



THE SAUDI NATIONAL BANK

(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED**

30 JUNE 2022

Ernst & Young Professional Services

KPMG Professional Services

CONTENTS OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note No.		Page No.
	Auditors' report	
	Interim condensed consolidated statement of financial position	3
	Interim condensed consolidated statement of income	4
	Interim condensed consolidated statement of comprehensive income	5
	Interim condensed consolidated statement of changes in equity	6
	Interim condensed consolidated statement of cash flows	7
	Notes to the Interim Condensed Consolidated Financial Statements:	
1	General	8
2	Basis of preparation	12
3	Cash and cash equivalents	16
4	Investments, net	16
5	Financing and advances, net	17
6	Derivatives	19
7	Customers' deposits	21
8	Debt securities issued	21
9	Credit related commitments and contingencies	22
10	Share capital	22
11	Dividend	22
12	Zakat	22
13	Tier 1 Sukuk	23
14	Basic and diluted earnings per share	23
15	Operating segments	23
16	Determination of fair value and fair value hierarchy	25
17	Capital adequacy	27
18	Impact of SAMA Programs	28
19	Business combination	28
20	IBOR Transition (Interest Rate Benchmark Reforms)	30
21	Board of directors' approval	30



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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of The Saudi National Bank
(A Saudi Arabian Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Saudi National Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2022 and the related interim condensed consolidated statements of income and comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six months period then ended and the notes which form an integral part of these 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') that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of the 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 ('ISAs'), that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is 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 17 of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 17 to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

Ernst & Young Professional Services
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Ahmed Ibrahim Reda
Certified Public Accountant
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1 August 2022
(Corresponding to 3 Muharram 1444H)



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(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT

		30 June 2022 (Unaudited) SAR '000	31 December 2021 (Audited) SAR '000	30 June 2021 (Unaudited) SAR '000 (restated)
	Notes			
ASSETS				
Cash and balances with SAMA		59,412,098	52,196,800	55,718,990
Due from banks and other financial institutions, net		30,720,056	40,446,413	22,962,779
Investments, net	4	247,850,745	242,560,709	228,859,728
Financing and advances, net	5	536,188,564	497,568,062	501,803,136
Positive fair value of derivatives, net	6	12,730,262	8,909,910	11,161,379
Investments in associates, net		245,720	315,133	441,614
Property, equipment and software, net		9,282,257	8,875,143	8,584,770
Goodwill	19	34,006,782	34,006,782	34,006,782
Intangible assets	19	7,796,031	8,227,393	8,686,703
Right of use assets, net		1,839,913	1,802,287	1,798,042
Other assets		18,400,749	19,241,285	23,331,930
Total assets		958,473,177	914,149,917	897,355,853
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		147,233,180	117,565,288	99,676,277
Customers' deposits	7	593,011,429	588,573,879	588,134,927
Debt securities issued	8	10,531,966	6,112,447	7,000,562
Negative fair value of derivatives, net	6	12,016,844	9,410,294	11,773,468
Other liabilities		33,958,745	29,718,497	30,271,385
Total liabilities		796,752,164	751,380,405	736,856,619
EQUITY				
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK				
Share capital	10, 19	44,780,000	44,780,000	44,780,000
Share premium		63,701,800	63,701,800	63,701,800
Treasury shares		(2,033,419)	(2,137,887)	(2,140,558)
Statutory reserve		31,354,329	31,262,024	28,369,948
Other reserves (cumulative changes in fair values)		(5,209,304)	883,722	1,543,908
Employees' share based payments reserve		316,346	347,885	273,638
Retained earnings		22,249,273	13,211,790	16,356,415
Proposed dividend	11	-	4,030,200	-
Foreign currency translation reserve		(6,358,978)	(6,069,092)	(5,378,813)
Equity attributable to shareholders of the Bank		148,800,047	150,010,442	147,506,338
h/v Tier 1 Sukuk	13	12,187,500	12,187,500	12,187,500
Equity attributable to equity holders of the Bank		160,987,547	162,197,942	159,693,838
Non-controlling interests		733,466	571,570	805,396
Total equity		161,721,013	162,769,512	160,499,234
Total liabilities and equity		958,473,177	914,149,917	897,355,853

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

Ahmed A. AlGhabbi
Group Chief Financial Officer

Saeed M. Al-Ghamdi
Managing Director/Group CEO

Ammar A. AlKhudairy
Chairman

(A Saudi Joint Stock Company)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE

	<u>Notes</u>	For the three months ended		For the six months ended	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
		SAR '000	SAR '000	SAR '000	SAR '000
			(Restated)		(Restated)
Special commission income		8,226,596	6,803,042	15,144,352	11,703,298
Special commission expense		(1,420,695)	(914,690)	(2,253,499)	(1,636,867)
Net special commission income		6,805,901	5,888,352	12,890,853	10,066,431
Fee income from banking services, net		983,407	827,706	1,929,582	1,449,114
Exchange income, net		333,733	348,497	744,555	674,671
Gain from fair value through income statement (FVIS) financial instruments, net		387,324	575,601	810,298	830,439
Gains/income on non-FVIS financial instruments, net		143,703	154,976	522,308	764,749
Other operating expenses, net		(280,792)	(207,315)	(459,524)	(478,279)
Total operating income		8,373,276	7,587,817	16,438,072	13,307,125
Salaries and employee-related expenses		1,139,163	1,094,444	2,245,936	1,900,302
Rent and premises related expenses		134,685	146,623	265,376	235,730
Depreciation/amortisation of property, equipment, software, and right of use assets		382,069	293,356	693,321	523,396
Amortisation of intangible assets		205,070	229,655	434,725	229,655
Other general and administrative expenses		704,415	796,341	1,351,025	1,233,505
Total operating expenses before expected credit losses		2,565,402	2,560,419	4,990,383	4,122,588
Net impairment charge for expected credit losses		593,496	2,414,667	978,441	2,701,032
Total operating expenses		3,158,898	4,975,086	5,968,824	6,823,620
Income from operations, net		5,214,378	2,612,731	10,469,248	6,483,505
Other non-operating income/(expenses), net		92,512	367	(4,349)	(53,569)
Net income for the period before zakat and income tax		5,306,890	2,613,098	10,464,899	6,429,936
Zakat and income tax expense	12	(695,975)	(274,730)	(1,288,178)	(666,210)
Net income for the period		4,610,915	2,338,368	9,176,721	5,763,726
Net income for the period attributable to:					
Equity holders of the Bank		4,589,122	2,315,878	9,090,702	5,724,346
Non-controlling interests		21,793	22,490	86,019	39,380
Net income for the period		4,610,915	2,338,368	9,176,721	5,763,726
Basic earnings per share (expressed in SAR per share)	14	1.01	0.36	1.99	1.46
Diluted earnings per share (expressed in SAR per share)	14	1.01	0.36	1.99	1.46

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

Ahmed A. Aldhabbi
Group Chief Financial Officer

Saeed M. Al-Ghamdi
Managing Director/Group CEO

Ammar A. AlKhudairy
Chairman

(A Saudi Joint Stock Company)




INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE

	For the three months ended		For the six months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	<u>SAR '000</u>	<u>SAR '000</u> (Restated)	<u>SAR '000</u>	<u>SAR '000</u> (Restated)
Net income for the period	4,610,915	2,338,368	9,176,721	5,763,726
Other comprehensive income/(loss)				
<i>Items that cannot be reclassified to the consolidated statement of income in subsequent periods:</i>				
- Net (losses)/gains of movement in fair value through other comprehensive income in equity instruments	(692,701)	571,089	(105,599)	906,610
<i>Items that are or may be reclassified to the consolidated statement of income in subsequent periods:</i>				
- Net movement in foreign currency translation reserve (losses) including effect of IAS 29 applied on a foreign subsidiary	(268,353)	(126,140)	(424,087)	(398,653)
FVOCI debt instruments:				
- Net change in fair values	(3,358,350)	514,136	(5,332,963)	(332,878)
- Net amounts transferred to the consolidated statement of income	6,592	(47,961)	(187,000)	(537,458)
Cash flow hedges:				
- Effective portion of changes in fair values	(109,590)	(92,628)	(401,490)	(151,786)
- Net amounts transferred to the consolidated statement of income	(1,840)	(13,857)	(20,636)	(17,512)
Total other comprehensive (loss)/income	(4,424,242)	804,639	(6,471,775)	(531,677)
Total comprehensive income for the period	186,673	3,143,007	2,704,946	5,232,049
Attributable to:				
Equity holders of the Bank	172,922	3,153,630	2,693,215	5,322,381
Non-controlling interests	13,751	(10,623)	11,731	(90,332)
Total comprehensive income for the period	186,673	3,143,007	2,704,946	5,232,049

