The Saudi British Bank
Interim Condensed Consolidated Financial Statements
For the three month period ended

31 March 2022

(Unaudited)

SABB ساب

pwc

KPMG Professional Services

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

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

To: The shareholders of The Saudi British Bank
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of The Saudi British Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2022, and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended, and other explanatory notes (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Other regulatory matters

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

PricewaterhouseCoopers

Bader I. Benmohareb
Certified Public Accountant
Licence number: 471

PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
LICENSE NO.25
C.R.1010371622

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
Certified Public Accountant
Licence number: 348

KPMG Professional Services

27 Ramadan 1443H
(April 28, 2022)

The Saudi British Bank

SABB ساب

Interim consolidated statement of financial position

	Notes	As at 31 March2022 Unaudited SAR' 000	As at 31 December 2021 Audited SAR' 000	As at 31 March2021 Unaudited SAR'000
ASSETS				
Cash and balances with SAMA	5	14,161,870	14,909,404	22,670,416
Due from banks and other financial institutions, net	6	7,404,934	5,993,175	8,959,899
Assets classified as held for sale	25	941,652	-	-
Positive fair value derivatives, net	11	1,165,163	1,109,845	1,422,537
Investments, net	7	65,588,362	64,903,698	63,224,612
Loans and advances, net	8	176,147,793	167,556,478	156,710,064
Investment in associates	9	650,902	583,359	658,297
Other assets		2,592,154	3,353,086	3,788,434
Property, equipment and right of use assets, net		3,317,208	3,246,167	3,195,570
Goodwill and other intangibles	10	10,721,699	10,740,811	10,925,426
Total assets		**282,691,737**	**272,396,023**	**271,555,255**
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		17,135,352	14,663,666	17,170,359
Customers' deposits	12	193,889,489	186,760,612	183,690,310
Negative fair value derivatives, net	11	1,046,553	1,514,592	2,010,753
Liabilities directly associated with assets classified as held for sale	25	736,228	-	-
Debt securities in issue	13	5,028,016	5,061,533	5,025,975
Other liabilities		11,079,049	11,367,103	11,623,267
Total liabilities		**228,914,687**	**219,367,506**	**219,520,664**
Equity				
Equity attributable to equity holders of the Bank				
Share capital		20,547,945	20,547,945	20,547,945
Share premium		8,524,882	8,524,882	8,524,882
Statutory reserve		20,547,945	20,547,945	20,547,945
Other reserves		(285,604)	(29,939)	627,584
Retained earnings		3,639,346	3,335,498	1,684,769
Proposed dividends	23	702,375	-	-
Total equity attributable to equity holders of the Bank		**53,676,889**	**52,926,331**	**51,933,125**
Total equity attributable to Non-controlling interest		100,161	102,186	101,466
Total equity		**53,777,050**	**53,028,517**	**52,034,591**
Total liabilities and equity		**282,691,737**	**272,396,023**	**271,555,255**

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Lama Ghazzaoui	Tony Cripps
Lama A GHAZZAOUI	Tony Cripps
Chief Financial Officer	Managing Director & Authorized Member

The Saudi British Bank
Interim consolidated statement of income - Unaudited
For the three month period ended

	Notes	31 March 2022 SAR'000	31 March 2021 SAR'000
Continuing operations			
Special commission income		1,589,576	1,617,540
Special commission expense		(175,923)	(190,725)
Net special commission income		**1,413,653**	**1,426,815**
Fee and commission income		673,225	576,436
Fee and commission expense		(333,962)	(276,486)
Net fee and commission income		**339,263**	**299,950**
Exchange income, net		178,606	129,974
Income from FVSI financial instruments		104,146	55,603
Gains on FVOCI debt instruments, net		-	25,485
Gains on non-FVSI investments, net		30,505	-
Other operating income, net		45,472	83,698
Total operating income		**2,111,645**	**2,021,525**
Provision for expected credit losses, net	19 (a)	(59,782)	(1,668)
Operating expenses:			
Salaries and employee related expenses		(411,399)	(407,668)
Rent and premises related expenses		(12,302)	(20,025)
Depreciation and amortization		(115,797)	(187,228)
General and administrative expenses		(400,704)	(292,111)
Total operating expenses		**(940,202)**	**(907,032)**
Income from operating activities		**1,111,661**	**1,112,825**
Share in earnings of associates	9	67,543	39,065
Net income for the period before Zakat and income tax		**1,179,204**	**1,151,890**
Provision for Zakat and income tax		(163,267)	(167,324)
Net income for the period after Zakat and income tax from continuing operations		**1,015,937**	**984,566**
Net loss from discontinued operations	25	(11,739)	(14,362)
Net income for the period after Zakat and income tax		**1,004,198**	**970,204**
Attributable to:			
Equity holders of the Bank		1,006,223	973,706
Non-controlling interest		(2,025)	(3,502)
Net income for the period after Zakat and income tax		**1,004,198**	**970,204**
Basic and diluted earnings per share (in SAR) from continuing operations attributable to equity holders of the Bank	15	**0.50**	**0.48**
Basic and diluted losses per share (in SAR) from discontinued operations attributable to equity holders of the Bank	15	**(0.01)**	**(0.01)**
Basic and diluted earnings per share (in SAR)	15	**0.49**	**0.47**

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Lama Ghazzaoui

Lama A GHAZZAOUI

Chief Financial Officer

Tony Cripps

Tony Cripps

Managing Director & Authorized Member

The Saudi British Bank

SABB سـاب

Interim consolidated statement of comprehensive income - Unaudited

For the three month period ended

	31 March 2022 SAR' 000	31 March 2021 SAR' 000
Net income for the period after Zakat and income tax	**1,004,198**	**970,204**
Other comprehensive income for the period		
Items that will not be reclassified to interim consolidated statement of income in subsequent periods		
Net changes in fair value (FVOCI equity instruments)	-	287,150
Re-measurement of defined benefit liability	(3,627)	-
Items that will be reclassified to interim consolidated statement of income in subsequent periods		
Debt instrument at FVOCI		
Net changes in fair value	(259,252)	52,467
Transfer to interim consolidated statement of income, net	-	(25,485)
Cash flow hedges		
Net changes in fair value	(6,188)	(1,652)
Transfer to interim consolidated statement of income	(492)	(751)
Total other comprehensive (loss) / income for the period	**(269,559)**	**311,729**
Total comprehensive income for the period	**734,639**	**1,281,933**
Attributable to:		
Equity holders of the Bank:		
Continuing operations	748,403	1,299,797
Discontinued operations	(11,739)	(14,362)
Non-controlling interest – discontinued operations	(2,025)	(3,502)
Total	**734,639**	**1,281,933**

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Lama Ghazzaoui

Lama A GHAZZAOUI

Chief Financial Officer

Tony Cripps

Tony Cripps

Managing Director & Authorized Member

The Saudi British Bank
Interim consolidated statement of changes in equity - Unaudited
For the three month period

