The Saudi British Bank
Interim Condensed Consolidated Financial Statements

For the nine month period ended

30 September 2022

(Unaudited)

SABB ساب

pwc

KPMG
KPMG Professional Services
Riyadh Front, Airport Road
P.O. Box 92876
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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 condensed consolidated statement of financial position of The Saudi British Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2022, and the related interim condensed consolidated statements of income and comprehensive income for the three and nine month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and other explanatory notes (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with 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
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محاسبون قانونيون
ترخيص رقم ٢٥
س.ت ١٠١٠٣٧١٦٢٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
LICENSE NO.25
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KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
Certified Public Accountant
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ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
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KPMG Professional Services
(Professional Closed Joint Stock Company)
Paid-up capital SR 25,000,000
C.R. No. 1010425494
Headquarters in Riyadh

The Saudi British Bank

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Interim condensed consolidated statement of financial position

	Notes	As at 30 September 2022 Unaudited SAR' 000	As at 31 December 2021 Audited SAR' 000	As at 30 September 2021 Unaudited SAR' 000
ASSETS				
Cash and balances with Saudi Central Bank ("SAMA")	5	15,144,242	14,909,404	13,960,749
Due from banks and other financial institutions, net	6	2,085,021	5,993,175	5,819,935
Assets classified as held for sale	25,9	954,699	-	68,134
Positive fair value derivatives, net	11	2,624,196	1,109,845	1,463,199
Investments, net	7	78,785,835	64,903,698	66,105,983
Loans and advances, net	8	183,159,517	167,556,478	163,500,115
Investment in an associate	9	594,698	583,359	536,079
Other assets		2,378,130	3,353,086	4,154,950
Property, equipment and right of use assets, net		3,500,354	3,246,167	3,167,567
Goodwill and other intangibles	10	10,763,755	10,740,811	10,775,742
Total assets		**299,990,447**	**272,396,023**	**269,552,453**
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		23,041,114	14,663,666	17,986,284
Customers' deposits	12	202,864,399	186,760,612	180,247,727
Negative fair value derivatives, net	11	1,825,581	1,514,592	1,966,739
Liabilities directly associated with assets classified as held for sale	25	763,317	-	-
Debt securities in issue	13	5,048,727	5,061,533	5,026,153
Other liabilities		13,013,070	11,367,103	11,724,462
Total liabilities		**246,556,208**	**219,367,506**	**216,951,365**
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		(1,142,828)	(29,939)	(30,370)
Retained earnings		4,855,452	3,335,498	2,908,576
Total equity attributable to equity holders of the Bank		**53,333,396**	**52,926,331**	**52,498,978**
Total equity attributable to Non-controlling interest		100,843	102,186	102,110
Total equity		**53,434,239**	**53,028,517**	**52,601,088**
Total liabilities and equity		**299,990,447**	**272,396,023**	**269,552,453**

The accompanying notes 1 to 28 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

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Interim condensed consolidated statement of income - Unaudited