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


Ahmed A. Aldhabbi
Group Chief Financial Officer


Saeed M. Al-Ghamdi
Managing Director/Group CEO


Ammar A. AlKhudairy
Chairman

(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE

Attributable to equity holders of the Bank												
Other reserves												
Notes	Share capital SAR '000	Capital premium SAR '000	Treasury shares SAR '000	Statutory reserve SAR '000	Cash flow hedge reserves SAR '000	FVOCI financial instruments reserve SAR '000	Employees' share based payments reserve SAR '000	Retained earnings SAR '000	Proposed dividend SAR '000	Foreign currency translation reserve SAR '000	Total equity attributable to shareholders of the Bank SAR '000	Total equity attributable to Tier 1 equity holders of the Bank SAR '000
Balance as at 1 January 2022	44,780,000	63,701,800	(2,137,887)	31,262,024	(140,568)	1,024,290	347,885	13,211,790	4,030,200	(6,069,092)	150,010,442	12,187,500
Other comprehensive (loss) for the period	-	-	-	-	(422,126)	(5,685,475)	-	-	-	(289,886)	(6,397,487)	(6,397,775)
Net income for the period	-	-	-	-	-	-	-	9,090,702	-	-	9,090,702	-
Total comprehensive income/(loss) for the period	-	-	-	-	(422,126)	(5,685,475)	-	9,090,702	-	(289,886)	2,693,215	2,693,215
Other consolidation adjustments	-	-	-	-	-	-	-	(6,961)	-	-	(6,961)	-
Impact arising from the application of IAS 29 at a foreign subsidiary - prior year	-	-	-	-	-	-	-	212,989	-	-	319,869	150,165
Tier 1 Statute related costs	-	-	-	-	-	-	-	(255,287)	-	-	(255,287)	-
Settlement of vested share based payment plan via treasury shares	-	-	-	-	-	-	-	(127,132)	-	-	(127,132)	-
Share based payments received	-	-	-	-	-	-	-	123,172	-	-	123,172	-
Employee's share based payments plan reserve - charged to the interim condensed consolidated statement of income	-	-	-	-	-	-	-	-	-	-	-	-
Final dividend paid for 2021	-	-	-	-	-	-	91,633	-	(4,030,200)	-	91,633	-
Balance as at 30 June 2022	44,780,000	63,701,800	(2,033,419)	31,354,329	(562,694)	(4,646,610)	316,346	22,249,273	-	(6,358,978)	148,800,047	12,187,500
Attributable to equity holders of the Bank												
Other reserves												
Notes	Share capital SAR '000	Capital premium SAR '000	Treasury shares SAR '000	Statutory reserve SAR '000	Cash flow hedge reserves SAR '000	FVOCI financial instruments reserve SAR '000	Employees' share based payments reserve SAR '000	Retained earnings SAR '000	Proposed dividend SAR '000	Foreign currency translation reserve SAR '000	Total equity attributable to shareholders of the Bank SAR '000	Total equity attributable to Tier 1 equity holders of the Bank SAR '000
Balance as at 1 January 2021	30,000,000	-	(371,071)	28,369,948	48,199	1,628,294	242,713	14,401,446	-	(3,109,433)	69,210,096	10,200,000
Other comprehensive income/(loss) for the period	-	-	-	-	(169,298)	-	-	5,724,346	-	(269,380)	(401,965)	(401,965)
Net income for the period (restated)	-	-	-	-	(169,298)	-	-	5,724,346	-	-	5,724,346	5,724,346
Total comprehensive income/(loss) for the period (restated)	-	-	-	-	(169,298)	-	-	5,724,346	-	(269,380)	5,322,381	5,322,381
Other consolidation adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares	10	14,780,000	-	-	-	-	-	23,848	-	-	23,848	23,848
Tier 1 Statute related costs	13	-	63,701,800	-	-	-	-	-	-	-	78,481,800	4,687,500
Tier 1 Statute related costs	13	-	-	-	-	-	-	-	-	-	-	-
Tier 1 Statute related costs	13	-	-	-	-	-	-	-	-	-	-	-
Settlement of vested share based payment plan via treasury shares	13	-	-	-	-	-	-	(230,198)	-	-	(230,198)	(2,700,000)
Share based payments received	-	-	-	-	-	-	-	(1,889,971)	-	-	(1,889,971)	(1,889,971)
Employee's share based payments plan reserve - charged to the interim condensed consolidated statement of income	-	-	-	-	-	-	-	17,373	-	-	24,748	24,748
Final dividend paid for 2020	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2021 (restated)	44,780,000	63,701,800	(2,140,538)	28,369,948	(121,099)	1,665,007	273,638	16,356,415	-	(3,582,400)	147,506,338	12,187,500
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.												
Notes	Share capital SAR '000	Capital premium SAR '000	Treasury shares SAR '000	Statutory reserve SAR '000	Cash flow hedge reserves SAR '000	FVOCI financial instruments reserve SAR '000	Employees' share based payments reserve SAR '000	Retained earnings SAR '000	Proposed dividend SAR '000	Foreign currency translation reserve SAR '000	Total equity attributable to shareholders of the Bank SAR '000	Total equity attributable to Tier 1 equity holders of the Bank SAR '000
Balance at 1 January 2021	30,000,000	-	(371,071)	28,369,948	48,199	1,628,294	242,713	14,401,446	-	(3,109,433)	69,210,096	10,200,000
Other comprehensive income/(loss) for the period	-	-	-	-	(169,298)	-	-	5,724,346	-	(269,380)	(401,965)	(401,965)
Net income for the period (restated)	-	-	-	-	(169,298)	-	-	5,724,346	-	-	5,724,346	5,724,346
Total comprehensive income/(loss) for the period (restated)	-	-	-	-	(169,298)	-	-	5,724,346	-	(269,380)	5,322,381	5,322,381
Other consolidation adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares	10	14,780,000	-	-	-	-	-	23,848	-	-	23,848	23,848
Tier 1 Statute related costs	13	-	63,701,800	-	-	-	-	-	-	-	78,481,800	4,687,500
Tier 1 Statute related costs	13	-	-	-	-	-	-	-	-	-	-	-
Tier 1 Statute related costs	13	-	-	-	-	-	-	-	-	-	-	-
Settlement of vested share based payment plan via treasury shares	13	-	-	-	-	-	-	(230,198)	-	-	(230,198)	(2,700,000)
Share based payments received	-	-	-	-	-	-	-	(1,889,971)	-	-	(1,889,971)	(1,889,971)
Employee's share based payments plan reserve - charged to the interim condensed consolidated statement of income	-	-	-	-	-	-	-	17,373	-	-	24,748	24,748
Final dividend paid for 2020	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2021 (restated)	44,780,000	63,701,800	(2,140,538)	28,369,948	(121,099)	1,665,007	273,638	16,356,415	-	(3,582,400)	147,506,338	12,187,500
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.												
Notes	Share capital SAR '000	Capital premium SAR '000	Treasury shares SAR '000	Statutory reserve SAR '000	Cash flow hedge reserves SAR '000	FVOCI financial instruments reserve SAR '000	Employees' share based payments reserve SAR '000	Retained earnings SAR '000	Proposed dividend SAR '000	Foreign currency translation reserve		

