



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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As of and for the nine-month period ended 30 September 2023



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

Roshn Front
Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh
kpmg.com/sa



Ernst & Young Professional Services
(Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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Independent auditors' review report on the interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of **Al Rajhi Banking and Investment Corporation** (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), consisting of the interim condensed consolidated statement of financial position as at 30 September 2023, the interim condensed consolidated statements of income and comprehensive income for the three-month and the nine-month periods ended 30 September 2023, and the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, and explanatory notes (the “interim condensed consolidated financial information”). The Board of Directors are responsible for the preparation and presentation of this interim condensed consolidated financial information 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 this interim condensed consolidated financial information 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 information is 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 information. 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.

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



15 Rabi Al-Thani, 1445H
(30 October 2023)

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

As at	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2022 (Unaudited)
Assets				
Cash and balances with Central Banks	4	43,838,346	42,052,496	43,994,610
Due from banks and other financial institutions, net	5	8,127,640	25,655,929	14,743,557
Investments, net	6	127,798,241	101,325,425	101,001,183
Positive fair value of Shariah compliant derivatives	7	1,314,836	996,143	955,227
Financing, net	8	590,825,897	568,338,114	557,498,103
Other assets, net		13,758,576	8,542,037	7,726,074
Investment in associate		901,783	820,717	806,342
Investment properties, net		1,356,016	1,364,858	1,369,885
Property, equipment, and right of use assets, net		12,139,350	11,338,782	11,123,706
Goodwill and other intangibles, net		1,422,584	1,214,547	742,878
Total assets		801,483,269	761,649,048	739,961,565
Liabilities and equity				
Liabilities				
Due to banks and other financial institutions	9	100,125,691	70,839,117	71,828,451
Customers' deposits	10	565,718,810	564,924,688	555,767,068
Negative fair value of Shariah compliant derivatives	7	1,232,009	961,405	865,028
Sukuk issued	11	3,834,009	-	-
Other liabilities		28,293,156	24,698,803	25,399,780
Total liabilities		699,203,675	661,424,013	653,860,327
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	(600,809)	(427,569)	(355,900)
Retained earnings		17,092,697	9,864,898	14,957,138
Proposed dividends		-	5,000,000	-
Equity attributable to shareholders of the Bank		85,779,594	83,725,035	79,601,238
Tier I Sukuk	12	16,500,000	16,500,000	6,500,000
Total equity		102,279,594	100,225,035	86,101,238
Total liabilities and equity		801,483,269	761,649,048	739,961,565

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

Authorized Board Member



Chief Executive Officer



Chief Financial Officer



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

		For the three-month ended 30 September		For the nine-month ended 30 September	
	Note	2023	2022	2023	2022
Income					
Gross financing and investment income		9,969,784	7,297,320	28,033,204	19,668,034
Gross financing and investment return		(4,569,142)	(1,610,301)	(12,313,634)	(3,074,080)
Net financing and investment income		5,400,642	5,687,019	15,719,570	16,593,954
Fee from banking services, income		2,368,967	2,145,184	7,124,439	6,100,933
Fee from banking services, expenses		(1,469,913)	(1,010,323)	(3,886,838)	(2,655,652)
Fee from banking services, net		899,054	1,134,861	3,237,601	3,445,281
Exchange income, net		336,007	319,651	924,818	864,274
Other operating income, net		236,809	64,927	598,593	407,371
Total operating income		6,872,512	7,206,458	20,480,582	21,310,880
Expenses					
Salaries and employees' related benefits		882,206	939,028	2,639,660	2,548,713
Depreciation and amortization		394,074	322,528	1,138,584	966,300
Other general and administrative expenses		583,836	599,494	1,721,914	1,935,152
Total operating expenses before credit impairment charge		1,860,116	1,861,050	5,500,158	5,450,165
Impairment charge for financing and other financial assets, net	8	379,400	489,958	1,098,566	1,648,683
Total operating expenses		2,239,516	2,351,008	6,598,724	7,098,848
Net income for the period before Zakat		4,632,996	4,855,450	13,881,858	14,212,032
Zakat Expense		(477,696)	(500,808)	(1,431,322)	(1,465,540)
Net income for the period		4,155,300	4,354,642	12,450,536	12,746,492
Basic and diluted earnings per share (SAR)	13	0.99	1.07	2.96	3.16

The accompanying notes from 1 to 25 form an integral part of this interim condensed consolidated financial information.