	Notes	Three month ended 30 September 2022 SAR'000	Three month ended 30 September 2021 SAR'000	Nine month ended 30 September 2022 SAR'000	Nine month ended 30 September 2021 SAR'000
Continuing operations					
Special commission income		2,521,263	1,556,322	6,123,706	4,815,421
Special commission expense		(536,427)	(149,636)	(1,006,957)	(514,644)
Net special commission income		**1,984,836**	**1,406,686**	**5,116,749**	**4,300,777**
Fee and commission income		693,760	655,226	2,072,538	1,836,497
Fee and commission expense		(416,034)	(334,119)	(1,143,418)	(947,609)
Net fee and commission income		**277,726**	**321,107**	**929,120**	**888,888**
Exchange income, net		207,269	161,281	566,640	429,206
Dividend income		-	-	-	14,828
Income from FVSI financial instruments		104,026	36,987	300,314	121,411
Gains on FVOCI debt instruments, net		-	16,037	-	63,520
Gains on non-FVSI investments, net		-	-	30,505	-
Other operating (expense) / income, net		(10,264)	(6,670)	22,749	54,218
Total operating income		**2,563,593**	**1,935,428**	**6,966,077**	**5,872,848**
Provision for expected credit losses, net	19 (a)	(37,514)	(12,996)	(233,192)	(40,242)
Operating expenses:					
Salaries and employee related expenses		(448,726)	(454,061)	(1,294,972)	(1,244,336)
Rent and premises related		(10,163)	(14,542)	(32,387)	(43,798)
Depreciation and amortization		(116,332)	(140,805)	(347,889)	(489,126)
General and administrative expenses		(362,993)	(292,322)	(1,114,891)	(811,167)
Total operating expenses		**(938,214)**	**(901,730)**	**(2,790,139)**	**(2,588,427)**
Income from operating activities		**1,587,865**	**1,020,702**	**3,942,746**	**3,244,179**
Share in earnings of associates	9	46,668	20,032	167,553	84,148
Net income for the period before Zakat and income tax		**1,634,533**	**1,040,734**	**4,110,299**	**3,328,327**
Provision for Zakat and income tax	16	(231,042)	(150,351)	(597,232)	(529,248)
Net income for the period after Zakat and income tax from continuing operations		**1,403,491**	**890,383**	**3,513,067**	**2,799,079**
Net loss from discontinued operations	25	(5,927)	(4,611)	(29,580)	(24,429)
Net income for the period after Zakat and income tax		**1,397,564**	**885,772**	**3,483,487**	**2,774,650**
Attributable to:					
Equity holders of the Bank		1,395,937	885,302	3,484,830	2,777,508
Non-controlling interest		1,627	470	(1,343)	(2,858)
Net income for the period after Zakat and income tax		**1,397,564**	**885,772**	**3,483,487**	**2,774,650**
Basic and diluted earnings per share (in SAR) from continuing operations attributable to equity holders of the Bank	15	**0.68**	0.43	**1.71**	1.36
Basic and diluted losses per share (in SAR) from discontinued operations attributable to equity holders of the Bank	15	**(0.00)**	(0.00)	**(0.01)**	(0.01)
Basic and diluted earnings per share (in SAR)	15	**0.68**	0.43	**1.70**	1.35

The accompanying notes 1 to 28 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

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Interim condensed consolidated statement of comprehensive income - Unaudited

	Three month ended		Nine month ended	
	30 September 2022 SAR'000	30 September 2021 SAR'000	30 September 2022 SAR'000	30 September 2021 SAR'000
Net income for the period after Zakat and income tax	**1,397,564**	**885,772**	**3,483,487**	**2,774,650**
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)	-	2,469	-	375,844
Re-measurement of defined benefit liability	(7,094)	(5,221)	(39,157)	(19,203)
Items that will be reclassified to interim consolidated statement of income in subsequent periods				
Debt instrument at FVOCI:				
Net changes in fair value	(601,186)	(67,292)	(1,114,846)	(19,119)
Transfer to interim condensed consolidated statement of income, net	-	(16,037)	-	(63,520)
Cash flow hedges:				
Net changes in fair value	(14,274)	261	8,150	662
Transfer to interim condensed consolidated statement of income	(1,357)	(4,272)	(12,168)	(10,398)
Total other comprehensive (loss) / income for the period	**(623,911)**	**(90,092)**	**(1,158,021)**	**264,266**
Total comprehensive income for the period	**773,653**	**795,680**	**2,325,466**	**3,038,916**
Attributable to:				
Equity holders of the Bank:				
Continuing operations	777,953	799,821	2,356,389	3,066,203
Discontinued operations	(5,927)	(4,611)	(29,580)	(24,429)
Non-controlling interest – discontinued operations	1,627	470	(1,343)	(2,858)
Total	**773,653**	**795,680**	**2,325,466**	**3,038,916**

The accompanying notes 1 to 28 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