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD ENDED 30 JUNE

		30 June 2022 SAR '000	30 June 2021 SAR '000 (restated)
OPERATING ACTIVITIES	Notes		
Net income for the period before zakat and income tax		10,464,899	6,429,936
Adjustments to reconcile net income to net cash from operating activities:			
Amortisation of (premium)/discount on non-trading financial instruments, net		150,977	172,984
(Gains) on non-FVIS financial instruments, net		(347,806)	(647,214)
(Gains) on disposal of property, equipment and software, net		(151,283)	(25,668)
Loss on disposal of other repossessed assets		34,729	32,587
Depreciation/amortisation of property, equipment, software, and right of use assets		693,321	523,396
Net impairment charge for expected credit loss		978,441	2,701,032
Amortisation of intangible assets		434,725	229,655
Share based payments plan expenses		91,633	79,059
Net monetary loss from the application of IAS 29		96,347	-
		12,445,983	9,495,767
Net (increase)/decrease in operating assets:			
Statutory deposits with SAMA		(1,123,072)	(137,333)
Due from banks and other financial institutions with original maturity of more than three months, net		(1,469,704)	(1,636,787)
Held at fair value through income statement (FVIS) investments		1,283,119	(3,335,300)
Financing and advances, net		(43,365,332)	(10,670,765)
Positive fair value of derivatives, net		(4,263,790)	2,238,617
Other assets		600,425	1,657,785
Net increase/(decrease) in operating liabilities:			
Due to banks and other financial institutions		30,288,136	1,656,537
Customers' deposits		9,431,438	(17,818,905)
Negative fair value of derivatives, net		2,627,415	(1,492,362)
Other liabilities		3,032,565	1,739,152
Net cash from/(used in) operating activities		9,487,183	(18,303,594)
INVESTING ACTIVITIES			
Proceeds from sale and maturities of non-FVIS investments		27,690,603	43,166,714
Purchase of non-FVIS investments		(39,537,150)	(50,840,428)
Purchase of property, equipment and software		(707,188)	(477,630)
Cash and cash equivalents acquired through business combination		-	24,639,421
Proceeds from disposal of property, equipment and software		161,283	16,864
Net cash (used in)/from investing activities		(12,392,452)	16,504,941
FINANCING ACTIVITIES			
Debt securities issued	8	5,605,071	3,926,214
Debt securities payment	8	(1,156,453)	(4,296,113)
Tier 1 Sukuk issuance		-	4,687,500
Tier 1 Sukuk called		-	(2,700,000)
Tier 1 Sukuk related costs		(255,287)	(230,198)
Final dividend paid for 2021 and 2020	11	(4,030,200)	(3,582,400)
Net cash from/(used in) financing activities		163,131	(2,194,997)
Net decrease in cash and cash equivalents		(2,742,138)	(3,993,650)
Foreign currency translation reserve - net movement on cash and cash equivalents at the beginning of the period		(457,440)	(273,587)
Cash and cash equivalents at the beginning of the period		51,726,360	41,891,824
Cash and cash equivalents at the end of the period	3	48,526,782	37,624,587
Special commission income received during the period		14,547,209	10,698,418
Special commission expense paid during the period		1,326,428	1,508,491
Supplemental non-cash information			
Movement in other reserves and transfers to the interim condensed consolidated statement of income		(5,942,089)	(1,039,634)

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



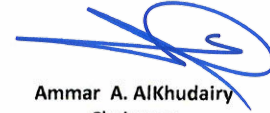
Ahmed A. Aldhabi

Group Chief Financial Officer



Saeed M. Al-Ghamdi

Managing Director/Group CEO



Ammar A. AlKhudairy

Chairman

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements

AS AT 30 JUNE 2022 (UNAUDITED)

1. GENERAL

(1.1) Introduction

The financial statements comprise of the interim condensed consolidated financial statements of The Saudi National Bank (the Bank) and its subsidiaries (the Group).

The Bank commenced business as a partnership under registration certificate authenticated by a Royal Decree on 28 Rajab 1369H (corresponding to 15 May 1950) and registered under commercial registration number 4030001588 dated on 19 Safar 1418H (corresponding to 26 June 1997). The Bank initiated business in the name of "The National Commercial Bank" under Royal Decree No. 3737 on 20 Rabi Thani 1373H (corresponding to 26 December 1953). The date of 1 July 1997 was determined to be the effective date of the Bank's conversion from a General Partnership to a Saudi Joint Stock Company. The Bank's shares have been trading on Saudi Stock Exchange (Tadawul) since 12 November 2014.

On 11 October 2020, the Bank announced that it has entered into a legally binding merger agreement pursuant to which the Bank and Samba Financial Group (Samba) have agreed to take necessary steps to implement merger between the two Banks in accordance with the applicable regulations.

Subsequently, the Bank and Samba satisfied the required regulatory approvals and the merger conditions agreed between the two banks in the merger agreement as set out in the Shareholder Circular and the Offer Document issued by the Bank with respect to the merger.

The effective date of the above merger was 1 April 2021, pursuant to which Samba ceased to exist and all of its assets and liabilities were transferred to the Bank (refer to note 19). As a result of merger, total new ordinary shares of 1,478,000,000 with a nominal value of SAR 10 per share were issued by the Bank in favour of Samba shareholders by way of increasing the paid-up capital of the Bank from SAR 30,000,000,000 to SAR 44,780,000,000 (see note 10) which represents an increase in the number of shares of the Bank from 3,000,000,000 shares to 4,478,000,000 fully paid shares. Additionally, the Bank announced that as a result of the merger, the Bank's name has changed from "The National Commercial Bank" to "The Saudi National Bank" from the date of the merger pursuant to the Bank's extraordinary general meeting approval on 17 Rajab 1442H (corresponding to 1 March 2021). The legal procedures to register the new name of the Bank were completed during 2021.

The Bank operates through its 498 branches (2021: 503 branches), 14 retail service centers (2021: 11 centers) and 120 QuickPay remittance centers (2021: 131 centers) in the Kingdom of Saudi Arabia and four overseas branches in the Kingdom of Bahrain, United Arab Emirates, Qatar and the Republic of Singapore.

The Bank's Head Office is located at the following address:

The Saudi National Bank Tower
King Abdullah Financial District
King Fahd Road,
3208 Al Aqeeq District,
Riyadh 13519 - 6676,
Kingdom of Saudi Arabia
www.alahli.com

The objective of the Group is to provide a full range of banking and investment management services. The Group also provides non-special commission based banking products in compliance with Shariah rules, which are approved and supervised by an independent Shariah Board.

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued) AS AT 30 JUNE 2022 (UNAUDITED)

1. GENERAL (continued)

(1.2) A) Group's subsidiaries

The details of the Group's significant subsidiaries are as follows:

Name of subsidiary	30 June 2022	Ownership % 31 December 2021	30 June 2021	Description
SNB Capital Company (formerly known as NCB Capital)	100%	100%	100%	A Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia to manage the Bank's investment services and asset management activities.
NCB Capital Dubai Inc.	100%	100%	100%	An exempt company with limited liability incorporated in the Cayman Islands to source, structure and invest in private equity and real estate development opportunities across emerging markets.
NCB Capital Real Estate Investment Company (REIC)	100%	100%	100%	The Company is a special purpose entity registered in the Kingdom of Saudi Arabia. The primary objective of REIC is to hold and register the real estate assets on behalf of real estate funds managed by SNB Capital Company.
Türkiye Finans Katılım Bankası A.Ş. (TFKB) (see note 2.5 (C))	67.03%	67.03%	67.03%	A participation bank registered in Turkey that collects funds through current accounts, profit sharing accounts and lends funds to consumer and corporate customers, through finance leases and profit/loss sharing partnerships. TFKB fully owns the issued share capital of TF Varlık Kiralama AŞ, (TFVK) and TFKB Varlık Kiralama A.Ş., which are special purpose entities (SPEs) established in connection with issuance of sukuks by TFKB.
Real Estate Development Company (REDCO)	100%	100%	100%	A Limited Liability Company registered in the Kingdom of Saudi Arabia. REDCO is engaged in keeping and managing title deeds and collateralised real estate properties on behalf of the Bank.

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued) AS AT 30 JUNE 2022 (UNAUDITED)

1. GENERAL (continued)

(1.2) A) Group's subsidiaries (continued)

Name of subsidiary	Ownership %		30 June 2021	Description
	30 June 2022	31 December 2021		
AlAhli Insurance Service Marketing Company	100%	100%	100%	A Limited Liability Company, engaged as an insurance agent for distribution and marketing of Islamic insurance products in Saudi Arabia. The Board of Directors of the subsidiary in their meeting held on 28 January 2021 resolved to liquidate Alahli Insurance Service Marketing Company. As at the reporting date, the required regulatory approvals and the legal formalities in respect of liquidation of the subsidiary are in progress.
SNB Markets Limited	100%	100%	100%	A Limited Liability Company registered in the Cayman Islands, engaged in trading in derivatives and repos/reverse repos on behalf of the Bank.
Eastgate MENA Direct Equity L.P.	100%	100%	100%	A private equity fund domiciled in the Cayman Islands and managed by NCB Capital Dubai Inc. The Fund's investment objective is to generate returns via investments in Sharia compliant direct private equity opportunities in high growth businesses in countries within the Middle East and North Africa (MENA).
AlAhli Outsourcing Company	100%	100%	100%	A Limited Liability Company registered in the Kingdom of Saudi Arabia, engaged in recruitment services within the Kingdom of Saudi Arabia.