SABB ساب

	Notes	Share capital SAR'000	Share premium SAR'000	Statutory reserve SAR'000	Other reserves SAR'000	Retained earnings SAR'000	Proposed dividends SAR'000	Total SAR'000	Non-controlling interest SAR'000	Total equity SAR'000
		Attributable to equity holders of the Bank								
31 March 2022										
Balance at the beginning of the period		**20,547,945**	**8,524,882**	**20,547,945**	**(29,939)**	**3,335,498**	**-**	**52,926,331**	**102,186**	**53,028,517**
Total comprehensive income / (loss) for the period										
Net income / (loss) for the period after Zakat and income tax		-	-	-		1,006,223	-	**1,006,223**	(2,025)	**1,004,198**
Net changes in fair value of cash flow hedges		-	-	-	(6,188)	-	-	**(6,188)**	-	**(6,188)**
Net changes in fair value of FVOCI debt instruments		-	-	-	(259,252)	-	-	**(259,252)**	-	**(259,252)**
Re-measurement of defined benefit liability		-	-	-	(3,627)	-	-	**(3,627)**	-	**(3,627)**
Transfer to interim consolidated statement of income		-	-	-	(492)	-	-	**(492)**	-	**(492)**
		-	-	-	**(269,559)**	**1,006,223**	-	**736,664**	**(2,025)**	**734,639**
Employee share plan reserve		-	-	-	13,894	-	-	**13,894**	-	**13,894**
2021 final dividend, net of zakat and income tax	23	-	-	-	-	(702,375)	702,375	**-**	**-**	**-**
Balance at the end of the period		**20,547,945**	**8,524,882**	**20,547,945**	**(285,604)**	**3,639,346**	**702,375**	**53,676,889**	**100,161**	**53,777,050**

	Notes	Share capital SAR'000	Share premium SAR'000	Statutory reserve SAR'000	Other reserves SAR'000	Retained earnings SAR'000	Proposed dividends SAR'000	Total SAR'000	Non-controlling interest SAR'000	Total equity SAR'000
		Attributable to equity holders of the Bank								
31 March 2021										
Balance at the beginning of the period as previously reported		**20,547,945**	**17,586,986**	**11,485,841**	**324,937**	**760,954**	**-**	**50,706,663**	**55,077**	**50,761,740**
Effect of restatement		-	-	-	-	(49,891)	-	(49,891)	49,891	-
Restated balance as at 1 January 2021		**20,547,945**	**17,586,986**	**11,485,841**	**324,937**	**711,063**	**-**	**50,656,772**	**104,968**	**50,761,740**
Total comprehensive income / (loss) for the period										
Net income / (loss) for the period after Zakat and income tax		-	-	-	-	973,706	-	973,706	(3,502)	970,204
Net changes in fair value of cash flow hedges		-	-	-	(1,652)	-	-	(1,652)	-	(1,652)
Net changes in fair value of FVOCI equity instruments		-	-	-	287,150	-	-	287,150	-	287,150
Net changes in fair value of FVOCI debt instruments		-	-	-	52,467	-	-	52,467	-	52,467
Transfer to interim consolidated statement of income		-	-	-	(26,236)	-	-	(26,236)	-	(26,236)
		-	-	-	**311,729**	**973,706**		**1,285,435**	**(3,502)**	**1,281,933**
Transfer to statutory reserve		-	(9,062,104)	9,062,104	-	-	-	-	-	-
Employee share plan reserve		-	-	-	(9,082)	-	-	(9,082)	-	(9,082)
Balance at the end of the period		**20,547,945**	**8,524,882**	**20,547,945**	**627,584**	**1,684,769**	**-**	**51,933,125**	**101,466**	**52,034,591**

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Lama Ghazzaoui
Lama A GHAZZAOUI
Chief Financial Officer

Tony Cripps
Tony Cripps
Managing Director & Authorized Member

Interim consolidated statement of cash flows - Unaudited

For the three month period ended

	Notes	31 March 2022 SAR'000	31 March 2021 SAR'000
OPERATING ACTIVITIES			
Net income for the period before Zakat and income tax, after loss from discontinued operations		**1,167,465**	**1,138,488**
Adjustments to reconcile net income before Zakat and income tax to net cash from / (used in) operating activities:			
Amortisation of premium on investments not held as FVSI investments, net		14,407	16,568
Depreciation and amortization		115,797	187,444
Special commission expense on debt securities in issue		37,116	37,126
Gains on non-FVOCI debt instruments, net		(30,505)	-
Transfer to interim consolidated statement of income		(492)	(26,236)
Share in earnings of associates	9	(67,543)	(39,065)
Provision for expected credit losses, net	19 (a)	59,782	1,668
Employee share plan reserve		13,894	(9,082)
		1,309,921	**1,306,911**
Change in operating assets:			
Statutory deposit with SAMA		56,686	14,816
Due from banks and other financial institutions, net		96,615	3,251
Investments held as FVSI		318,756	(152,975)
Loans and advances, net		(8,546,265)	(3,338,020)
Other assets and derivatives		(241,734)	840,506
Change in operating liabilities:			
Due to banks and other financial institutions		2,471,686	(450,597)
Customers' deposits		7,128,877	(5,419,830)
Other liabilities and derivatives, net		(226,762)	(277,754)
		2,367,780	**(7,473,692)**
Income tax paid		(32,011)	-
Net cash generated from / (used in) operating activities		**2,335,769**	**(7,473,692)**
INVESTING ACTIVITIES			
Proceeds from sale and maturity of investments not held as FVSI		4,232,589	1,088,181
Purchase of investments not held as FVSI		(5,477,344)	(3,256,213)
Purchase of property, equipment and intangibles		(186,356)	(160,941)
Proceeds from disposal of property and equipment		18,630	4,464
Net cash used in investing activities		**(1,412,481)**	**(2,324,509)**
FINANCING ACTIVITIES			
Special commission paid on debt securities in issue		(70,633)	(77,761)
Payment of lease liabilities		(33,316)	(24,674)
Dividends paid		(897)	(4,474)
Net cash used in financing activities		**(104,846)**	**(106,909)**
Net increase / (decrease) in cash and cash equivalents		**818,442**	**(9,905,110)**
Cash and cash equivalents at beginning of the period	17	**8,543,548**	**29,708,694**
Cash and cash equivalents at end of the period	17	**9,361,990**	**19,803,584**
Supplemental non cash information			
Right of use assets		581,033	797,624
Lease liabilities		630,843	845,856
Assets classified as held for sale	25	941,652	-
Liabilities directly associated with assets classified as held for sale	25	736,228	-
Net changes in fair value and transfers to interim consolidated statement of income		(269,559)	311,729

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Lama Ghazzaoui	Tony Cripps
Lama A GHAZZAOUI	Tony Cripps
Chief Financial Officer	Managing Director & Authorized Member

1. General

The Saudi British Bank ('SABB') is a Saudi joint stock company incorporated in the Kingdom of Saudi Arabia and was established by a Royal Decree No. M/4 dated 12 Safar 1398H (21 January 1978). SABB formally commenced business on 26 Rajab 1398H (1 July 1978) by taking over of the operations of The British Bank of the Middle East in the Kingdom of Saudi Arabia. SABB operates under Commercial Registration No. 1010025779 dated 22 Dhul Qadah 1399H (13 October 1979) as a commercial bank through a network of 108 branches (31 December 2021: 108 branches) in the Kingdom of Saudi Arabia. The address of SABB's head office is as follows:

The Saudi British Bank
P.O. Box 9084
Riyadh 11413
Kingdom of Saudi Arabia

The objectives of SABB are to provide a range of banking services. SABB also provides Shariah-compliant products, which are approved and supervised by an independent Shari'ah Committee established by SABB.