	Note	Attributable to equity holders of the Bank Share capital SAR'000	Share premium SAR'000	Statutory reserve SAR'000	Other reserves SAR'000	Retained earnings SAR'000	Total SAR'000	Non-controlling interest SAR'000	Total equity SAR'000
30 September 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 for the period after Zakat and income tax		-	-	-	-	3,484,830	3,484,830	(1,343)	3,483,487
Net changes in fair value of cash flow hedges		-	-	-	8,150	-	8,150	-	8,150
Net changes in fair value of FVOCI debt instruments		-	-	-	(1,114,846)	-	(1,114,846)	-	(1,114,846)
Re-measurement of defined benefit liability		-	-	-	(39,157)	-	(39,157)	-	(39,157)
Transfer to interim condensed consolidated statement of income		-	-	-	(12,168)	-	(12,168)	-	(12,168)
		-	-	-	**(1,158,021)**	**3,484,830**	**2,326,809**	**(1,343)**	**2,325,466**
Employee share plan reserve		-	-	-	45,132	-	45,132	-	45,132
2022 interim dividend, net of Zakat and income tax	23	-	-	-	-	(1,262,501)	(1,262,501)	-	(1,262,501)
2021 final dividend, net of Zakat and income tax	23	-	-	-	-	(702,375)	(702,375)	-	(702,375)
Balance at the end of the period		**20,547,945**	**8,524,882**	**20,547,945**	**(1,142,828)**	**4,855,452**	**53,333,396**	**100,843**	**53,434,239**

	Note	Attributable to equity holders of the Bank Share capital SAR'000	Share premium SAR'000	Statutory reserve SAR'000	Other reserves SAR'000	Retained earnings SAR'000	Total SAR'000	Non-controlling interest SAR'000	Total equity SAR'000
30 September 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 for the period after Zakat and income tax		-	-	-	-	2,777,508	2,777,508	(2,858)	2,774,650
Net changes in fair value of cash flow hedges		-	-	-	662	-	662	-	662
Net changes in fair value of FVOCI equity instruments		-	-	-	375,844	-	375,844	-	375,844
Net changes in fair value of FVOCI debt instruments		-	-	-	(19,119)	-	(19,119)	-	(19,119)
Re-measurement of defined benefit liability		-	-	-	(19,203)	-	(19,203)	-	(19,203)
Transfer to interim condensed consolidated statement of income		-	-	-	(73,918)	-	(73,918)	-	(73,918)
		-	-	-	**264,266**	**2,777,508**	**3,041,774**	**(2,858)**	**3,038,916**
Purchase of treasury shares		-	-	-	(115,000)	-	(115,000)	-	(115,000)
Employee share plan reserve		-	-	-	(9,081)	-	(9,081)	-	(9,081)
Transfer to statutory reserve		-	(9,062,104)	9,062,104	-	-	-	-	-
Transfer of gain on disposal of equity instruments at FVOCI		-	-	-	(495,492)	495,492	-	-	-
2021 interim dividend paid net of Zakat and income tax	23	-	-	-	-	(1,075,487)	(1,075,487)	-	(1,075,487)
Balance at the end of the period		**20,547,945**	**8,524,882**	**20,547,945**	**(30,370)**	**2,908,576**	**52,498,978**	**102,110**	**52,601,088**

The accompanying notes 1 to 28 form an integral part of these interim condensed consolidated financial statements.

Lama Ghazzaoui
Chief Financial Officer

Tony Cripps
Managing Director & Authorized Member

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Interim condensed consolidated statement of cash flows - Unaudited