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

1. GENERAL (continued)

(1.2) A) Group's subsidiaries (continued)

Name of subsidiary	Ownership %			Description
	30 June 2022	31 December 2021	30 June 2021	
Samba Bank Limited, (SBL) Pakistan	84.51%	84.51%	84.51%	A subsidiary incorporated as a banking company in Pakistan and is engaged in commercial banking and related services, and is listed on the Pakistan Stock Exchange. During the year ended 31 December 2021, the Board of Directors resolved to invite tender bids from interested parties to carry out due diligence procedures to evaluate and pursue potential sale transactions, subject to receiving regulatory and shareholder approvals. Subsequently, during the period ended 30 June 2022, SNB concluded that it will continue to retain its existing equity stake in Samba Bank Limited, given the Pakistan banking sector outlook.
Co-Invest Offshore Capital Limited (COCL)	100%	100%	100%	A Limited Liability Company registered in Cayman Islands, engaged in managing certain overseas investments through a fully owned entity, Investment Capital (Cayman) Limited (ICCL). ICCL has invested in approximately 41.2% of the share capital of Access Co-Invest Limited, which is also a Cayman Island limited liability company, that manages these overseas investments.
Samba Real Estate Company	100%	100%	100%	A Limited Liability Company registered in the Kingdom of Saudi Arabia, engaged in managing real estate projects on behalf of the Bank.
Samba Global Markets Limited	100%	100%	100%	A Limited Liability Company registered in Cayman Islands, engaged in managing certain treasury related transactions.
Samba Funding Limited	100%	100%	100%	A Limited Liability company under the laws of Cayman Islands established with the main objective of generating liquidity for the Bank through issuance of bonds.

Notes To The Interim Condensed Consolidated Financial Statements (continued)
AS AT 30 JUNE 2022 (UNAUDITED)

2. BASIS OF PREPARATION

(2.1) Statement of compliance

The interim condensed consolidated financial statements of the Group 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 endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

(2.2) Basis of measurement

The interim condensed consolidated financial statements are prepared and presented under the historical cost convention except for the measurement at fair value of financial assets held at fair value [derivatives, financial assets held at fair value through income statement (FVIS), fair value through other comprehensive income (FVOCI) - debt instruments and equity instruments] and defined benefit obligation and the hyperinflation effect related to the Group's operations in Turkey (refer note 2.5 (c)). In addition, financial assets or liabilities that are carried at amortized cost but are hedged in a fair value hedging relationship are carried at fair value to the extent of the risk being hedged. The interim condensed consolidated statement of financial position is broadly presented in order of liquidity.

(2.3) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (SAR) which is the Bank's functional currency and have been rounded off to the nearest thousand Saudi Arabian Riyals, except as otherwise indicated.

(2.4) Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of The Saudi National Bank and its subsidiaries (see note 1.2). The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Period adjustments have been made to the interim financial statements of the subsidiaries, where necessary, to align with the Bank's interim condensed consolidated financial statements.

Notes To The Interim Condensed Consolidated Financial Statements (continued)
AS AT 30 JUNE 2022 (UNAUDITED)

2. BASIS OF PREPARATION (continued)

(2.4) Basis of consolidation (continued)

(a) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three of the following criteria must be met:

- i) the Group has power over an entity;
- ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
- iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

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 off during the period, if any, are included in the consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

(b) Non-controlling interests

Non-controlling interests represent the portion of net income and net assets of subsidiaries not owned, directly or indirectly, by the Bank in its subsidiaries and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the Bank's equity. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(c) Associates

Associates are enterprises over which the Group exercises significant influence. Investments in associates are initially recognised at cost and subsequently accounted for under the equity method of accounting and are carried in the consolidated statement of financial position at the lower of the equity-accounted or the recoverable amount.

Equity-accounted value represents the cost plus post-acquisition changes in the Group's share of net assets of the associate (share of the results, reserves and accumulated gains/losses based on latest available financial statements) less impairment, if any.

The previously recognised impairment loss in respect of investment in associate can be reversed through the consolidated statement of income, such that the carrying amount of the investment in the consolidated statement of financial position remains at the lower of the equity-accounted (before provision for impairment) or the recoverable amount. On derecognition the difference between the carrying amount of investment in associate and the fair value of the consideration received is recognised in the consolidated statement of income.

(d) Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Notes To The Interim Condensed Consolidated Financial Statements (continued)
AS AT 30 JUNE 2022 (UNAUDITED)

2. BASIS OF PREPARATION (continued)

(2.5) Significant accounting policies, estimates and assumptions

(a) Significant accounting estimates and assumptions

The accounting estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021.

(b) Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022, which is explained in note 2.6 below and the application of International Accounting Standard 29, "Financial Reporting in Hyperinflationary Economies", for the Group's operations in Turkey as explained in (c) below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(c) Classification of Turkey as a hyperinflationary economy

During the three months period ended 30 June 2022, the Turkish economy was identified to be hyperinflationary based on the criteria established by International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ('IAS 29'). This was determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

IAS 29 requires entities whose functional currency is that of a hyperinflationary economy to restate their financial statements in terms of the measuring unit current at the balance sheet date. In particular, the standard requires non-monetary assets and liabilities be restated to reflect the changes in the general purchasing power of the reporting currency while keeping the monetary assets at their current values. The restatement will result in the recognition of a net monetary gain or loss in the statement of income.

Accordingly, during the period ended 30 June 2022, Türkiye Finans Katılım Bankası (TFKB), has applied IAS 29 requirements.

Restatement was carried out by applying conversion factors derived from general price indices. TFKB used the index published by the Turkish Statistical Institute to arrive at the below conversion factors that represents ratio of hyper inflated balances to historical cost:

<u>Date</u>	<u>Index</u>	<u>Conversion factor</u>
30 June 2022	966.90	1.000
31 December 2021	686.95	1.424

Since the Group's presentation currency is stable, the consolidated comparative financial statements have not been restated as per the requirements of IAS 21, "The Effect of Changes in Foreign Exchange Rates".

All amounts pertaining to current period results and financial position of TFKB, after applying hyperinflation accounting, were translated at the closing rate (SAR/TRY 0.2246) at the date of the interim condensed consolidated statement of financial position.

The net monetary loss for the period ended 30 June 2022 amounting to SAR 96 million has been recorded in these interim condensed consolidated financial statements and included under other non-operating expenses. The total impact attributable to equity holders of the bank for the period ended 30 June 2022 amounting to SAR 183 million

In terms of Initial application of IAS 29, the Group has elected to present the entire cumulative impact as at 1 January 2022 in the statement of changes in equity. Moreover, for subsequent measurement, the Group has elected to present the entire restatement impact (other than net monetary loss) in other comprehensive income.

Notes To The Interim Condensed Consolidated Financial Statements (continued)
AS AT 30 JUNE 2022 (UNAUDITED)

2. BASIS OF PREPARATION (continued)

(2.6) New standards, interpretations and amendments adopted by the Group

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Various amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021).
- 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 (effective for annual periods beginning on or after 1 January 2022):
 - Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.
 - Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
 - Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

(2.7) Accounting standards issued but not yet effective

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities (deferred until accounting periods starting not earlier than 1 January 2024).
- Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8 (annual periods beginning on or after 1 January 2023).
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction (annual periods beginning on or after 1 January 2023).
- IFRS 17, 'Insurance Contracts', as amended in June 2020 (annual periods beginning on or after 1 January 2023).
- A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts (annual periods beginning on or after 1 January 2023).