SABB has 100% (31 December 2021: 100%) ownership interest in a subsidiary, SABB Insurance Agency Limited ("SIAL"), a limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010235187 dated 18 Jumada II 1428H (3 July 2007) (the company is currently under liquidation). SABB holds 98% of its interest in SIAL directly and 2% indirect ownership interest through another subsidiary ("Arabian Real Estate Company Limited") incorporated in the Kingdom of Saudi Arabia. SIAL's principal activity is to act as an exclusive insurance agent for SABB Takaful Company ("SABB Takaful") (also a subsidiary company of SABB) within the Kingdom of Saudi Arabia.

SABB has 100% (31 December 2021: 100%) ownership interest in a subsidiary, Arabian Real Estate Company Limited ("ARECO"), a limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010188350 dated 12 Jumada I 1424H (12 July 2003). ARECO is engaged in the purchase, sale and lease of land and real estate for investment purposes.

SABB had 100% (31 December 2021: 100%) ownership interest in a subsidiary, SABB Real Estate Company Limited ("SRECO"), a limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010428580 dated 12 Safar 1436H (4 December 2014), (the company was liquidated during the period). SABB held 99.8% of its interest in SRECO directly and 0.2% indirect ownership interest through another subsidiary ("Arabian Real Estate Company Limited") incorporated in the Kingdom of Saudi Arabia. SRECO's principal activity was the registration of real estate and to hold and manage collateral on behalf of SABB.

SABB has 100% (31 December 2021: 100%) directly held ownership interest in a subsidiary, SABB Markets Limited ("SABB Markets"), a limited liability company incorporated in the Cayman Islands under commercial registration No 323083 dated 21 Shaban 1438h (17 May 2017). SABB Markets is engaged in derivatives trading and repo activities.

SABB has 65% (31 December 2021: 65%) directly held ownership interest in a subsidiary, SABB Takaful, a joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010234032 dated 20 Jumada Awal 1428H (6 June 2007). SABB Takaful's principal activity is to engage in Shariah compliant insurance activities and to offer family and general Takaful products to individuals and corporates in the Kingdom of Saudi Arabia. SABB Takaful announced the signing of a binding merger agreement with Walaa Cooperative Insurance Company ("Walaa") on 27 February 2022. SABB Takaful will continue to announce any material developments regarding the proposed merger in accordance with the relevant laws and regulations. The details of the transaction and disclosures relating to SABB Takaful merger agreement are disclosed further in note 25.

SABB has 100% (31 December 2021: 100%) directly held ownership interest in a subsidiary, Alawwal Invest ("AI"), a closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration No.1010242378 dated 30 Dhul Hijjah 1428H (9 January 2008). Alawwal Invest was formed and licensed as a capital market institution in accordance with the CMA's Resolution No. 1 39 2007. Alawwal Invest's principal activity is to engage in security activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities. AI has entered into an agreement to acquire HSBC Saudi Arabia's Asset Management, Retail Brokerage and Retail Margin Lending businesses. The transfer is expected to be completed during 2022.

SABB has 100% (31 December 2021: 100%) directly held ownership interest in a subsidiary, Alawwal Real Estate Company ("AREC"), a limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010250772 dated 21 Jumada I 1429H (26 May 2008). AREC's principal activity is the registration of real estate assets under its name which are received by the Bank from its borrowers as collaterals and to hold and manage collateral on behalf of SABB.

SABB has 49% (31 December 2021: 49%) directly held ownership interest in HSBC Saudi Arabia an associate, a closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010221555 dated 27 Jumada Al-Akhirah 1427H (23 July 2006). HSBC Saudi Arabia was formed and licensed as a capital market institution in accordance with the Resolution No. 37-05008 of the CMA dated 05/12/1426H corresponding to 05/01/2006G. HSBC Saudi Arabia's principal activity is to engage in the full range of securities activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities. HSBC Saudi Arabia is an associate of SABB with HSBC Asia Holdings B.V. a related party and shareholder in SABB. The main activities of HSBC Saudi Arabia are to provide a full range of investment banking services including investment banking advisory, brokerage, debt, and project finance. It also manages mutual funds and discretionary portfolios. HSBC Saudi Arabia has entered into an agreement to transfer its Asset Management, Retail Brokerage and Retail Margin Lending businesses to AI. The transfer is expected to be completed during 2022.

SABB has participated in the following three structured entities for the purpose of effecting syndicated loan transactions in the Kingdom of Saudi Arabia and securing collateral rights over specific assets of the borrowers of those facilities under Islamic financing structures. These entities have no other business operations.

1. Saudi Kayan Assets Leasing Company.
2. Rabigh Asset Leasing Company.
3. Yanbu Asset Leasing Company.

SABB directly owns a 50% (31 December 2021: 50%) share in Saudi Kayan Assets Leasing Company and Rabigh Asset Leasing Company (the Company is currently under liquidation) and directly owns a 100% (31 December 2021: 100%) share in Yanbu Asset Leasing Company (the company is currently under liquidation) as a result of SABB's merger with Alawwal Bank (AAB) in June 2019. SABB does not consolidate these entities as it does not have the right to variable returns from its involvement with the entities or ability to affect those returns through its power over the entities excluding Yanbu Asset Leasing Company. The related underlying funding to the relevant borrowers is recorded on SABB's consolidated statement of financial position.

2. Basis of preparation

The interim condensed consolidated financial statements of the Group as at and for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with Group's annual consolidated financial statements as at 31 December 2021.

SABB presents its interim consolidated statement of financial position in the order of liquidity.

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are not offset in the interim consolidated statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of SABB.

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands, except where otherwise indicated.

Use of estimates and judgements

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. There were no changes in the current period to the critical accounting estimates and judgements that were applied on 31 December 2021, except for the below.

During the period, the estimated total useful lives of certain property, equipment and intangible assets were revised as follows:

For the year ended 31 December,	Estimated Useful life before change	Estimated useful life after change
Buildings	33 years	40 years
Equipment, furniture, and vehicles	3 to 10 years	3 to 10 years
(Useful lives of equipment and furniture were revised however remained within the overall depreciation rates range).		

The estimated net effect of the changes in Q1 2022 was a decrease in depreciation / amortisation expense of SAR 23 million with a total expected impact of SAR 91 million for the full year 2022. Assuming the assets are held until the end of their estimated useful lives, depreciation / amortisation in 2023 in relation to these assets is estimated to decrease by SAR 40 million.

3. Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of SABB and its subsidiaries, as mentioned in note 1 (collectively referred to as “the Group”). The financial statements of the subsidiaries are prepared for the same reporting period as that of SABB, using consistent accounting policies, except for SABB Takaful and certain immaterial subsidiaries, where latest interim reviewed financial statements or latest annual audited financial statements, respectively have been used for consolidation purposes to meet the Group’s reporting timetable.

Subsidiaries are entities which are directly or indirectly controlled by SABB. SABB controls an entity (“the Investee”) over which it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is transferred to SABB and cease to be consolidated from the date on which the control is transferred from SABB.