Authorized Board Member



Chief Executive Officer



Chief Financial Officer



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

	For the three-month ended 30 September		For the nine-month ended 30 September	
	2023	2022	2023	2022
Net income for the period	4,155,300	4,354,642	12,450,536	12,746,492
Other comprehensive income:				
<i>Items that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
- Net change in fair value of FVOCI Equity investments	(86,981)	(28,091)	(37,049)	(298,549)
- Actuarial gain on re-measurement of employees' end of service benefits liabilities ("ESOB")	-	-	10,188	158,712
- Share in FVOCI from associate	5,502	(13,432)	29,495	(6,019)
<i>Items that may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
- Exchange difference on translating foreign operations	(5,205)	(36,788)	(71,914)	(76,976)
- Net change in fair value of FVOCI Sukuk and Structured products investments	(179,269)	(37,264)	(164,759)	(88,464)
- Cash flow hedge effective portion of change in the fair value	(2,667)	-	63,751	-
Total other comprehensive income	(268,620)	(115,575)	(170,288)	(311,296)
Total comprehensive income for the period	3,886,680	4,239,067	12,280,248	12,435,196

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

Authorized Board Member



Chief Executive Officer



Chief Financial Officer



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

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
(SAR'000)

For the nine-month period ended 30 September 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		-	-	-	12,450,536	-	12,450,536	-	12,450,536
Net change in fair value of FVOCI Equity investments		-	-	(37,049)	-	-	(37,049)	-	(37,049)
Net change in fair value of FVOCI Sukuk and Structured products investments		-	-	(164,759)	-	-	(164,759)	-	(164,759)
Share in FVOCI from associate		-	-	29,495	-	-	29,495	-	29,495
Actuarial gain on re-measurement employees' end of service benefits ("EOSB")		-	-	10,188	-	-	10,188	-	10,188
Exchange difference on translation of foreign operations		-	-	(71,914)	-	-	(71,914)	-	(71,914)
Cash flow hedge Effective portion of change in the fair value		-	-	63,751	-	-	63,751	-	63,751
Total other comprehensive income recognized in shareholders' equity		-	-	(170,288)	-	-	(170,288)	-	(170,288)
Total comprehensive income for the period		-	-	(170,288)	12,450,536	-	12,280,248	-	12,280,248
Disposal of FVOCI equity instruments		-	-	(2,952)	2,952	-	-	-	-
Tier I Sukuk costs		-	-	-	(625,689)	-	(625,689)	-	(625,689)
Dividend for annual year 2022	19	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Interim dividend for the first half of 2023	19	-	-	-	(4,600,000)	-	(4,600,000)	-	(4,600,000)
Balance at 30 September 2023		40,000,000	29,287,706	(600,809)	17,092,697	-	85,779,594	16,500,000	102,279,594
For the nine-month period ended 30 September 2022									
Balance at 31 December 2021		25,000,000	25,000,000	282,107	16,999,457	-	67,281,564	-	67,281,564
Net income for the period		-	-	-	12,746,492	-	12,746,492	-	12,746,492
Net change in fair value of FVOCI Equity investments		-	-	(298,549)	-	-	(298,549)	-	(298,549)
Net change in fair value of FVOCI Sukuk and Structured products		-	-	(88,464)	-	-	(88,464)	-	(88,464)
Share in FVOCI from associate		-	-	(6,019)	-	-	(6,019)	-	(6,019)
Actuarial gain on re-measurement employees' end of service benefits ("EOSB")		-	-	158,712	-	-	158,712	-	158,712
Exchange difference on translation of foreign operations		-	-	(76,976)	-	-	(76,976)	-	(76,976)
Total other comprehensive income recognized in shareholders' equity		-	-	(311,296)	-	-	(311,296)	-	(311,296)
Total comprehensive income for the period		-	-	(311,296)	12,746,492	-	12,435,196	-	12,435,196
Disposal of FVOCI equity instruments		-	-	(326,711)	326,711	-	-	-	-
Tier I Sukuk issued		-	-	-	-	-	-	6,500,000	6,500,000
Tier I Sukuk costs		-	-	-	(115,522)	-	(115,522)	-	(115,522)
Bonus shares Issued	20	15,000,000	-	-	(15,000,000)	-	-	-	-
Balance at 30 September 2022		40,000,000	25,000,000	(355,900)	14,957,138	-	79,601,238	6,500,000	86,101,238