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued) AS AT 30 JUNE 2022 (UNAUDITED)

3. CASH AND CASH EQUIVALENTS

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

	30 June 2022 (Unaudited) <u>SAR '000</u>	31 December 2021 (Audited) <u>SAR '000</u>	30 June 2021 (Unaudited) <u>SAR '000</u>
Cash and balances with Saudi Central Bank SAMA - excluding statutory deposit	24,100,314	17,978,710	21,032,999
Due from banks and other financial institutions with original maturity of three months or less	24,426,468	33,747,650	16,591,588
Total	48,526,782	51,726,360	37,624,587

4. INVESTMENTS, NET

	30 June 2022 (Unaudited) <u>SAR '000</u>	31 December 2021 (Audited) <u>SAR '000</u>	30 June 2021 (Unaudited) <u>SAR '000</u>
Held at FVIS	17,735,514	18,626,037	19,800,532
Held at FVOCI	85,813,974	84,110,363	82,464,771
Investments held at amortised cost, net	144,301,257	139,824,309	126,594,425
Total	247,850,745	242,560,709	228,859,728

- a) Investments held at amortised cost, net includes investments amounting to SAR 4,299 million (31 December 2021: SAR 4,491 million and 30 June 2021: SAR 2,682 million) which are held under a fair value hedge relationship. As at 30 June 2022, the fair value of these investments amount to SAR 4,360 million (31 December 2021: SAR 4,441 million and 30 June 2021: SAR 3,762 million).
- b) Investments, net includes debt securities that are issued by the Ministry of Finance of Saudi Arabia amounting to SAR 149,383 million (31 December 2021: SAR 145,630 million and 30 June 2021: SAR 133,087 million), and also include investment in Sukuks amounting to SAR 32,534 million (31 December 2021: SAR 35,318 million and 30 June 2021: SAR 34,450 million).
- c) Dividend income recognized during the six-month period ended 30 June 2022 for FVOCI investments amounts to SAR 330 million (31 December 2021: SAR 237 million and 30 June 2021: SAR 90 million).

The Saudi National Bank
(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)
AS AT 30 JUNE 2022 (UNAUDITED)

5. FINANCING AND ADVANCES, NET

30 June 2022 (Unaudited)					
SAR '000					
	<u>Consumer & credit card</u>	<u>Corporate</u>	<u>International</u>	<u>Others</u>	<u>Total</u>
Performing financing and advances	284,437,253	213,368,815	17,898,683	20,413,368	536,118,119
Non-performing financing and advances	1,128,096	7,152,925	575,264	-	8,856,285
Total financing and advances	285,565,349	220,521,740	18,473,947	20,413,368	544,974,404
Allowance for financing losses (ECL allowance)	(2,132,417)	(8,710,100)	(800,549)	(68,077)	(11,711,143)
Purchased or originated credit impaired	22,896	2,902,407	-	-	2,925,303
Financing and advances, net	283,455,828	214,714,047	17,673,398	20,345,291	536,188,564
31 December 2021 (Audited)					
SAR '000					
	<u>Consumer & credit card</u>	<u>Corporate</u>	<u>International</u>	<u>Others</u>	<u>Total</u>
Performing financing and advances	262,118,106	206,053,335	17,802,675	11,847,174	497,821,290
Non-performing financing and advances	843,698	6,411,564	884,342	-	8,139,604
Total financing and advances	262,961,804	212,464,899	18,687,017	11,847,174	505,960,894
Allowance for financing losses (ECL allowance)	(1,909,307)	(8,186,074)	(911,700)	(9,526)	(11,016,607)
Purchased or originated credit impaired	22,882	2,600,893	-	-	2,623,775
Financing and advances, net	261,075,379	206,879,718	17,775,317	11,837,648	497,568,062
30 June 2021 (Unaudited) (restated)					
SAR '000					
	<u>Consumer & credit card</u>	<u>Corporate</u>	<u>International</u>	<u>Others</u>	<u>Total</u>
Performing financing and advances	232,354,258	235,580,060	21,126,377	13,890,519	502,951,214
Non-performing financing and advances	748,376	5,521,773	1,236,951	-	7,507,100
Total financing and advances	233,102,634	241,101,833	22,363,328	13,890,519	510,458,314
Allowance for financing losses (ECL allowance)	(1,705,775)	(8,215,110)	(1,219,946)	(45,242)	(11,186,073)
Purchased or originated credit impaired	58,032	2,472,863	-	-	2,530,895
Financing and advances, net	231,454,891	235,359,586	21,143,382	13,845,277	501,803,136

Others include financing and advances related to financial institutions.

- a) Financing and advances, net, include financing products in compliance with Shariah rules mainly Murabaha, Tayseer and Ijara amounting to SAR 454,216 million (31 December 2021: SAR 418,725 million and 30 June 2021: SAR 415,053 million).

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued) AS AT 30 JUNE 2022 (UNAUDITED)

5. FINANCING AND ADVANCES, NET (continued)

b) Movement in loss allowance for financing and advances at amortised cost for the period is as follows:

30 June 2022 (Unaudited)				
SAR '000				
	Stage 1	Stage 2	Stage 3	
	12 month ECL	Lifetime ECL for SICR	Lifetime ECL for credit impaired	Total
Balance as at 1 January 2022	2,340,668	2,815,474	5,860,465	11,016,607
Net impairment charge	(147,121)	489,420	1,166,415	1,508,714
Transfer to stage 1	135,750	(108,685)	(27,065)	-
Transfer to stage 2	(50,724)	68,771	(18,047)	-
Transfer to stage 3	(14,492)	(138,892)	153,384	-
Bad debts written off	-	-	(612,246)	(612,246)
Foreign exchange gains/(losses)	(2,889)	(124,438)	(78,983)	(206,310)
Other movements	990	-	3,388	4,378
Balance as at 30 June 2022	2,262,182	3,001,650	6,447,311	11,711,143
31 December 2021 (Audited)				
SAR '000				
	Stage 1	Stage 2	Stage 3	
	12 month ECL	Lifetime ECL for SICR	Lifetime ECL for credit impaired	Total
Balance as at 1 January 2021	1,807,770	2,447,925	4,535,680	8,791,375
Net impairment charge	572,930	1,213,636	2,797,493	4,584,059
Transfer to stage 1	96,067	(80,325)	(15,742)	-
Transfer to stage 2	(78,572)	86,779	(8,207)	-
Transfer to stage 3	(10,394)	(756,172)	766,566	-
Bad debts written off	-	-	(1,799,634)	(1,799,634)
Foreign exchange gains/(losses)	(48,816)	(101,355)	(505,377)	(655,548)
Other movements	1,683	4,986	89,686	96,355
Balance as at 31 December 2021	2,340,668	2,815,474	5,860,465	11,016,607
30 June 2021 (Unaudited) (restated)				
SAR '000				
	Stage 1	Stage 2	Stage 3	
	12 month ECL	Lifetime ECL for SICR	Lifetime ECL for credit impaired	Total
Balance as at 1 January 2021	1,807,770	2,447,925	4,535,680	8,791,375
Net impairment charge	632,681	1,188,478	1,091,242	2,912,401
Transfer to stage 1	85,554	(72,461)	(13,093)	-
Transfer to stage 2	(54,534)	62,796	(8,262)	-
Transfer to stage 3	(10,267)	(666,076)	676,343	-
Bad debts written off	-	-	(491,661)	(491,661)
Foreign exchange gains/(losses)	(9,851)	(14,640)	(98,435)	(122,926)
Other movements	30,919	4,986	60,979	96,884
Balance as at 30 June 2021 (restated)	2,482,272	2,951,008	5,752,793	11,186,073

6. DERIVATIVES

In the ordinary course of business, the Group utilises 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 special commission rate swaps, counterparties generally exchange fixed and floating rate special commission payments in a single currency without exchanging principal. For currency swaps, fixed special commission payments and principal are exchanged in different currencies. For cross-currency special commission rate swaps, principal and fixed and floating special commission payments 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 special 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 special commission rate contracts that call for a cash settlement for the difference between a contracted special commission rate and the market rate on a specified future date, based on a notional principal for an agreed period of time.

(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 a 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.

(e) Structured derivative products

Structured derivative products provide financial solutions to the customers of the Group to manage their risks in respect of foreign exchange, special commission rate and commodity exposures and enhance yields by allowing deployment of excess liquidity within specific risk and return profiles. The majority of the Group's structured derivative transactions are entered on a back-to-back basis with various counterparties.

(6.1) Derivatives held for trading purposes

Most of the Group's derivative trading activities are related to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks 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 profiting from price differentials between markets or products.

(6.2) Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of various risk. Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange and special commission rates and to manage its exposure to currency and special commission rate risks to acceptable levels as determined by the Board of Directors and within the guidelines issued by SAMA.