Intra-group transactions and balances have been eliminated in preparing these interim condensed consolidated financial statements.

The Group acts as a Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

4. Significant accounting policies and impact of changes due to adoption of new standards

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021, with the exception of the change of estimates set out in note 2.

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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

Accounting Standards, interpretations, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions may have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs	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	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'.	Annual periods beginning on or after 1 January 2022.

Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which will become effective from periods beginning on or after 1 January 2023. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

Accounting Standards, interpretations, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after 1 January 2023.

5. Cash and balances with SAMA

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Cash in hand	1,684,056	1,766,585	2,095,275
Statutory deposit	12,006,887	12,063,573	11,668,884
Placements with SAMA	331,979	927,961	8,740,879
Other balances	138,948	151,285	165,378
Total	**14,161,870**	**14,909,404**	**22,670,416**

6. Due from banks and other financial institutions, net

a) Due from banks and other financial institutions are classified as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Current accounts	6,315,899	4,961,054	6,749,946
Money market placements	1,091,695	1,034,323	2,213,336
Provision for expected credit losses	(2,660)	(2,202)	(3,383)
Total	**7,404,934**	**5,993,175**	**8,959,899**

b) Credit quality analysis

The following table sets out information about the credit quality of due from banks and other financial institutions, net:

	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Purchased credit Impaired	Total
31 March 2022 (Unaudited)	**7,404,934**	**-**	**-**	**-**	**7,404,934**
31 December 2021 (Audited)	5,993,175	-	-	-	5,993,175
31 March 2021 (Unaudited)	8,959,036	863	-	-	8,959,899

c) Movement in provision for expected credit losses

The following table shows reconciliations from the opening to the closing balance of the provision for expected credit losses against due from banks and other financial institutions:

	31 March 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2022	**2,202**	**-**	**-**	**2,202**
Net re-measurement of loss allowance	458	-	-	**458**
Balance as at 31 March 2022	**2,660**	**-**	**-**	**2,660**

	31 December 2021 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2021	**1,629**	**333**	**-**	**1,962**
Net re-measurement of loss allowance	573	(333)	-	**240**
Balance as at 31 December 2021	**2,202**	**-**	**-**	**2,202**

	31 March 2021 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2021	**1,629**	**333**	**-**	**1,962**
Net re-measurement of loss allowance	1,743	(322)	-	**1,421**
Balance as at 31 March 2021	**3,372**	**11**	**-**	**3,383**

7. Investments, net

Investment securities are classified as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
FVOCI – Debt	20,021,532	18,665,583	12,063,356
FVOCI – Equity	23,829	24,382	1,415,252
FVSI	1,064,612	1,383,368	1,390,731
Held at amortised cost, net	44,478,389	44,830,365	48,355,273
Total	**65,588,362**	**64,903,698**	**63,224,612**

The following table sets out information about the credit quality of debt instruments measured at amortised cost and FVOCI.

	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Purchased credit impaired	Total
31 March 2022 (Unaudited)					
Debt instruments at amortised cost, net	**44,478,389**	**-**	**-**	**-**	**44,478,389**
Debt instruments at FVOCI	20,021,532	-	-	-	20,021,532

	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Purchased credit impaired	Total
31 December 2021 (Audited)					
Debt instruments at amortised cost, net	**44,830,365**	**-**	**-**	**-**	**44,830,365**
Debt instruments at FVOCI	18,665,583	-	-	-	18,665,583

	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Purchased credit impaired	Total
31 March 2021 (Unaudited)					
Debt instruments at amortised cost, net	**48,355,273**	**-**	**-**	**-**	**48,355,273**
Debt instruments at FVOCI	12,063,356	-	-	-	12,063,356

An analysis of changes in loss allowance for debt instruments not measured at fair value through profit or loss, is as follows:

	31 March 2022 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2022	**20,791**	**-**	**-**	**20,791**
Net re-measurement of loss allowance	(1,819)	-	-	(1,819)
Balance as at 31 March 2022	**18,972**	**-**	**-**	**18,972**

	31 December 2021 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2021	**25,700**	**-**	**-**	**25,700**
Net re-measurement of loss allowance	(4,909)	-	-	(4,909)
Balance as at 31 December 2021	**20,791**	**-**	**-**	**20,791**

	31 March 2021 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2021	**25,700**	**-**	**-**	**25,700**
Net re-measurement of loss allowance	(805)	-	-	(805)
Balance as at 31 March 2021	**24,895**	**-**	**-**	**24,895**

8. Loans and advances, net

Loans and advances are comprised of the following:

	31 March 2022 (Unaudited)			
	Credit cards	Other retail lending	Corporate and institutional lending	Total
12 month ECL	2,050,444	37,929,521	107,485,330	**147,465,295**
Lifetime ECL not credit impaired	116,341	2,144,710	24,746,404	**27,007,455**
Lifetime ECL credit impaired	40,148	917,487	3,806,986	**4,764,621**
Purchased or originated credit impaired	92	159,612	3,540,854	**3,700,558**
Total loans and advances, gross	**2,207,025**	**41,151,330**	**139,579,574**	**182,937,929**
Provision for expected credit losses, net	(158,188)	(734,259)	(5,897,689)	**(6,790,136)**
Loans and advances, net	**2,048,837**	**40,417,071**	**133,681,885**	**176,147,793**

	31 December 2021 (Audited)			
	Credit cards	Other retail lending	Corporate and institutional lending	Total
12 month ECL	2,012,847	35,308,631	101,401,370	**138,722,848**
Lifetime ECL not credit impaired	123,496	1,939,590	24,786,523	**26,849,609**
Lifetime ECL credit impaired	43,805	1,023,411	3,846,283	**4,913,499**
Purchased or originated credit impaired	90	167,734	3,604,937	**3,772,761**
Total loans and advances, gross	**2,180,238**	**38,439,366**	**133,639,113**	**174,258,717**
Provision for expected credit losses, net	(163,819)	(745,117)	(5,793,303)	(6,702,239)
Loans and advances, net	**2,016,419**	**37,694,249**	**127,845,810**	**167,556,478**

	31 March 2021 (Unaudited)			
	Credit cards	**Other retail Lending**	**Corporate and institutional lending**	**Total**
12 month ECL	1,785,818	33,542,062	92,714,152	128,042,032
Lifetime ECL not credit impaired	108,309	1,275,488	24,666,091	26,049,888
Lifetime ECL credit impaired	64,539	1,147,900	4,721,523	5,933,962
Purchased or originated credit impaired	217	168,914	3,604,008	3,773,139
Total loans and advances, gross	**1,958,883**	**36,134,364**	**125,705,774**	**163,799,021**
Provision for expected credit losses, net	(206,107)	(1,042,156)	(5,840,694)	(7,088,957)
Loans and advances, net	**1,752,776**	**35,092,208**	**119,865,080**	**156,710,064**

Lifetime ECL credit impaired includes non-performing loans and advances of SAR 4,291 million (31 December 2021: SAR 4,210 million). It also includes exposures that are now performing but have yet to complete a period of 12 months of performance ('the curing period') to be eligible to be upgraded to a not-impaired category.