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

Authorized Board Member

Chief Executive Officer

Chief Financial Officer





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

For the nine-month period ended 30 September	Note	2023	2022
Cash Flows from operating activities			
Net income before Zakat		13,881,858	14,212,032
Adjustments to reconcile net income before zakat to net cash from operating activities:			
Loss on investments held at fair value through statement of income (FVIS)		18,268	95,529
Depreciation on property, equipment and right of use assets		1,027,050	856,540
Depreciation on investment properties		8,842	41,584
Amortization of goodwill and other intangibles		102,692	68,176
Gain on sale of property and equipment, net		(6,776)	(943)
Impairment charge for financing and other financial assets, net	8	1,098,566	1,648,683
Share in profit of an associate		(51,168)	(5,938)
Dividend income		(100,210)	(157,178)
Accretion/amortisation relating to Sukuk investments, net		(45,971)	(34,991)
Profit charge against lease obligations		25,345	29,683
Fair value adjustment for Shariah compliant derivatives		(48,089)	(49,252)
(Increase) / decrease in operating assets			
Statutory deposit with SAMA and other central banks		(2,290,851)	(1,991,753)
Due from banks and other financial institutions		7,112,516	8,730,974
Financing		(23,586,349)	(106,316,129)
FVIS investments, net		31,334	(356,627)
Other assets, net		(5,288,453)	(126,716)
Increase / (decrease) in operating liabilities			
Due to banks and other financial institutions		29,286,574	53,876,311
Customers' deposits		794,122	43,694,855
Other liabilities		4,240,510	(104,138)
Profit payment against lease obligations		(25,345)	(29,683)
Net cash generated from operating activities before Zakat		26,184,465	14,081,019
Zakat paid		(1,971,690)	(1,695,579)
Net cash generated from operating activities		24,212,775	12,385,440

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

Authorized Board Member



Chief Executive Officer



Chief Financial Officer



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

(SAR'000)

For the nine-month period ended 30 September	Note	2023	2022
Cash flows from investing activities			
Purchase of property and equipment		(1,875,594)	(1,906,163)
Proceeds from disposal of property and equipment		115,787	123,194
Other intangibles		(310,729)	(292,943)
Purchase of FVOCI investments		(12,014,335)	-
Proceeds from disposal of FVOCI investments		11,550	2,868,839
Proceeds from maturities of investments recorded at amortized cost		8,304,049	9,515,321
Purchase of investments held at amortised cost		(22,880,964)	(29,501,010)
Investment in associate		-	(487,000)
Dividend income		100,210	157,178
Net cash used in investing activities		(28,550,026)	(19,522,584)
Cash flows from financing activities			
Dividends paid		(9,600,000)	-
Tier I Sukuk costs		(625,689)	(115,522)
Tier I Sukuk issuance	12	-	6,500,000
Payments against lease obligation		(191,843)	(198,787)
Sukuk issued	11	3,834,009	-
Net cash (used in) / generated from financing activities		(6,583,523)	6,185,691
Net decrease in cash and cash equivalents		(10,920,774)	(951,453)
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	14,272,398	21,288,794
Supplemental Non-cash transactions:			
ROU assets		61,036	48,644
Lease Liability		96,243	63,883
Net change in fair value of FVOCI investments		(201,808)	(387,013)
Remeasurement gain on EoSB		10,188	158,712

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

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 information of the Group as at and for the period ended 30 September 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 information do not include all the information and disclosures required in the annual consolidated financial information, and should be read in conjunction with the Group's annual financial information as at 31 December 2022.

The consolidated financial information 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 information 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 Group is Saudi Riyal.

The preparation of this interim condensed consolidated financial information 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 this interim condensed consolidated financial information, 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 information 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

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
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 information to distinguish between changes in accounting estimates and changes in accounting policies.
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	Requires companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Amendment to IAS 12 - International tax reform - pillar two model rules -	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

(b) Forthcoming new standards not yet effective

Standard, interpretation and amendments	Description	Effective date
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

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
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

4 - Cash and balances with Central Banks

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

	30 September 2023	31 December 2022	30 September 2022
Cash in hand	6,592,269	6,672,064	6,073,173
Statutory deposit	35,210,086	32,919,235	30,795,283
Balances with central banks (current accounts)	300,990	408,197	274,772
Mutajara with SAMA	1,735,001	2,053,000	6,851,382
Total	43,838,346	42,052,496	43,994,610

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 September 2023	31 December 2022	30 September 2022
Current accounts	2,808,453	4,765,889	3,680,863
Mutajara	5,323,465	20,894,850	11,066,114
Less: Allowance for expect credit losses	(4,278)	(4,810)	(3,420)
Total	8,127,640	25,655,929	14,743,557

6 - Investments, net

(a) Investments comprise the following:

	30 September 2023	31 December 2022	30 September 2022
Investments held at amortized cost:			
Murabaha with Saudi Government and SAMA	19,986,578	22,696,693	22,691,942
Sukuk	86,179,130	70,608,347	67,986,525
Structured Products	2,916,346	1,033,894	1,000,000
Less: Impairment (Stage 1)	(64,972)	(43,294)	(42,379)
Total investments held at amortized cost	109,017,082	94,295,640	91,636,088
Investments held at FVIS:			
Mutual funds	2,236,254	2,214,056	2,963,536
Sukuk	137,430	159,591	69,803
Structured Products	717,153	737,551	699,809
Equity investments	127,372	156,613	-
Total FVIS investments	3,218,209	3,267,811	3,733,148
FVOCI investments:			
Sukuk	12,095,737	2,132,880	2,084,946
Structured Products	1,044,329	111,438	-
Equity investments	2,424,740	1,517,874	3,547,229
Less: Impairment (Stage 1)	(1,856)	(218)	(228)
Total FVOCI investments	15,562,950	3,761,974	5,631,947
Investments, net	127,798,241	101,325,425	101,001,183

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 September 2023 is SAR 78,698 million and the related balances of the repurchase agreements is SAR 12,844 million.

6 - Investments, net (Continued)

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

30 September 2023	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	69,696,880	10,475,208	80,172,088
Floating-rate Sukuk	25,993,620	-	25,993,620
Structured products	-	2,916,346	2,916,346
Less: Impairment (Stage 1)	(63,274)	(1,698)	(64,972)
Total investments held at amortized cost	95,627,226	13,389,856	109,017,082
Investments held as FVIS:			
Mutual funds	1,105,267	1,130,987	2,236,254
Structured Products	-	717,153	717,153
Fixed-rate Sukuk	119,430	-	119,430
Floating-rate Sukuk	18,000	-	18,000
Equity investments	127,372	-	127,372
Total FVIS investments	1,370,069	1,848,140	3,218,209
Investments held as FVOCI:			
Fixed-rate Sukuk	7,836,658	3,614,566	11,451,224
Floating-rate Sukuk	232,000	412,513	644,513
Structured Products	-	1,044,329	1,044,329
Equity investments	2,403,833	20,907	2,424,740
Less: Impairment (Stage 1)	-	(1,856)	(1,856)
Total FVOCI investments	10,472,491	5,090,459	15,562,950
Investments, net	107,469,786	20,328,455	127,798,241

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 September 2022	Domestic	International	Total
Investments held at amortized cost:			
Fixed-rate Sukuk	56,816,457	6,827,010	63,643,467
Floating-rate Sukuk	27,035,000	-	27,035,000
Structured products	500,000	500,000	1,000,000
Less: Impairment (Stage 1)	(42,379)	-	(42,379)
Total investments held at amortized cost	84,309,078	7,327,010	91,636,088
Investments held as FVIS:			
Mutual funds	2,963,536	-	2,963,536
Structured Products	495,962	203,847	699,809
Fixed-rate Sukuk	69,803	-	69,803
Total FVIS investments	3,529,301	203,847	3,733,148
Investments held as FVOCI:			
Fixed-rate Sukuk	28,005	2,056,941	2,084,946
Equity investments	3,526,322	20,907	3,547,229
Less: Impairment (Stage 1)	-	(228)	(228)
Total investments held as FVOCI	3,554,327	2,077,620	5,631,947
Investments, net	91,392,706	9,608,477	101,001,183

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

30 September 2023	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	19,986,578	19,986,578
Sukuk	82,926,500	15,418,969	98,345,469
Structured Products	-	4,677,828	4,677,828
Equity investments	1,795,335	756,777	2,552,112
Mutual Funds	29,276	2,206,978	2,236,254
Total	84,751,111	43,047,130	127,798,241

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 September 2022	Quoted	Unquoted	Total
Murabaha with Saudi Government and SAMA	-	22,691,942	22,691,942
Sukuk	58,987,858	11,110,809	70,098,667
Structured Products	-	1,699,809	1,699,809
Equity investments	2,839,936	707,293	3,547,229
Mutual Funds	25,872	2,937,664	2,963,536
Total	61,853,666	39,147,517	101,001,183

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 September 2023	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	1,210,653	(1,148,560)	28,828,686
Foreign exchange forward contracts	6,256	(5,957)	294,861
FX Swaps	50	(1,391)	6,758,758
Total Held for trading	1,216,959	(1,155,908)	35,882,305
Held as cash flow hedge:			
Profit rate swaps	97,877	(76,101)	8,743,877
Total Held as cash flow hedge	97,877	(76,101)	8,743,877
Total Shariah compliant derivatives	1,314,836	(1,232,009)	44,626,182