For the nine month period ended

	Notes	30 September 2022 SAR'000	30 September 2021 SAR'000
OPERATING ACTIVITIES			
Net income for the period before Zakat and income tax, after loss from discontinued operations		**4,084,339**	**3,307,882**
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		20,042	36,208
Depreciation and amortization		347,889	489,126
Special commission expense on debt securities in issue		136,068	110,249
Gains on debt instruments, net		(30,505)	(63,520)
Cash flow hedge gains transfer to interim condensed consolidated statement of income		(12,168)	(10,398)
Share in earnings of associates	9	(167,553)	(84,148)
Provision for expected credit losses, net	19 (a)	233,192	40,242
Employee share plan reserve		45,132	(9,081)
		4,656,436	**3,816,560**
Change in operating assets:			
Statutory deposit with SAMA		(983,590)	23,675
Due from banks and other financial institutions, net		297,660	78,995
Investments held as FVSI		257,706	(152,745)
Loans and advances, net		(14,622,602)	(10,171,243)
Other assets and derivatives		(1,478,134)	498,622
Change in operating liabilities:			
Due to banks and other financial institutions		8,377,448	365,328
Customers' deposits		16,103,787	(8,862,413)
Other liabilities and derivatives, net		2,551,915	(653,142)
		15,160,626	**(15,056,363)**
Zakat and income tax paid		(548,689)	(183,717)
Net cash generated from / (used in) operating activities		**14,611,937**	**(15,240,080)**
INVESTING ACTIVITIES			
Proceeds from sale and maturity of investments not held as FVSI		3,437,385	3,620,242
Purchase of investments not held as FVSI		(18,676,830)	(8,418,299)
Dividend received from investments in associates	9	156,214	99,167
Purchase of property and equipment, net		(505,020)	(281,081)
Acquisition of business	26	(1,203,209)	-
Net cash used in investing activities		**(16,791,460)**	**(4,979,971)**
FINANCING ACTIVITIES			
Special commission paid on debt securities in issue		(148,874)	(150,706)
Payment of lease liabilities		(67,808)	(110,872)
Purchase of treasury shares		-	(115,000)
Dividends paid		(1,962,349)	(1,074,729)
Net cash used in financing activities		**(2,179,031)**	**(1,451,307)**
Net change in cash and cash equivalents		**(4,358,554)**	**(21,671,358)**
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	**4,184,994**	**8,037,336**
Supplemental non cash information			
Right of use assets		525,981	638,751
Lease liabilities		599,223	675,696
Assets classified as held for sale	25	954,699	68,134
Liabilities directly associated with assets classified as held for sale	25	763,317	-
Net changes in fair value and transfers to interim consolidated statement of income		(1,158,021)	264,266

The accompanying notes 1 to 28 form an integral part of these interim condensed consolidated financial statements.

Lama A GHAZZAOUI
Lama Ghazzaoui
Chief Financial Officer

Tony CRIPPS
Tony Cripps
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 had 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 was liquidated during the current quarter.

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 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. Further to the announcement by SABB Takaful of signing a binding merger agreement with Walaa Cooperative Insurance Company ("Walaa") on 27 February 2022, SABB Takaful announced during the current quarter that the shareholders have approved the offer submitted by Walaa for the merger. The details of the transaction and disclosures relating to SABB Takaful merger agreement are disclosed further in note 25 to these interim condensed consolidated financial statements.

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 completed during the current quarter of 2022. Please refer note 26 to these interim condensed consolidated financial statements for further details.

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 entered into an agreement to transfer its Asset Management, Retail Brokerage and Retail Margin Lending businesses to AI. The transfer has been completed during the current quarter of 2022. Please refer note 26 to these interim condensed consolidated financial statements for further details.

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 30 September 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 condensed consolidated statement of financial position in the order of liquidity.

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 ended 30 September 2022, 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 within the overall depreciation rates range.		