The financial assets recorded in each stage have the following characteristics:

- 12 month ECL not credit impaired (stage 1): without significant increase in credit risk on which a 12 month allowance (or lower if the tenor of the facility is less than 12 months) for ECL is recognised;
- Lifetime ECL not credit impaired (stage 2): a significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised;
- Lifetime ECL credit impaired (stage 3): objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised; and
- Purchased or originated credit impaired ('POCI'): purchased or originated at a deep discount that reflects the expected lifetime credit losses at time of purchase or origination. A lifetime ECL is recognised if further credit losses are expected. POCI includes non-performing loans and advances acquired through the merger with AAB that were recorded at fair value as of acquisition date.

The following table shows reconciliations from the opening to the closing balance of the provision for credit losses against loans and advances:

31 March 2022 (Unaudited)	Non-credit impaired		Credit impaired		
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**511,022**	**3,482,551**	**2,600,654**	**108,012**	**6,702,239**
Transfer to Stage 1	27,159	(20,971)	(6,188)	-	**-**
Transfer to Stage 2	(11,124)	51,731	(40,607)	-	**-**
Transfer to Stage 3	(1,289)	(32,899)	34,188	-	**-**
Net re-measurement of loss allowance	(7,092)	55,974	31,966	7,049	**87,897**
Write-offs	-	-	-	-	-
Balance as at 31 March 2022	**518,676**	**3,536,386**	**2,620,013**	**115,061**	**6,790,136**

31 December 2021 (Audited)	Non-credit impaired		Credit impaired		
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2021	**843,299**	**2,450,978**	**3,828,366**	**52,818**	**7,175,461**
Transfer to Stage 1	31,154	(26,012)	(5,142)	-	-
Transfer to Stage 2	(15,813)	57,350	(41,537)	-	-
Transfer to Stage 3	(2,284)	(19,026)	21,310	-	-
Net re-measurement of loss allowance	(345,334)	1,019,261	(124,861)	55,194	604,260
Write-offs	-	-	(1,077,482)	-	(1,077,482)
Balance as at 31 December 2021	**511,022**	**3,482,551**	**2,600,654**	**108,012**	**6,702,239**

31 March 2021 (Unaudited)	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2021	**843,299**	**2,450,978**	**3,828,366**	**52,818**	**7,175,461**
Transfer to Stage 1	10,239	(9,406)	(833)	-	-
Transfer to Stage 2	(12,502)	15,958	(3,456)	-	-
Transfer to Stage 3	(880)	(32,185)	33,065	-	-
Net re-measurement of loss allowance	(216,082)	245,908	(114,092)	(88)	(84,354)
Write-offs	-	-	(2,150)	-	(2,150)
Balance as at 31 March 2021	**624,074**	**2,671,253**	**3,740,900**	**52,730**	**7,088,957**

9. Investment in associates

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
HSBC Saudi Arabia			
Balance at beginning of the year	**583,359**	**542,955**	**542,955**
Share in earnings	67,543	139,572	35,641
Dividend received	-	(99,168)	-
Balance at end of the period / year	**650,902**	**583,359**	**578,596**
Wataniya			
Balance at beginning of the year	-	**76,277**	**76,277**
Share in (losses) / earnings	-	(8,143)	3,424
Reclassified to non-current assets held for sale	-	(68,134)	-
Balance at end of the period / year	**-**	**-**	**79,701**
Total	**650,902**	**583,359**	**658,297**
Non-current assets classified as held for sale	**-**	**68,134**	**-**
Disposal proceeds of non-current assets during the year	**-**	**79,894**	**-**
Gain on disposal of non-current assets	**-**	**11,760**	**-**

On 14 July 2021, SABB announced its strategic direction with respect to its holding in WIC which involved a plan to dispose of its 20% shareholding in WIC. The associated assets were consequently reclassified as "Non-Current Assets Classified as Held for Sale" and were disposed of during the fourth quarter of 2021.

10. Goodwill and other intangibles

Intangibles are comprised of the following:

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Amounts arising from business combination with Alawwal Bank				
Goodwill		8,778,091	8,778,091	8,778,091
Other intangibles		1,592,388	1,631,407	1,748,465
Goodwill arising from acquisition of SABB Takaful	25	-	13,806	13,806
Software		351,220	317,507	385,064
Total		**10,721,699**	**10,740,811**	**10,925,426**

Impairment testing of goodwill

The goodwill acquired through business combination is reviewed annually for impairment. At each reporting period, an assessment is made for indicators of impairment. If indicators exist, an impairment test is required. If performed, the impairment test compares the estimated recoverable amount of the Group's CGUs that carry goodwill, as determined through a Value-In-Use (VIU) model, with the carrying amount of net assets of each CGU.

As at 31 March 2022, no impairment indicators were identified. Therefore, no impairment test was performed.

11. Derivatives

The table below sets out the positive and negative fair values of derivative financial instruments together with their 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.

	31 March 2022 (Unaudited)			31 December 2021 (Audited)			31 March 2021 (Unaudited)		
	Positive fair Value	**Negative fair value**	**Notional**	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value	Notional
Derivatives held for trading:									
Special commission rate swaps	600,863	(498,524)	41,732,883	569,913	(547,847)	39,331,182	803,072	(802,960)	37,838,491
Special commission rate options	319,339	(331,428)	15,979,200	424,607	(446,546)	13,311,790	520,632	(549,782)	16,118,445
Forward foreign exchange contracts	45,663	(30,985)	8,272,826	40,296	(34,585)	3,534,619	23,927	(22,685)	3,396,436
Currency options	15,826	(15,516)	875,094	14,900	(14,922)	1,059,600	10,087	(9,992)	1,406,467
Currency swaps	4,492	(1,095)	5,017,500	6,456	(2,958)	4,650,000	19,584	(13,026)	4,950,000
Derivatives held as fair value hedges:									
Special commission rate swaps	160,834	(155,241)	11,629,758	34,794	(457,949)	12,238,311	23,112	(603,189)	10,777,217
Derivatives held as cash flow hedges:									
Special commission rate swaps	2,175	(3,993)	290,000	2,871	-	90,000	16,547	(9,119)	90,000
Currency swaps	15,971	(9,771)	1,725,000	16,008	(9,785)	1,068,750	5,576	-	1,031,250
Total	**1,165,163**	**(1,046,553)**	**85,522,261**	**1,109,845**	**(1,514,592)**	**75,284,252**	**1,422,537**	**(2,010,753)**	**75,608,306**
Fair values of netting arrangements	**(113,670)**	**222,393**		**16,298**	**(768,729)**		**25,768**	**(1,317,946)**	
Cash collateral received	**179,825**	**(521,838)**		**(39,525)**	**1,190,713**		**(25,439)**	**1,458,662**	
Fair values after netting	**66,155**	**(299,445)**		**(23,227)**	**421,984**		**329**	**140,716**	

12. Customers' deposits

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited
Demand	147,938,681	152,966,149	130,781,260
Time	41,335,209	30,443,041	49,556,715
Savings	3,330,666	2,051,920	2,091,292
Margin and others	1,284,933	1,299,502	1,261,043
Total	**193,889,489**	**186,760,612**	**183,690,310**

13. Debt securities in issue

SAR 5 Billion 10 year Sukuk – 2020

SABB completed issuance of its SAR 5 billion Tier II Sukuk on 22 July 2020. The Sukuk issuance is under the Group's local Sukuk Programme (the "Local Programme") and is due in 2030, with SABB having an option to repay the Sukuk after 5 years, subject to prior approval of SAMA and terms and conditions of the Local Programme. The structure of the Sukuk was approved by SABB's Shari'ah committee. The Sukuk is unsecured and was offered by way of private placement in the Kingdom of Saudi Arabia carrying effective special commission income at six months' SAIBOR plus margin of 195 bps payable semi-annually.