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 September 2022	Positive fair value	Negative fair value	Notional amount total
Held for trading:			
Profit rate swaps	920,796	(855,182)	21,286,054
Foreign exchange forward contracts	10,210	(2,371)	72,751
FX Swaps	24,221	(7,475)	8,926,293
Total Shariah compliant derivatives	955,227	(865,028)	30,285,098

8

- Financing, net

(a) Net financing held at amortized cost:

30 September 2023	Retail	Corporate	Total
Performing financing	429,239,388	166,609,410	595,848,798
Non-performing financing	1,558,410	2,031,209	3,589,619
Gross financing	430,797,798	168,640,619	599,438,417
Provision for financing impairment	(5,479,254)	(3,133,266)	(8,612,520)
Financing, net	425,318,544	165,507,353	590,825,897

31 December 2022	Retail	Corporate	Total
Performing financing	432,923,861	140,357,194	573,281,055
Non-performing financing	1,896,505	1,689,430	3,585,935
Gross financing	434,820,366	142,046,624	576,866,990
Provision for financing impairment	(4,804,384)	(3,724,492)	(8,528,876)
Financing, net	430,015,982	138,322,132	568,338,114

30 September 2022	Retail	Corporate	Total
Performing financing	428,247,791	134,622,717	562,870,508
Non-performing financing	1,614,328	2,005,325	3,619,653
Gross financing	429,862,119	136,628,042	566,490,161
Provision for financing impairment	(4,670,669)	(4,321,389)	(8,992,058)
Financing, net	425,191,450	132,306,653	557,498,103

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

	30 September 2023	30 September 2022
Balance at the beginning of the period	8,528,876	9,699,372
Provided for the period	2,366,652	2,706,158
Bad debt written off	(2,283,008)	(3,413,472)
Balance at the end of the period	8,612,520	8,992,058

(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 September 2023	30 September 2022
Provided for the period for financing	2,366,652	2,706,158
Provided for the period for other financial assets & off balance sheet	(157,899)	39,578
Recovery of written off financing for the period	(1,110,187)	(1,097,053)
Allowance for financing impairment, net	1,098,566	1,648,683

8 - Financing, net (Continued)

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

Gross carrying amount as of 30 September 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	5,240,701	576,866,990
Transfers:				
Transfer to 12-month ECL	2,641,734	(2,339,769)	(301,965)	-
Transfer to Lifetime ECL not credit impaired	(8,151,123)	8,245,115	(93,992)	-
Transfer to Lifetime ECL credit impaired	(1,935,229)	(1,306,066)	3,241,295	-
Write-offs	-	-	(2,283,008)	(2,283,008)
New business/ Other movements	25,218,661	(1,103,236)	739,010	24,854,435
At 30 September 2023	579,823,678	13,072,698	6,542,041	599,438,417

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	4,677,842	462,530,029
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	5,240,701	576,866,990

Gross carrying amount as of 30 September 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	4,677,842	462,530,029
Transfers:				
Transfer to 12-month ECL	1,939,707	(1,908,436)	(31,271)	-
Transfer to Lifetime ECL not credit impaired	(5,075,477)	5,316,999	(241,522)	-
Transfer to Lifetime ECL credit impaired	(1,123,303)	(1,695,819)	2,819,122	-
Write-offs	-	-	(3,413,472)	(3,413,472)
New business/ Other movements	107,768,596	(1,574,153)	1,179,161	107,373,604
At 30 September 2022	551,803,832	9,696,469	4,989,860	566,490,161

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 September 2023			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
ECL allowances for impairment of financing				
At 1 January 2023	3,276,243	1,714,791	3,537,842	8,528,876
Transfers:				
Transfer to 12-month ECL	447,466	(260,928)	(186,538)	-
Transfer to Lifetime ECL not credit impaired	(148,150)	184,207	(36,057)	-
Transfer to Lifetime ECL credit impaired	(42,439)	(307,076)	349,515	-
Write-offs			(2,283,008)	(2,283,008)
Net Charge for the Period	(670,459)	317,803	2,719,308	2,366,652
At 30 September 2023	2,862,661	1,648,797	4,101,062	8,612,520

	Credit loss allowance as of 31 December 2022			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
ECL allowances for impairment of financing				
At 1 January 2022	3,712,975	2,326,414	3,659,983	9,699,372
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	3,537,842	8,528,876