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued) AS AT 30 JUNE 2022 (UNAUDITED)

6. DERIVATIVES (continued)

(6.2) Derivatives held for hedging purposes (continued)

The Board of Directors has established levels of acceptable risks by setting limits on counterparty, currency and commission rate exposures and related sensitivities. Outstanding positions are monitored on a daily basis and hedging strategies are initiated when considered appropriate to ensure that positions are managed within the established limits. The Board of Directors has established the acceptable level of special commission rate risk by setting limits on special commission rate gaps for stipulated periods. Special commission rate gaps arising out of rate sensitive assets and liabilities are reviewed on a periodic basis and appropriate hedging strategies are initiated to reduce sensitivities arising from special commission rate gaps as and when required.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to manage its own exposure to currency and special commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall statement of financial position exposures. Strategic hedging does not qualify for special hedge accounting and the related derivatives such as special commission rate swaps, special commission rate options and futures, forward foreign exchange contracts and currency options are accounted for as held for trading.

Amongst various hedging methodologies, the Group uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission rate exposures. The Group also uses special commission rate swaps to hedge against the cash flow variability 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 either as fair value or cash flow hedges.

The tables below show the positive and negative fair values of derivative financial instruments, together with the notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period, 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 to market risk.

	30 June 2022 (Unaudited)			31 December 2021 (Audited)			30 June 2021 (Unaudited)		
	SAR '000			SAR '000			SAR '000		
	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:									
Special commission rate instruments	10,965,053	(10,345,008)	538,618,131	7,783,561	(7,319,256)	458,366,644	10,272,516	(9,725,357)	450,094,764
Forward/future foreign exchange contracts	816,571	(447,618)	270,592,060	732,703	(223,378)	179,140,776	597,012	(131,396)	162,820,123
Options	131,637	(104,982)	8,846,266	160,366	(164,537)	5,850,833	90,167	(151,576)	9,030,967
Held as fair value hedges:									
Special commission rate instruments	562,335	(368,437)	15,618,401	121,943	(1,535,423)	10,474,585	61,518	(1,642,436)	8,318,335
Held as cash flow hedges:									
Special commission rate instruments and cross currency swaps	254,666	(750,799)	15,264,062	111,337	(167,700)	15,379,921	140,166	(122,703)	13,398,108
Total	12,730,262	(12,016,844)	848,938,920	8,909,910	(9,410,294)	669,212,759	11,161,379	(11,773,468)	643,662,297

The Saudi National Bank
(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)
AS AT 30 JUNE 2022 (UNAUDITED)

7. CUSTOMERS' DEPOSITS

	30 June 2022 (Unaudited) SAR '000	31 December 2021 (Audited) SAR '000	30 June 2021 (Unaudited) SAR '000
Current and call accounts	464,741,572	454,313,110	448,019,089
Time	104,212,295	111,552,707	113,057,611
Others	24,057,562	22,708,062	27,058,227
Total	<u>593,011,429</u>	<u>588,573,879</u>	<u>588,134,927</u>

International segment customers deposits included in customers' deposits comprise of:

	30 June 2022 (Unaudited) SAR '000	31 December 2021 (Audited) SAR '000	30 June 2021 (Unaudited) SAR '000
Current and call accounts	9,934,171	11,545,715	12,423,862
Time	15,313,536	13,402,991	15,191,470
Others	1,579,307	1,526,490	1,714,162
Total	<u>26,827,014</u>	<u>26,475,196</u>	<u>29,329,494</u>

8. DEBT SECURITIES ISSUED

As at the reporting date, debt securities issued comprise of non-convertible sukuku issued by the Group, carrying profit at fixed rates, with maturities up to 2027. Below is the movement of debt securities :

	30 June 2022 (Unaudited) SAR '000	31 December 2021 (Audited) SAR '000	30 June 2021 (Unaudited) SAR '000
Debt securities issued:			
Balance at beginning of the period/year	6,112,447	1,772,690	1,772,690
Debt securities acquired through business combination	-	5,824,935	5,824,935
Debt securities issued	5,605,071	4,309,349	3,926,214
Debt securities payment	(1,156,453)	(5,016,884)	(4,296,113)
Foreign currency translation adjustment	(29,099)	(777,643)	(227,164)
Balance at end of the period/year	<u>10,531,966</u>	<u>6,112,447</u>	<u>7,000,562</u>

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

9. CREDIT RELATED COMMITMENTS AND CONTINGENCIES

	30 June 2022 (Unaudited) SAR '000	31 December 2021 (Audited) SAR '000	30 June 2021 (Unaudited) SAR '000
Letters of credit	18,664,722	18,375,593	14,227,996
Guarantees	59,619,052	59,366,315	60,378,070
Acceptances	4,597,657	3,342,034	3,376,664
Irrevocable commitments to extend credit	10,260,152	6,644,534	13,886,701
Total	93,141,583	87,728,476	91,869,431

10. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Bank consists of 4,478,000,000 shares of SAR 10 each (30 June 2021: 4,478,000,000 shares of SAR 10 each). The capital of the Bank excluding treasury shares consists of 4,438,143,622 shares of SAR 10 each (30 June 2021: 4,435,763,977 shares of SAR 10 each) (refer to note 1.1).

As stated in note 1 and 19, the Bank issued 1,478,000,000 new ordinary shares pursuant to the merger with Samba. As a result, share capital and share premium increased by SAR 14,780 million and SAR 63,702 million, respectively with a purchase consideration of SAR 78,482 million.

11. DIVIDEND

During July 2022, the Board of Directors recommended the distribution of an interim dividend for the first half of 2022 amounting to SAR 4,926 million (SAR 1.10 per share) and accordingly, was paid in the same period.

During April 2022, the General Assembly Meeting approved the Board of Directors recommendation to distribute a final dividend of SAR 4,030 million (SAR 0.90 per share) and accordingly, the final dividend was paid in the same period.

During August 2021, the Board of Directors recommended the distribution of an interim dividend for the first half of 2021 amounting to SAR 2,911 million (SAR 0.65 per share) which was paid during August 2021.

During April 2021, the General Assembly Meeting approved the Board of Directors' recommendation to distribute a final dividend of SAR 3,582 million (SAR 0.80 per share) and accordingly, the final dividend was paid in the same period.

12. ZAKAT

The Group is subject to zakat in accordance with regulations of Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the interim condensed consolidated statement of income. The Bank calculated Zakat accruals for the period ended 30 June 2022 based on applicable zakat rules for financial institutions. The Bank submitted its Zakat return for the year ended 31 December 2021, and obtained the unrestricted zakat certificate. The financial years 2019 through 2021 are under the review of ZATCA, the assessments in respect to the Bank's zakat returns for the financial year up to 2018 have been finalized.

Moreover, pursuant to the merger with Samba (see note 1 and note 19) the Bank assumed all Samba's obligations owed to ZATCA, under a settlement agreement signed by Samba with ZATCA in respect to prior years (from 2006 to 2018), which are to be paid in equal installments until 2023. The Bank has four remaining instalments with a total amount of SR 800 million to be paid in 2022 and 2023.

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

13. TIER 1 SUKUK

During 2021, the Bank through a Shariah compliant arrangement (the arrangement) issued additional cross border Tier 1 Sukuk (the Sukuk), amounting to SAR 4.7 billion (denominated in US Dollars). During the same period, the Bank exercised the call option on its existing Tier 1 sukuk amounting to SAR 2.7 billion. These arrangements were 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 on the Sukuks is payable 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.

14. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share for the periods ended 30 June 2022 and 30 June 2021 is calculated by dividing the net income attributable to common equity holders of the Bank (adjusted for Tier 1 sukuk costs) for the periods by the weighted average number of shares outstanding during the period.

Diluted earnings per share for the periods ended 30 June 2022 and 30 June 2021 is calculated by dividing the fully diluted net income attributable to equity holders of the Bank (adjusted for Tier 1 sukuk costs) for the periods by the weighted average number of outstanding shares. The diluted earnings per share are adjusted for the impact of the employees' share based payment plan.

15. OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's management.

The Group has the reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

Retail	Provides banking services, including lending and current accounts in addition to products in compliance with <i>Shariah</i> rules which are supervised by the independent Shariah Board, to individuals and private banking customers.
Wholesale	Provides banking services including all conventional credit-related products and financing products in compliance with Shariah rules to small sized businesses, medium and large establishments and companies as well as full range of treasury and correspondent banking products and services, including money market and foreign exchange, to the Group's clients, in addition to carrying out investment and trading activities (local and international) and managing liquidity risk, market risk and credit risk (related to investments).
Capital Market	Provides wealth management, asset management, investment banking and shares brokerage services (local, regional and international).
International	Comprises banking services provided outside Saudi Arabia including TFKB and SBL .