14. Commitments and contingencies

a) Legal proceedings

There are no material outstanding legal matters against the Group.

b) Credit related commitments and contingencies

Credit related commitments and contingencies are as follows:

31 March 2022 (Unaudited)	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	18,838,336	1,094,565	3,669	44,458	**19,981,028**
Letters of guarantee	66,587,773	8,947,845	1,443,381	1,703,616	**78,682,615**
Acceptances	2,122,046	336,344	1,079	2,704	**2,462,173**
Irrevocable commitments to extend credit	3,830,181	195,980	-	-	**4,026,161**
Total	**91,378,336**	**10,574,734**	**1,448,129**	**1,750,778**	**105,151,977**

31 December 2021 (Audited)	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	16,198,187	1,071,383	27,597	50,560	17,347,727
Letters of guarantee	60,479,102	8,190,612	1,440,987	1,883,095	71,993,796
Acceptances	1,448,655	338,972	96	-	1,787,723
Irrevocable commitments to extend credit	4,044,096	240,577	-	-	4,284,673
Total	**82,170,040**	**9,841,544**	**1,468,680**	**1,933,655**	**95,413,919**

31 March 2021 (Unaudited)	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	14,160,253	1,140,041	2,062	66,693	**15,369,049**
Letters of guarantee	61,283,984	8,336,260	1,064,934	2,171,141	**72,856,319**
Acceptances	1,956,858	682,975	1,333	22,261	**2,663,427**
Irrevocable commitments to extend credit	3,488,055	162,640	-	-	**3,650,695**
Total	**80,889,150**	**10,321,916**	**1,068,329**	**2,260,095**	**94,539,490**

The following table shows reconciliations from the opening to the closing balance of the provision for expected credit losses against off balance sheet exposures:

31 March 2022 (Unaudited)	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2022	**62,055**	**271,134**	**399,589**	**1,569**	**734,347**
Transfer to stage 1	4,888	(4,888)	-	-	-
Transfer to stage 2	(6,227)	6,678	(451)	-	-
Transfer to stage 3	-	(930)	930	-	-
Net re-measurement of loss allowance	(8,197)	25,125	87,519	1,746	106,193
Write offs	-	-	-	-	-
Balance as at 31 March 2022	**52,519**	**297,119**	**487,587**	**3,315**	**840,540**

31 December 2021 (Audited)	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2021	**38,855**	**136,654**	**487,056**	**-**	**662,565**
Transfer to 12 month ECL	1,747	(1,747)	-	-	-
Transfer to lifetime ECL not credit impaired	(605)	905	(300)	-	-
Transfer to lifetime ECL credit impaired	(3)	(1,996)	1,999	-	-
Net re-measurement of loss allowance	22,061	137,318	(73,711)	1,569	87,237
Write-offs	-	-	(15,455)	-	(15,455)
Balance as at 31 December 2021	**62,055**	**271,134**	**399,589**	**1,569**	**734,347**

31 March 2021 (Unaudited)	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2021	**38,855**	**136,654**	**487,056**	-	**662,565**
Transfer to stage 1	2,176	(2,176)	-	-	-
Transfer to stage 2	(210)	210	-	-	-
Transfer to stage 3	-	(1,881)	1,881	-	-
Net re-measurement of loss allowance	31,307	93,373	3,769	1,569	130,018
Write offs	-	-	(15,455)	-	(15,455)
Balance as at 31 March 2021	**72,128**	**226,180**	**477,251**	1,569	**777,128**

15. Basic and diluted earnings / (losses) per share

Basic and diluted earnings / (losses) per share from continuing and discontinued operations for the periods ended 31 March 2022 and 31 March 2021 are calculated by dividing the net income / (loss) after Zakat and income tax from continuing and discontinued operations for the periods by the weighted average number of shares outstanding during the periods.

16. Zakat and income tax

The Zakat base computed in accordance with the formula specified in the Zakat Regulations is also subject to thresholds for minimum and maximum liability. In addition, SABB is subject to pay corporate income tax to reflect the portion of the shareholder base that is non-Saudi. Corporate income tax is calculated at a rate of 20%, applied to the share of taxable income of the non-Saudi shareholders.

SABB Zakat and tax assessments for 2019 and 2020 are still under ZATCA review. SABB tax assessments for the years from 2005 to 2009 & 2014 to 2018 have been finalized. AAB tax assessments for the years from 2007 to 2013 have been finalized. SABB has filed an appeal on the AAB tax assessments for the years from 2005 to 2006 which is currently pending with Tax Violation and Disputes Appellate Committee.

17. Cash and cash equivalents

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Cash and balances with SAMA excluding the statutory deposit	2,154,983	2,845,831	11,001,532
Due from banks and other financial institutions with an original maturity of three month or less from date of the acquisition	7,207,007	5,697,717	8,802,052
Total	**9,361,990**	**8,543,548**	**19,803,584**

18. Operating segments

The Group's primary business is conducted in the Kingdom of Saudi Arabia. Transactions between the operating segments are on normal commercial terms and conditions. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance.

The Group's reportable segments are as follows:

Retail Banking

Caters mainly to the banking requirements of personal and private banking customers.

Corporate and Institutional Banking

Caters mainly to the banking requirements of corporate and institutional banking customers.

Treasury

Manages the Group's liquidity, currency and special commission rate risks. It is also responsible for funding the Group's operations and managing the Group's investment portfolio and liquidity position.

Others

Includes activities of the Group's investment in its insurance subsidiary and associates, SABB Takaful, HSBC Saudi Arabia and Wataniya, as well as a subsidiary for investment banking and brokerage, Alawwal Invest, equity investments, and merger-related expenses. It also includes elimination of inter-group income and expense items.

Transactions between the operating segments are reported as recorded by the Group's transfer pricing system.