	Credit loss allowance as of 30 September 2022			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
ECL allowances for impairment of financing				
At 1 January 2022	3,712,975	2,326,414	3,659,983	9,699,372
Transfers:				
Transfer to 12-month ECL	384,713	(365,514)	(19,199)	-
Transfer to Lifetime ECL not credit impaired	(139,374)	305,215	(165,841)	-
Transfer to Lifetime ECL credit impaired	(41,184)	(657,823)	699,007	-
Write-offs	-	-	(3,413,472)	(3,413,472)
Net Charge for the Period	(318,954)	315,462	2,709,650	2,706,158
At 30 September 2022	3,598,176	1,923,754	3,470,128	8,992,058

9 - Due to banks and other financial institutions

Due to banks and other financial institutions comprise the following:

	30 September 2023	31 December 2022	30 September 2022
Current accounts	489,380	1,343,738	874,915
Banks' time investments	99,636,311	69,495,379	70,953,536
Total	100,125,691	70,839,117	71,828,451

10 - Customers' deposits

Customers' deposits by type comprise the following:

	30 September 2023	31 December 2022	30 September 2022
Demand deposits and call accounts	365,089,756	351,549,468	378,822,738
Customers' time investments	188,609,481	202,039,260	165,756,055
Other customer accounts	12,019,573	11,335,960	11,188,275
Total	565,718,810	564,924,688	555,767,068

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 via a 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 September 2023	30 September 2022
Net income for the period	12,450,536	12,746,492
Less: Tier I Sukuk Costs	(625,689)	(115,522)
Net income after Tier I Sukuk payments	11,824,847	12,630,970
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)	2.96	3.16

14 - Commitments and contingencies

(a) Commitments and contingencies comprise the following:

	30 September 2023	31 December 2022	30 September 2022
Letters of credit	8,191,676	7,551,372	6,575,534
Acceptances	2,308,247	1,798,294	1,592,572
Letters of guarantee	19,776,528	14,902,966	11,927,937
Irrevocable commitments to extend credit	12,406,188	15,624,088	17,337,978
Total	42,682,639	39,876,720	37,434,021

(b) Legal proceedings

As at 30 September 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 September 2023	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	8,089,984	2,299,114	18,364,478	12,395,639	41,149,215
Stage 2 - (lifetime ECL not credit impaired)	101,142	1,285	1,071,135	10,549	1,184,111
Stage 3 - (lifetime ECL for credit impaired)	550	7,848	340,915	-	349,313
Total outstanding balance at end of the period	8,191,676	2,308,247	19,776,528	12,406,188	42,682,639

14

- Commitments and contingencies (Continued)

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

30 September 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)	66,490	1,612	19,864	3,381	91,347
Stage 2 - (lifetime ECL not credit impaired)	1,914	64	13,056	147	15,181
Stage 3 - (lifetime ECL for credit impaired)	70	7,848	133,357	-	141,275
Total	68,474	9,524	166,277	3,528	247,803

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 September 2022	Letters of Credit	Acceptances	Letters of guarantee	Irrevocable commitments to extend credit	Total
Gross carrying amount					
Stage 1 - (12-months ECL)	6,569,229	1,588,027	11,225,499	17,210,844	36,593,599
Stage 2 - (lifetime ECL not credit impaired)	5,946	626	339,718	127,134	473,424
Stage 3 - (lifetime ECL for credit impaired)	359	3,919	362,720	-	366,998
Total outstanding balance at end of the period	6,575,534	1,592,572	11,927,937	17,337,978	37,434,021

14 - Commitments and contingencies (Continued)

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

30 September 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)	76,477	3,185	15,931	21,235	116,828
Stage 2 - (lifetime ECL not credit impaired)	19	1	4,308	2,022	6,350
Stage 3 - (lifetime ECL for credit impaired)	356	3,548	312,213	-	316,117
Total	76,852	6,734	332,452	23,257	439,295

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 September 2023	31 December 2022	30 September 2022
FVOCI investments	(494,753)	(289,994)	(141,105)
Foreign currency translation	(272,629)	(200,715)	(239,462)
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	54,855	25,360	18,025
Cash flow hedge effective portion in the fair value	21,776	(41,974)	-
Total	(600,809)	(427,569)	(355,900)

