14, 2020 to June 30, 2021 amounting to SAR 5.2 billion and extended the tenure of the applicable loans at no additional costs to the customer.

Further to the above, SAMA on September 29, 2021 announced the extension of the DPP for three additional months from October 01, 2021 to December 31, 2021, for MSMEs that are still affected by the COVID-19 precautionary measures and in line with guidance issued by SAMA. The Bank has performed an assessment to determine the pool of customers eligible for deferment and accordingly has deferred the installment falling due from October 1, 2021 to December 31, 2021 amounting to SAR 0.5 billion and extended the tenure of the applicable loans at no additional costs to the customer. This resulted in the Bank recognizing an additional modification loss of SAR 5 million.

The accounting impact of the above changes in terms of the credit facilities were assessed and treated as per the requirements of IFRS 9 as modification in terms of arrangement. This resulted in total modification losses amounting to SAR 433 million, out of which SAR 312 million has been recorded during the nine months period ended September 30, 2021 (September 30, 2020: SAR 111 million).

During the nine months period ended September 30, 2021, SAR 112 million (September 30, 2020: SAR 55 million) has been recognized in the statement of income relating to unwinding of modification losses.

The Bank continues to believe that in the absence of other factors, participation in the deferment program on its own, is not considered a significant increase in credit risk for assessment of ECL on its MSME portfolio. The Bank has performed an assessment with respect to SICR and continues to maintain overlay of SAR 223 million on overall MSME portfolio for potential impact of rating and stage movements.

In order to compensate for the related cost that the Bank has incurred under the SAMA and other public authorities program, during the year 2020 and the nine months period ended September 30, 2021, the Bank received multiple profit free deposits from SAMA amounting to SAR 8,166 million with varying maturities, which qualify as government grants. Management has determined, based on the communication from SAMA that the government grant primarily relates to compensation for the modification loss incurred on the deferral of payments. The benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. The management has exercised certain judgements in the recognition and measurement of this grant income. By the end of the year 2020, total income of SAR 124 million had been recognised in the statement of income with the remaining amount deferred. Grant income amounting to SAR 38 million arose on the seven months profit free deposit amounting to SAR 3,500 million received during the three months period ended September 30, 2021. During the nine months period ended September 30, 2021, a total of SAR 312 million (September 30, 2020: SAR 91 million) has been recognised in the statement of income with respect to related deposits with an aggregate of SAR 23 million deferred grant income as at September 30, 2021 (September 30, 2020: SAR 164 million).

As at September 30, 2021, the Bank has participated in SAMA's Loan guarantee programs and the accounting impact for the period is immaterial.

SAMA liquidity support for the Saudi banking sector amounting to SAR 50 billion

In line with its monetary and financial stability mandate, SAMA injected an amount of fifty billion riyals in order to:

- Enhance the liquidity in the banking sector and enable it to continue its role in providing credit facilities to private sector companies;

22. Impact of COVID-19 on Expected Credit Losses ("ECL") and SAMA programs (continued)

- Restructure current credit facilities without any additional fees;
- Support plans to maintain employment levels in the private sector; and
- Provide relief for a number of banking fees that have been waived for customers.

In this regard, during 2020, the Bank received SAR 4,612 million profit free deposit with one year maturity. The Bank's Management has determined based on the communication received from SAMA that this government grant primarily relates to liquidity support. 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 the Bank recognising a total income of SAR NIL million (September 30, 2020: SAR 90 million) out of which SAR NIL million (September 30, 2020: SAR 80 million) has been recognized in the consolidated statement of income for nine months period ended September 30, 2021 (September 30, 2020; SAR 80 million). This deposit has been repaid during 2021.

23. IBOR Transition (Interest Rate Benchmark Reforms)

A fundamental review and reform of major profit rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") is engaged in two phase process of amending its guidance to assist in smoother transition away from IBOR.

Phase (1) - Amendment are issued to address the pre-replacement impacts of IBOR transition on hedge accounting issues. These guidelines were issued through amendments in IAS 39, IFRS 7 and IFRS 9 mandatory applicable after January 01, 2020.

Phase (2) - Relates to the replacement of benchmark rates with alternative risk-free rates. Currently, there is uncertainty as to the timing and the methods of transition for phase 2. As a result of these uncertainties, LIBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. The Phase 2 amendments are effective for annual periods beginning on or after 1 January 2021, and include practical expedients in respect of:

Accounting for changes in the basis for determining contractual cash flows on account of IBOR reforms by updating the effective interest rate, resulting in no immediate profit or loss impact. This applies only when the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis; and Permitting changes to hedge designation and documentation on account of IBOR reform without discontinuing the existing hedge accounted relationship

The Bank believes that there continues to be uncertainty as to the timing and the methods for transition, under the Phase 1 amendments, LIBOR continues to be used as a reference rate as at September 30, 2021 in the valuation of instruments with maturities that exceed the expected end date for IBORs in various currencies. Regulatory authorities, relevant benchmark rate administrators and public and private sector working groups globally have announced mechanisms for, transition to alternative benchmark rates. The Bank continues to monitor the guidance as it emerges and will transition its impacted contracts before the respective currencies transition date.

The Bank has exposure to IBOR rates that are subject to reform through the structural interest rate position, holdings of investment securities, and financial products denominated in foreign currencies and, where applicable associated hedging.

23. IBOR Transition (Interest Rate Benchmark Reforms) (continued)

During 2020, the Bank had established a steering committee, consisting of key finance, risk, IT, treasury, legal and compliance personnel and external advisors to oversee the Bank's LIBOR transition plan. This steering committee put in place a transition project for those contracts which reference to LIBOR, to transition them to the alternate benchmarks as applicable, with the aim of minimising the potential disruption to business and mitigating operational risks and possible financial losses.

This transition project is considering changes to systems, processes, policies, risk management and valuation models, as well as managing related accounting implications. Further, the number and types of contracts which require updates as part of the transition have been finalized. As at September 30, 2021, changes required to systems, processes, policies, and models have been identified and have been partially implemented.

The Bank has finalized the specific changes to be made in the contracts required by the IBOR reforms and initial communication on account of LIBOR transition has been released to customers. The Bank has identified that the key impacted currencies are USD and EUR and the areas of most significant risk arising from the replacement of these LIBOR's are: updating systems and processes which capture USD and EUR LIBOR referenced contracts; amendments to those contracts, or existing fallback/transition clauses not operating as anticipated; mismatches in timing of derivatives and loans transitioning from the IBOR transition and the resulting impact on economic risk management; and updating hedge designations.

The Bank continues to engage with industry participant, to ensure an orderly transition to the new alternate reference rate and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with LIBOR replacement.

The table below shows the Bank's exposure at the end of September 30, 2021 to significant IBORs subject to reform. These exposures will remain outstanding until the IBOR ceases and will therefore transition in future, e.g., the table excludes exposures to IBOR that will expire before transition is required.

SAR '000 **September 30, 2021 (Unaudited)**	**Non-derivative financial assets - carrying value**	**Non-derivative financial liabilities carrying value**	**Derivatives Nominal amount**
SIBOR SAR	**69,362,591**	**5,779,518**	**85,971,936**
LIBOR USD	**4,037,229**	**4,999**	**106,834,146**
LIBOR EUR	**8,472**	**-**	**364,959**
Total	**73,408,292**	**5,784,517**	**193,171,041**

24. Comparative figures

Certain prior period figures have been reclassified to conform to current period's presentation, which are not material in nature to the interim condensed consolidated financial statements.

25. Board of Directors Approval

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on October 24, 2021 corresponding to Rabi Al Awwal 18, 1443H.