Transactions between the operating segments are recorded as per the Bank and its subsidiaries' transfer pricing system.

The support and Head Office expenses are allocated to segments using activity-based costing.

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

15. OPERATING SEGMENTS (continued)

The Group's total assets and liabilities at period end, its operating income and expenses (total and main items) and net income for the period, by operating segments, are as follows:

30 June 2022 (Unaudited)					
SAR '000					
	<u>Retail</u>	<u>Wholesale</u>	<u>Capital Market</u>	<u>International</u>	<u>Total</u>
Total assets	376,819,996	538,799,218	7,807,728	35,046,235	958,473,177
Total liabilities	374,447,229	388,203,158	2,222,621	31,879,156	796,752,164
- Customers' deposits	358,290,385	207,888,032	5,998	26,827,014	593,011,429
Total operating income from external customers	6,904,234	7,149,689	1,057,365	1,326,784	16,438,072
Intersegment operating income/(expense)	356,829	(297,569)	(16,838)	(42,422)	-
Total operating income	7,261,063	6,852,120	1,040,527	1,284,362	16,438,072
of which:					
- Net special commission income	6,716,140	5,055,706	92,450	1,026,557	12,890,853
- Fee income from banking services, net	646,075	412,029	800,366	71,112	1,929,582
Total operating expenses	3,580,366	1,441,504	287,785	659,169	5,968,824
of which:					
- Depreciation/amortisation of property, equipment, software and right of use assets	484,562	102,076	11,059	95,624	693,321
- Amortisation of intangible assets	279,700	100,139	54,886	-	434,725
- Net impairment charge for expected credit losses	301,646	468,339	842	207,614	978,441
Other non-operating income/(expenses), net	44,833	69,605	(79)	(118,708)	(4,349)
Net income for the period before zakat and income tax	3,725,530	5,480,221	752,663	506,485	10,464,899

30 June 2021 (Unaudited) (restated)					
SAR '000					
	<u>Retail</u>	<u>Wholesale</u>	<u>Capital Market</u>	<u>International</u>	<u>Total</u>
Total assets	324,066,292	528,256,539	4,983,738	40,049,284	897,355,853
Total liabilities	357,596,635	342,305,344	515,462	36,439,178	736,856,619
- Customers' deposits	352,985,541	205,814,440	5,452	29,329,494	588,134,927
Total operating income from external customers	5,593,828	5,336,337	1,791,302	585,658	13,307,125
Intersegment operating income/(expense)	278,439	(236,158)	651	(42,932)	-
Total operating income	5,872,267	5,100,179	1,791,953	542,726	13,307,125
of which:					
- Net special commission income	5,859,371	3,811,313	21,191	374,556	10,066,431
- Fee income from banking services, net	268,230	364,956	732,239	83,689	1,449,114
Total operating expenses	3,099,756	3,007,102	280,536	436,226	6,823,620
of which:					
- Depreciation/amortisation of property, equipment, software and right of use assets	371,104	89,203	11,260	51,829	523,396
- Amortisation of intangible assets	136,966	59,623	33,066	-	229,655
- Net impairment charge for expected credit losses	440,624	2,189,204	-	71,204	2,701,032
Other non-operating income/(expenses), net	(13,283)	(74,691)	(33)	34,438	(53,569)
Net income for the period before zakat and income tax	2,759,228	2,018,386	1,511,384	140,938	6,429,936

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

16. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

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.

Fair value information of the Group's financial instruments is analysed below:

a. Fair value information for financial instruments at fair value

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

Level 1: quoted prices in active markets for the same instrument;

Level 2: quoted prices in active markets for similar assets and liabilities or 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.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 June 2022 (Unaudited)				
SAR '000				
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	12,730,262	-	12,730,262
Financial assets held at FVIS	570,946	8,701,689	8,462,879	17,735,514
Financial assets held at FVOCI	52,044,852	33,649,522	119,600	85,813,974
Investments held at amortised cost, net				
- Fair value hedged	561,340	3,798,539	-	4,359,879
Total	53,177,138	58,880,012	8,582,479	120,639,629
Financial liabilities				
Derivative financial instruments	-	12,016,844	-	12,016,844
Total	-	12,016,844	-	12,016,844

31 December 2021 (Audited)				
SAR '000				
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	8,909,910	-	8,909,910
Financial assets held at FVIS	2,818,217	8,698,481	7,109,339	18,626,037
Financial assets held at FVOCI	48,477,555	35,112,291	520,517	84,110,363
Investments held at amortised cost, net				
- Fair value hedged	-	4,440,803	-	4,440,803
Total	51,295,772	57,161,485	7,629,856	116,087,113
Financial liabilities				
Derivative financial instruments	-	9,410,294	-	9,410,294
Total	-	9,410,294	-	9,410,294

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

16. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

a. Fair value information for financial instruments at fair value (continued)

	30 June 2021 (Unaudited)			
	SAR '000			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Derivative financial instruments	-	11,161,379	-	11,161,379
Financial assets held at FVIS	3,837,351	10,179,971	5,783,210	19,800,532
Financial assets held at FVOCI	46,718,666	35,615,007	131,098	82,464,771
Investments held at amortised cost, net				
- Fair value hedged	-	3,762,472	-	3,762,472
Total	50,556,017	60,718,829	5,914,308	117,189,154
<u>Financial liabilities</u>				
Derivative financial instruments	-	11,773,468	-	11,773,468
Total	-	11,773,468	-	11,773,468

b. Fair value information for financial instruments not measured at fair value

The fair value of the Group's financing and advances as at 30 June 2022 on a business as usual basis applying the guidance of IFRS 13 was not significantly different than the corresponding book value.

The fair values of due from banks and other financial institutions, due to banks and other financial institutions, customers' deposits and debt securities issued at 30 June 2022, 31 December 2021 and 30 June 2021 are not materially different from their respective 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.

c. Valuation technique and significant unobservable inputs for financial instruments at fair value

The Group uses various valuation techniques for determination of fair values for financial instruments classified under Levels 2 and 3 of the fair value hierarchy. These techniques and the significant unobservable inputs used therein are analysed below:

The Group utilises fund manager reports (and appropriate discounts or haircuts where required) for the determination of fair values of private equity funds and hedge funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under Level 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

For the valuation of unquoted debt securities and derivative financial instruments, the Group obtains fair value estimates from reputable third party valuers, who use techniques such as discounted cash flows, option pricing models and other sophisticated models.

d. Transfer between Level 1 and Level 2 of the fair value hierarchy

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2022 (31 December 2021: Nil and 30 June 2021: Nil).

e. Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	30 June 2022 (Unaudited) SAR '000	31 December 2021 (Audited) SAR '000	30 June 2021 (Unaudited) SAR '000
Movement of Level 3 is as follows:			
Balance at beginning of the period/year	7,629,856	2,318,980	2,318,980
Total gains/(losses) (realized and unrealized) in the consolidated statement of income	201,135	770,539	373,308
Purchases	1,374,652	2,695,927	1,695,104
Acquired through business combination	-	2,068,482	2,068,482
Sales	(685,286)	(290,843)	(584,249)
Others	62,122	66,771	42,683
Balance at end of the period/year	8,582,479	7,629,856	5,914,308

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

17. CAPITAL ADEQUACY

The Group'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 regularly by management. SAMA requires holding the minimum level of the regulatory capital of and maintaining a ratio of total regulatory capital to the risk-weighted asset 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 Bank's eligible capital with its statement of financial position assets, commitments and notional amounts of derivatives at a weighted amount to reflect their relative risk.