16 - Cash and cash equivalents

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

	30 September 2023	31 December 2022	30 September 2022
Cash in hand	6,592,269	6,672,064	6,073,173
Due from banks and other financial institutions maturing within 90 days from the date of purchase	5,644,138	16,059,911	8,089,467
Balances with SAMA and other central banks (current accounts)	300,990	408,197	274,772
Mutajara with SAMA	1,735,001	2,053,000	6,851,382
Cash and cash equivalents	14,272,398	25,193,172	21,288,794

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 September 2023 and 2022 together with the total operating income and expenses, and income before zakat for the nine-month periods then ended, for each business segment, are analyzed as follows:

30 September 2023	Retail segment	Corporate segment	Treasury segment	Investment services, brokerage and other segments	Total
Total Assets	458,818,035	164,381,044	171,235,872	7,048,318	801,483,269
Total Liabilities	289,754,188	271,795,237	136,577,360	1,076,890	699,203,675
Financing and investment income from external customers	16,368,434	7,590,845	3,909,492	164,433	28,033,204
Inter-segment operating income /(expense)	(5,207,576)	4,211,635	995,941	-	-
Gross financing and investment income	11,160,858	11,802,480	4,905,433	164,433	28,033,204
Gross financing and investment return	(499,463)	(7,449,945)	(4,364,226)	-	(12,313,634)
Net financing and investment income	10,661,395	4,352,535	541,207	164,433	15,719,570
Fee from banking services, net	1,368,119	783,228	644,542	441,712	3,237,601
Exchange income, net	421,503	215,115	288,200	-	924,818
Other operating income, net	27,175	4,079	186,038	381,301	598,593
Total operating income	12,478,192	5,354,957	1,659,987	987,446	20,480,582
Depreciation and amortization	(936,448)	(151,765)	(28,643)	(21,728)	(1,138,584)
Impairment charge for financing and other financial assets, net	(1,743,072)	688,387	(43,881)	-	(1,098,566)
Other operating expenses	(3,455,484)	(511,564)	(144,451)	(250,075)	(4,361,574)
Total operating expenses	(6,135,004)	25,058	(216,975)	(271,803)	(6,598,724)
Income before Zakat	6,343,188	5,380,015	1,443,012	715,643	13,881,858

17 - Operating segments (Continued)

30 September 2022	Retail segment	Corporate segment	Treasury segment	Investment services, brokerage and other segments	Total
Total Assets	446,073,658	132,424,010	154,795,612	7,333,227	740,626,507
Total Liabilities	306,743,063	262,988,514	84,251,168	542,524	654,525,269
Financing and investment income from external customers	14,201,633	3,252,747	2,123,089	90,565	19,668,034
Inter-segment operating income /(expense)	(4,977,435)	1,196,258	3,781,177	-	-
Gross financing and investment income	9,224,198	4,449,005	5,904,266	90,565	19,668,034
Gross financing and investment return	(210,347)	(2,144,599)	(719,134)	-	(3,074,080)
Net financing and investment income	9,013,851	2,304,406	5,185,132	90,565	16,593,954
Fee from banking services, net	1,288,497	661,130	970,204	525,450	3,445,281
Exchange income, net	431,435	157,681	275,158	-	864,274
Other operating income, net	2,978	9,109	236,817	158,467	407,371
Total operating income	10,736,761	3,132,326	6,667,311	774,482	21,310,880
Depreciation and amortization	(851,695)	(79,724)	(22,906)	(11,975)	(966,300)
Impairment charge for financing, net	(917,025)	(712,453)	(19,205)	-	(1,648,683)
Other operating expenses	(3,978,537)	(188,045)	(41,904)	(275,379)	(4,483,865)
Total operating expenses	(5,747,257)	(980,222)	(84,015)	(287,354)	(7,098,848)
Income before Zakat	4,989,504	2,152,104	6,583,296	487,128	14,212,032

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 condensed consolidated financial information.

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.

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- 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 September 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,236,254	29,276	2,206,978	-	2,236,254
FVOCI - Equity investments	2,424,740	1,667,963	-	756,777	2,424,740
FVIS - Equity investments	127,372	127,372	-	-	127,372
FVIS Sukuk	137,430	-	137,430	-	137,430
FVOCI Sukuk	12,095,737	10,658,139	1,437,598	-	12,095,737
FVIS Structured Products	717,153	-	-	717,153	717,153
FVOCI Structure Products	1,044,329	-	-	1,044,329	1,044,329
Positive fair value Shariah compliant derivatives	1,314,836	-	1,314,836	-	1,314,836
Financial assets not measured at fair value:					
Due from banks and other financial institutions	8,127,640	-	-	8,188,992	8,188,992
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	19,986,578	-	20,662,915	-	20,662,915
Sukuk	86,179,130	65,755,779	13,856,237	-	79,612,016
Structured Products	2,916,346	-	-	2,916,346	2,916,346
Gross Financing	599,438,417	-	-	589,973,113	589,973,113
Total	736,745,962	78,238,529	39,615,994	603,596,710	721,451,233
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	1,232,009	-	1,232,009	-	1,232,009
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	100,125,691	-	-	100,232,576	100,232,576
Customers' deposits	565,718,810	-	-	569,246,361	569,246,361
Total	667,076,510	-	1,232,009	669,478,937	670,710,946