The Group's total assets and liabilities as at 31 March 2022 and 31 March 2021, its total operating income and expenses, and the results for the periods then ended, by operating segment, are as follows:

31 March 2022	Note	Retail Banking	Corporate and Institutional Banking	Treasury	Others	Total
Total assets		**52,393,474**	**137,152,269**	**91,047,988**	**2,098,006**	**282,691,737**
Loans and advances, net		42,465,908	133,681,885	-	-	176,147,793
Investments, net		-	-	65,439,826	148,536	65,588,362
Investment in an associate		-	-	-	650,902	650,902
Total liabilities		**80,523,431**	**117,007,161**	**30,692,713**	**691,382**	**228,914,687**
Customer deposits		76,419,922	111,181,130	6,288,437	-	193,889,489
Operating income / (loss) from external customers		638,720	1,085,385	398,788	(11,248)	2,111,645
Inter-segment operating income (expense)		26,184	(178,630)	152,152	294	-
Total operating income / (loss), of which:		**664,904**	**906,755**	**550,940**	**(10,954)**	**2,111,645**
Net special commission income / (expense)		503,117	560,352	350,608	(424)	1,413,653
Net fees and commission income / (expenses)		79,075	281,262	(900)	(20,174)	339,263
Provision for / (reversal of) expected credit losses, net		36,083	(97,226)	1,361	-	(59,782)
Total operating expenses		**(459,797)**	**(389,878)**	**(74,409)**	**(16,118)**	**(940,202)**
Share in earnings of an associate		-	-	-	67,543	67,543
Net income for the period before Zakat and income tax from continuing		**241,190**	**419,651**	**477,892**	**40,471**	**1,179,204**
Net loss from discontinued operations	**25**	**-**	**-**	**-**	**(11,739)**	**(11,739)**

31 March 2021 (Unaudited)	Note	Retail Banking	Corporate and Institutional Banking	Treasury	Others	Total
Total assets		**46,319,414**	**124,741,412**	**96,920,348**	**3,574,081**	**271,555,255**
Loans and advances, net		36,844,984	119,865,080	-	-	156,710,064
Investments		-	-	61,126,118	2,098,494	63,224,612
Investment in associates		-	-	-	658,297	658,297
Total liabilities		**82,401,977**	**100,284,359**	**36,103,210**	**731,118**	**219,520,664**
Customer deposits		78,577,161	94,439,049	10,674,100	-	183,690,310
Operating income from external customers		609,817	1,054,212	346,623	10,873	2,021,525
Inter-segment operating income (expense)		82,949	(189,905)	111,626	(4,670)	-
Total operating income / (loss), of which:		**692,766**	**864,307**	**458,249**	**6,203**	**2,021,525**
Net special commission income		560,236	546,003	322,808	-	1,429,047
Net fees and commission income / (expense)		66,768	226,456	(1,114)	7,840	299,950
Provision for / (reversal of) expected credit losses, net		307,516	(308,568)	(616)	-	(1,668)
Total operating expenses		**(498,994)**	**(342,852)**	**(45,822)**	**(19,364)**	**(907,032)**
Share in earnings of associates		-	-	-	39,065	39,065
Net income for the period before Zakat and income tax from continuing operations		**501,288**	**212,887**	**411,811**	**25,904**	**1,151,890**
Net loss from discontinued operations	**25**	-	-	-	**(14,362)**	**(14,362)**

19. Financial risk management

Credit Risk

The Board of Directors is responsible for the overall risk management approach within SABB and for reviewing its effectiveness.

The Board's designated committee for risk matters is the Board Risk Committee which approves and provides oversight for the Group's risk framework, plans and performance targets, which include the establishment of risk appetite statements, risk management strategies, the appointment of senior officers, the delegation of authorities for credit and other risks and the establishment of effective control procedures.

The Group manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities. There is also credit risk on credit related commitments and contingencies and derivatives. The Group assesses the probability of default of counterparties using internal rating tools. The Group also uses external ratings, of major rating agencies, where available.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure. In certain cases, the Group may also close out transactions to mitigate credit risk. The Group's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or market sectors. It also takes security when appropriate. The Group also seeks additional collateral, where possible, from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreements.

a. Provision for expected credit losses, net

The following table shows the provision for expected credit losses for due from banks and other financial institutions, investments, loans and advances and off balance sheet exposures:

	Notes	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Net provision for expected credit losses:			
Due from banks and other financial institutions, net	6	(458)	(1,421)
Investments	7	1,819	805
Loans and advances, net	8	(87,897)	84,354
Off balance sheet exposures	14	(106,193)	(130,018)
Write-offs net of recoveries		132,947	44,612
Net charge for the period		**(59,782)**	**(1,668)**

b. Collateral

The Group in the ordinary course of lending activities hold collaterals as security to mitigate credit risk in the loans and advances. These collaterals mostly include time, demand, and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collateral is held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk.

20. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Consequently, differences can arise between the carrying values and fair value estimates. The fair values of recognised financial instruments are not materially different from their carrying values.

Determination of fair value and fair value hierarchy:

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

- **Level 1:** quoted prices in active markets for the same instrument (e.g, without modification or repacking):
- **Level 2:** quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data: and
- **Level 3:** valuation techniques for which any significant input is not based on observable market data.

31 March 2022 (Unaudited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	1,165,163	-	1,165,163	-	**1,165,163**
Investments held as FVSI	1,064,612	488,897	575,715	-	**1,064,612**
Investments held as FVOCI – Debt	20,021,532	-	20,021,532	-	**20,021,532**
Investments held as FVOCI – Equity	23,829	-	-	23,829	**23,829**
Financial assets not measured at fair value					
Due from banks and other financial institutions	7,404,934	-	7,404,934	-	**7,404,934**
Investments held at amortised cost	44,478,389	-	44,474,171	-	**44,474,171**
Loans and advances	176,147,793	-	-	174,546,363	**174,546,363**
Financial liabilities measured at fair value					
Derivative financial instruments	1,046,553	-	1,046,553	-	**1,046,553**
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	17,135,352	-	17,135,352	-	**17,135,352**
Customers deposits	193,889,489	-	193,867,589	-	**193,867,589**
Debt securities in issue	5,028,016	-	5,028,016	-	**5,028,016**

31 December 2021 (Audited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	1,109,845	-	1,109,845	-	**1,109,845**
Investments held as FVSI	1,383,368	949,344	434,024	-	**1,383,368**
Investments held as FVOCI – Debt	18,665,583	-	18,665,583	-	**18,665,583**
Investments held as FVOCI – Equity	24,382	-	-	24,382	**24,382**
Financial assets not measured at fair value					
Due from banks and other financial institutions	5,993,175	-	5,993,175	-	**5,993,175**
Investments held at amortised cost	44,830,365	-	44,821,665	-	**44,821,665**
Loans and advances	167,556,478	-	-	164,862,626	**164,862,626**
Financial liabilities measured at fair value					
Derivative financial instruments	1,514,592	-	1,514,592	-	**1,514,592**
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	14,663,666	-	14,663,666	-	**14,663,666**
Customers deposits	186,760,612	-	186,754,288	-	**186,754,288**
Debt securities in issue	5,061,533	-	5,061,533	-	**5,061,533**

Derivatives classified as Level 2 comprise over the counter special commission rate swaps, currency swaps, special commission rate options, forward foreign exchange contracts, currency options and other derivative financial instruments. These derivatives are fair valued using the Group's proprietary valuation models that are based on discounted cash flow techniques. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.

FVOCI investments classified as Level 2 include bonds for which market quotes are not available. These are fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads.

FVOCI investments classified as Level 3 include Private Equity Funds, the fair value of which is determined based on the fund's latest reported net assets value as at the reporting date. The movement in Level 3 financial instruments during the period relates to fair value and capital repayment movements only.

Fair values of listed investments are determined using bid marked prices. Fair values of unlisted investments are determined using valuation techniques that incorporate the prices and future earning streams of equivalent quoted securities.

Loans and advances are classified as Level 3, the fair value of which is determined by discounting future cash flows using risk adjusted expected SAIBOR rates.