The following table summarizes the Bank's Pillar-1 Risk Weighted Assets, Tier 1 and Tier 2 capital and capital adequacy ratios:

	Risk Weighted Assets		
	30 June 2022 (Unaudited) SAR '000	31 December 2021 (Audited) SAR '000	30 June 2021 (Unaudited) SAR '000
Credit risk	620,972,377	586,468,551	602,257,685
Operational risk	57,593,534	57,123,430	53,725,224
Market risk	13,547,761	21,734,754	27,539,509
Total Pillar-1 - Risk Weighted Assets	692,113,672	665,326,735	683,522,418
Core capital (Tier 1)	121,773,389	122,347,607	119,614,529
Supplementary capital (Tier 2)	5,559,377	5,411,423	6,345,796
Core and supplementary capital (Tier 1 and Tier 2)	127,332,766	127,759,030	125,960,325
Capital Adequacy Ratio (Pillar 1):-			
Core capital (Tier 1)	17.6%	18.4%	17.5%
Core and supplementary capital (Tier 1 and Tier 2)	18.4%	19.2%	18.4%

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

18. IMPACT OF SAMA PROGRAMS

In response to COVID-19, SAMA launched the Deferred Payments Program (DPP) in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises (MSME) as defined by SAMA via Circular No. 381000064902 dated 16 Jumada Al-Akrah II 1438H. The payment reliefs were considered as short-term liquidity support to address borrowers' potential cash flow shortages. The DPP program has ended on 31 March 2022.

During the six month period ended 30 June 2022, SAR 105 million (30 June 2021: SAR 47 million) has been recognized in the interim condensed consolidated statement of income with respect to the amortization of grant income on related deposits. The Group continues to evaluate the current macroeconomic situation including the impact of the pandemic.

19. BUSINESS COMBINATION

(19.1) Business combination and purchase consideration

As disclosed in note 1, on 1 April 2021, the Bank had completed a statutory merger with Samba, a Saudi multinational banking group based in Saudi Arabia during the year ended 31 December 2021. Following the merger, Samba legal entity ceased to exist and assets, liabilities and all the business activities of Samba were transferred in exchange for newly issued shares of the Bank. Shares of Samba were cancelled and the new shares of the Bank were issued to the shareholders of Samba, after obtaining the necessary regulatory approvals, at a predetermined exchange ratio of 0.739 new share for each Samba share. The issue of new shares resulted in increase in the Bank's paid-up capital by 14,780,000,000 from SAR 30,000,000,000 to SAR 44,780,000,000 and the number of its issued shares increased by 1,478,000,000 from 3,000,000,000 to 4,478,000,000. The Bank and Samba's original shareholders owned 67% and 33%, respectively, of the combined bank on a fully diluted basis on the merger date.

The fair value of the 1,478,000,000 shares issued as the consideration paid for Samba merger was determined on the basis of closing market price of the Bank's ordinary share on the Saudi stock exchange, on the last trading date prior to the date of acquisition date of 1 April 2021 of SAR 53.1 per share. The purchase consideration consisted of the issue of 1,442,390,843 new shares to the shareholders of Samba net of treasury shares.

The merger has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the “Standard”) with the Bank being the acquirer and Samba being the acquiree. As required by IFRS 3, the Bank had completed the process of allocating the purchase consideration to the identifiable assets and liabilities within twelve months from the date of acquisition during the year ended 31 December 2021.

The Saudi National Bank

(A Saudi Joint Stock Company)

Notes To The Interim Condensed Consolidated Financial Statements (continued)

AS AT 30 JUNE 2022 (UNAUDITED)

19. BUSINESS COMBINATION (continued)

(19.2) Restatement of comparative balances as at and for the period ended 30 June 2021

As at 30 June 2021, the accounting for business combination was recognized by the Bank on provision basis as allowed by the Standard. Pursuant to the completion of the purchase price allocation exercise within twelve months from the acquisition date, the management has retrospectively adjusted at the acquisition date the provisional fair values at which the net assets were acquired from Samba to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The following is the impact on the line items of the interim consolidated statements of income, comprehensive income, financial position and changes in equity as at and for the period ended 30 June 2021 (income statement restatement includes the amount for the six months ended 30 June 2021):

Financial statements impacted	Financial statements line item impacted	As previously reported for the six months ended/as at 30 June 2021 SAR '000	Effect of restatement on account of IFRS 3 adjustments SAR '000	Restated - 30 June 2021 SAR '000
Interim condensed consolidated statement of financial position	Financing and advances, net	503,156,979	(1,353,843)	501,803,136
Interim condensed consolidated statement of financial position	Property, equipment and software, net	9,049,235	(464,465)	8,584,770
Interim condensed consolidated statement of financial position	Goodwill	28,523,639	5,483,143	34,006,782
Interim condensed consolidated statement of financial position	Intangible assets, net	11,413,997	(2,727,294)	8,686,703
Interim condensed consolidated statement of financial position	Other liabilities	29,535,528	735,857	30,271,385
Interim condensed consolidated statement of financial position	Retained earnings	16,157,619	198,796	16,356,415
Interim condensed consolidated statement of income	Special commission income	11,599,217	104,081	11,703,298
Interim condensed consolidated statement of income	Depreciation/amortisation of property, equipment, software, and right of use assets	533,410	(10,014)	523,396
Interim condensed consolidated statement of income	Amortisation of intangible assets	293,003	(63,348)	229,655
Interim condensed consolidated statement of income	Basic earnings per share	1.41	0.05	1.46
Interim condensed consolidated statement of income	Diluted earnings per share	1.41	0.05	1.46
Interim condensed consolidated Statement of comprehensive income	Total comprehensive income for the period	5,033,253	198,796	5,232,049

Financial statements impacted	Financial statements line item impacted	As previously reported for the three months ended 30 June 2021 SAR '000	Effect of restatement on account of IFRS 3 adjustments SAR '000	Restated - 30 June 2021 SAR '000
Interim condensed consolidated statement of income	Special commission income	6,698,016	105,026	6,803,042
Interim condensed consolidated statement of income	Depreciation/amortisation of property, equipment, software, and right of use assets	303,370	(10,014)	293,356
Interim condensed consolidated statement of income	Amortisation of intangible assets	293,003	(63,348)	229,655
Interim condensed consolidated statement of income	Basic earnings per share	0.31	0.05	0.36
Interim condensed consolidated statement of income	Diluted earnings per share	0.31	0.05	0.36
Interim condensed consolidated Statement of comprehensive income	Total comprehensive income for the period	2,944,211	198,796	3,143,007

Notes To The Interim Condensed Consolidated Financial Statements (continued)
AS AT 30 JUNE 2022 (UNAUDITED)

20. IBOR Transition (Interest Rate Benchmark Reforms)

A fundamental review and reform of major profit rate benchmarks are being undertaken globally. The IASB has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of a profit rate benchmark, including the replacement of an existing Inter-bank Offer Rate (IBOR) with an alternative Risk-Free Rate (RFR).

The Group has exposure to IBOR rates that are subject to reform through its issuance of sukuk, the structural profit rate position, holdings of investment securities, and other products denominated in foreign currencies.

During 2020, management established a steering committee, consisting of key finance, risk, IT, treasury, legal and compliance personnel and external advisors, to oversee the Group's IBOR transition plan.

This steering committee put in place a transition project for those contracts which reference IBOR to transition them to an appropriate risk free rate, with the aim of minimizing the potential disruption to business and mitigating operational & transitional risks and possible financial losses. This transition project considers changes to systems, processes, risk management and valuation models, as well as managing related tax and accounting implications.

As at 30 June 2022, changes required to systems, processes and models have been implemented. New rate structures and features in the system in view of future market evolution are in the process of implementation. There have been communications with counterparties. The Group has identified that the areas of most significant risk arising from the replacement of IBOR are: updating systems and processes which capture IBOR referenced contracts; amendments to those contracts, or existing fallback/transition clauses not operating as anticipated; mismatches in timing of derivatives and loans transitioning from IBOR and the resulting impact on economic risk management; and updating hedge designations and models. The Group has taken steps to manage and mitigate these risks. The Group continues to engage with industry participants, to ensure an orderly transition to Sterling Overnight Index Average (SONIA) and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with LIBOR replacement.

The Group currently has analysed as follows the contracts which reference LIBOR, including swaps which will transition under the International Swaps and Derivatives Association (ISDA) protocols:

	30 June 2022 SAR '000		
	Non-derivative financial assets	Non-derivative financial liabilities	Derivatives nominal amount
LIBOR USD	39,132,085	7,868,874	269,528,429
LIBOR JPY	-	900,000	-
Total	39,132,085	8,768,874	269,528,429

21. BOARD OF DIRECTORS' APPROVAL

The interim condensed consolidated financial statements were approved by the Board of Directors on 26 July 2022 (corresponding to 27 Dhul-Hijjah 1443H).


Ahmed A. Aldhabi
Group Chief Financial Officer


Saeed M. Al-Ghamdi
Managing Director/Group CEO


Ammar A. Alkhudairy
Chairman