18

- 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	576,866,990	-	-	562,047,339	562,047,339
Total	704,887,999	56,645,246	38,090,825	590,264,030	685,000,101
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 September 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,963,536	-	2,963,536	-	2,963,536
FVOCI - Equity investments	3,547,229	2,839,936	-	707,293	3,547,229
FVIS Sukuk	69,803	-	69,803	-	69,803
FVOCI Sukuk	2,084,946	474,119	1,610,827	-	2,084,946
FVIS Structured Products	699,809	-	-	699,809	699,809
Positive fair value Shariah compliant derivatives	955,227	-	955,227	-	955,227
Financial assets not measured at fair value:					
Due from banks and other financial institutions	14,743,557	-	-	14,687,738	14,687,738
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	22,691,942	-	23,226,150	-	23,226,150
Sukuk	67,986,525	49,407,998	13,751,075	-	63,159,073
Structured Products	1,000,000	-	-	985,026	985,026
Gross Financing	566,490,161	-	-	570,825,637	570,825,637
Total	683,232,735	52,722,053	42,576,618	587,905,503	683,204,174
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	865,028	-	865,028	-	865,028
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	71,828,451	-	-	72,699,195	72,699,195
Customers' deposits	555,767,068	-	-	551,599,831	551,599,831
Total	628,460,547	-	865,028	624,299,026	625,164,054

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.

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), these dividends were paid on 14 August 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 - 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.

21 - 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 September 2023, this has resulted in an increase of SAR 1,201 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 September 2023	31 December 2022	30 September 2022
Credit risk weighted assets	473,338,646	454,047,013	440,336,050
Operational risk weighted assets	38,443,216	42,282,263	37,798,847
Market risk weighted assets	7,600,101	1,643,421	1,089,685
Total Pillar I - risk weighted assets	519,381,963	497,972,697	479,224,582
Tier I capital	101,994,379	100,932,280	87,520,376
Tier II capital	5,870,501	5,675,588	5,504,201
Total tier I & II capital	107,864,880	106,607,868	93,024,577
Capital Adequacy Ratio %			
Tier I ratio	19.64%	20.27%	18.26%
Tier I & II ratio	20.77%	21.41%	19.41%

22 - IBOR transition (profit rate benchmark reforms)

Management has completed the Group's overall transition activities through engagement with various stakeholders to support an orderly transition and concluded on the transition plan for the exposures not yet transitioned to alternate benchmark profit rates. The Group was exposed to the effects of USD LIBOR reform on its financial assets, as set out within the table below. The Group had no exposure to any other LIBOR rates.

	Yet to transitioned to an alternative benchmark profit rate as at 30 September 2023	Transition plan for yet to be transitioned exposures
	Carrying Value/Nominal Amount	
Non derivative assets exposed to USD LIBOR	Assets	
Financing	14,769,476	Expected to transition to alternative benchmark by 31/03/2024

The following table contains details of all the hedging instruments used in the Group's hedging strategies which reference USD LIBOR and which have not been transitioned to SOFR or an alternative profit rate benchmark.

Derivative assets exposed to USD LIBOR	Notional amount directly impacted by IBOR reform
Held for trading: Profit rate swaps	6,160,055

23 - 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 September are as follows:

	30 September 2023	30 September 2022
Related parties		
Members of the Board of Directors		
Mutajara	252,318	183,683
Companies and establishments guaranteed by members of the Board of Directors		
Mutajara	9,407,343	12,084,126
Contingent liabilities (*)	1,323,696	4,117,018
Associate		
Contributions payable	137,358	148,724
Receivable against claims	47,857	319,345
Bank balances	406,001	143,478

(*) = 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 September are as follows:

	30 September 2023	30 September 2022
Provision for employees' end of service benefits	1,512	1,059

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

24 - Comparative Figures

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

25 - Approval of the Board of Directors

The interim condensed consolidated financial information were approved by the Board of Directors on 11 Rabi Al-Thani 1445H (corresponding to 26 October 2023).