The fair values of due from and due to banks and other financial institutions which are carried at amortised cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements, since these are short dated and the current market special commission rates for similar financial instruments are not significantly different from the contracted rates.

The fair values of demand deposits are approximated by their carrying value. For deposits with longer-term maturities, fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities.

Debt securities in issue and borrowings are floating rate instruments that re-price within a year and accordingly, the fair value of this portfolio approximates the carrying value. The fair value of the remaining portfolio is not significantly different from its carrying value.

There were no transfers between the levels of fair value hierarchies during the period.

The values obtained from valuation models may be different from the transaction price of financial instruments on transaction date. The difference between the transaction price and the model value is commonly referred to as 'day one profit and loss'. It is either amortised over the life of the transaction or 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. Valuation techniques include net present value and discounted cash flow models, and comparison with similar instruments for which market observable prices exist.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices and foreign currency exchange rates.

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

21. 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.

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

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 allocations 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.

As part of the latest SAMA guidance on Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures, Banks are now allowed to add-back up to 100% of the transitional adjustment amount to Common Equity Tier 1 (CET1) for the full two year period comprising 2020 and 2021 effective from 31 March 2021 financial statement reporting. Starting from 2022, the add-back amount will be then phased-out on a straight-line basis over the 3 years. The impact of these revised transitional arrangements to the Group's Tier 1 and Tier 1 + 2 ratio have been an improvement of 34bps for the period ended 31 March 2022.

	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Risk Weighted Assets (RWA)			
Credit Risk RWA	219,725,970	209,202,075	200,180,333
Operational Risk RWA	16,212,894	18,021,472	18,021,472
Market Risk RWA	2,185,869	2,192,526	1,730,220
Total RWA	**238,124,733**	**229,416,073**	**219,932,025**
Tier I Capital	44,157,187	44,263,704	43,083,826
Tier II Capital	5,724,346	5,850,780	6,074,931
Total I and II Capital	**49,881,533**	**50,114,484**	**49,158,757**
Capital Adequacy Ratio %			
Tier I ratio	18.54%	19.29%	19.59%
Tier I + Tier II ratio	20.95%	21.84%	22.35%

22. Impact of Coronavirus ("COVID-19") and SAMA Programs

During 2020 and 2021, the Coronavirus ("COVID-19") pandemic disrupted global markets as many geographies experienced issues due to identification of multiple new variants of this infections. Significant improvement has been witnessed around the world after vaccination of mass population by various countries resulting in the reduction of active cases and relaxation of COVID restrictions. The Group continues to evaluate the current macroeconomic situation including the impact of the pandemic and resultant government and SAMA support measures to date, such as repayment holidays and other mitigating packages, have had on the financing portfolio along with conducting review of credit exposure concentrations at a more granular level with particular focus on specific economic sectors, regions, counterparties and collateral protection and taking appropriate customer credit rating actions and initiating restructuring of loans, where required.

Private Sector Financing Support Program ("PSFSP")

In response to COVID-19, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises ("MSME") as defined by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The payment reliefs were considered as short-term liquidity support to address borrowers' potential cash flow shortages. The accounting impact of the above changes in terms of the credit facilities were assessed and has been treated as per the requirements of IFRS 9 as modification in terms of arrangement. The Deferred Payment Program has ended on March 31, 2022.

In order to compensate the related cost that the Group had incurred under the SAMA and other public authorities program, during 2020 and 2021, the Group received multiple profit free deposits from SAMA of varying maturities, which qualified as Government grants and were accounted for as such.

During the period ended March 31, 2022, SAR 2 million (March 31, 2021: SAR 78 million) has been recognized in the interim condensed consolidated statement of income with respect to the amortization of grant income on related deposits with an aggregate of SAR 19 million deferred grant income as at March 31, 2022 (December 31, 2021: SAR 21 million).

23. Proposed dividends

The Board of Directors on 21 February 2022 has proposed a net final dividend of SAR 702 million for the year 2021, resulting in net dividend of SAR 0.36 per share net of Zakat for Saudi shareholders. The income tax of the foreign strategic shareholders will be deducted from their share of the dividends.

24. IBOR Transition (Interest Rate Benchmark Reforms)

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board ("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").

Management is running a project on the Group's overall transition activities and continues to engage with various stakeholders to support an orderly transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes. The Group has complied with the regulatory deadline of the LIBOR transition 31 December 2021 and is now offering products based on overnight SOFR, Term SOFR and Islamic SOFR.

The Group is also exposed to the effects of USD LIBOR reform on its financial assets and liabilities. The Group has no exposure to any other LIBOR rates.

25. Held for sale and discontinued operations

During the period SABB Takaful has announced that it has signed a binding merger agreement with Walaa on 24 February 2022 to merge through a share swap transaction, whereby Walaa shall issue 0.60 shares against each issued share in SABB Takaful to the benefit of eligible shareholders of SABB Takaful and as consideration for the transfer of assets and liabilities of SABB Takaful. Upon completion of the Merger Transaction, Walaa shall become, by operation of law, the legal successor of the assets, liabilities, rights and obligations of SABB Takaful and SABB Takaful shall cease to exist and Walaa will increase its share capital by issuing 20,418,619 shares of SAR 10 per share to SABB Takaful's eligible shareholders based on the exchange ratio. The value of Walaa's share capital will accordingly become SAR 850,583,250 divided into 85,058,325 shares, out of which 20,418,619 shares, 24.01% will be held by the SABB Takaful shareholders. The merger transaction is subject to shareholders' and regulatory approvals.

Summarised statement of financial position of SABB Takaful consolidated, after intragroup adjustments, in SABB's interim condensed consolidated financial statements as at 31 March 2022, based on SABB Takaful's financial statements as at 31 December 2021 is as below:

		31 December 2021
Disposal group assets		
Due from banks and other financial institutions		120,545
Investments, net		626,075
Goodwill	10	13,806
Other assets		181,226
Total assets held for sale		**941,652**
Liabilities directly associated with assets classified as held for sale		
Other liabilities		736,228
Total liabilities directly associated with assets classified as held for sale		**736,228**

Fair value of the disposal group at 31 March 2022 amounted to SAR 343 million against the adjusted book value of SAR 306 million. Summarised statement of income of SABB Takaful consolidated, after intragroup adjustments, in SABB's interim condensed consolidated financial statements as at 31 March 2022, based on SABB Takaful's financial statements as at 31 December 2021 is as below:

	Three month period ended 31 December 2021	Three month period ended 31 December 2020
Net operating income	2,905	(436)
Total operating expenses	(14,644)	(13,926)
Net loss from discontinued operations for the period	**(11,739)**	**(14,362)**

Summarised statement cash flows of SABB Takaful consolidated in SABB's interim condensed consolidated financial statements as at 31 March 2022, based on SABB Takaful's financial statements as at 31 December 2021 is as below:

	Three month period ended 31 December 2021	Three month period ended 31 December 2020
Net cash generated from operating activities	16,601	(139,695)
Net cash generated from investing activities	(261)	(104)

26. Comparative figures

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

27. Board of Directors' approvals

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on 24 Ramadan 1443AH (Corresponding 25 April 2022).