The estimated net effect of the changes during the period ended 30 September 2022 was a decrease in depreciation / amortisation expense of SAR 68 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, except as set out under note 2 above.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective during the period. 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 significant impact on the interim condensed consolidated financial statements of the period unless otherwise stated below:

Accounting Standards, interpretations, amendments	Description	Effective date
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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2021 (Unaudited)
Cash in hand	1,765,875	1,766,585	1,865,374
Statutory deposit	13,047,163	12,063,573	11,660,025
Placements with SAMA	236,936	927,961	306,987
Other balances	94,268	151,285	128,363
Total	**15,144,242**	**14,909,404**	**13,960,749**

6. Due from banks and other financial institutions, net

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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2021 (Unaudited)
Current accounts	2,087,915	4,961,054	5,653,267
Money market placements	-	1,034,323	168,831
Provision for expected credit losses	(2,894)	(2,202)	(2,163)
Total	**2,085,021**	**5,993,175**	**5,819,935**

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
30 September 2022 (Unaudited)	**2,085,021**	**-**	**-**	**-**	**2,085,021**
31 December 2021 (Audited)	5,993,175	-	-	-	5,993,175
30 September 2021 (Unaudited)	5,819,935	-	-	-	5,819,935

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:

	30 September 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	692	-	-	692
Balance as at 30 September 2022	**2,894**	**-**	**-**	**2,894**

	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**

	30 September 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	534	(333)	-	201
Balance as at 30 September 2021	**2,163**	**-**	**-**	**2,163**

7. Investments, net

Investment securities are classified as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2021 (Unaudited)
FVOCI – Debt	26,519,845	18,665,583	15,066,562
FVOCI – Equity	23,620	24,382	24,429
FVSI	1,125,662	1,383,368	1,390,505
Held at amortised cost	51,125,927	44,843,454	49,639,501
Provision for expected credit losses	(9,219)	(13,089)	(15,014)
Total	**78,785,835**	**64,903,698**	**66,105,983**

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
30 September 2022 (Unaudited)					
Debt instruments at amortised cost, net	51,116,708	-	-	-	**51,116,708**
Debt instruments at FVOCI	26,519,845	-	-	-	**26,519,845**

	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
30 September 2021 (Unaudited)					
Debt instruments at amortised cost, net	49,624,487	-	-	-	**49,624,487**
Debt instruments at FVOCI	15,066,562	-	-	-	**15,066,562**

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

	30 September 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	(4,781)	-	-	(4,781)
Balance as at 30 September 2022	**16,010**	**-**	**-**	**16,010**

	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**

	30 September 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	(3,656)	-	-	(3,656)
Balance as at 30 September 2021	**22,044**	**-**	**-**	**22,044**

8. Loans and advances, net

Loans and advances are comprised of the following:

	30 September 2022 (Unaudited)			
	Credit cards	Other retail lending	Corporate and institutional lending	Total
12 month ECL	2,368,782	40,725,791	113,002,332	**156,096,905**
Lifetime ECL not credit impaired	116,394	2,308,469	21,729,331	**24,154,194**
Lifetime ECL credit impaired	42,486	751,452	4,234,975	**5,028,913**
Purchased or originated credit impaired	137	152,608	3,654,065	**3,806,810**
Total loans and advances, gross	**2,527,799**	**43,938,320**	**142,620,703**	**189,086,822**
Provision for expected credit losses, net	(169,282)	(713,351)	(5,044,672)	**(5,927,305)**
Loans and advances, net	**2,358,517**	**43,224,969**	**137,576,031**	**183,159,517**

	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**

	30 September 2021 (Unaudited)			
	Credit cards	Other retail Lending	Corporate and institutional lending	Total
12 month ECL	1,963,259	33,744,582	98,730,694	**134,438,535**
Lifetime ECL not credit impaired	119,805	2,091,228	24,528,559	**26,739,592**
Lifetime ECL credit impaired	51,097	1,038,692	4,447,344	**5,537,133**
Purchased or originated credit impaired	72	174,111	3,588,328	**3,762,511**
Total loans and advances, gross	**2,134,233**	**37,048,613**	**131,294,925**	**170,477,771**
Provision for expected credit losses, net	(171,840)	(786,956)	(6,018,860)	**(6,977,656)**
Loans and advances, net	**1,962,393**	**36,261,657**	**125,276,065**	**163,500,115**

Lifetime ECL credit impaired includes non-performing loans and advances of SAR 4,425 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:

30 September 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	43,273	(35,838)	(7,435)	-	-
Transfer to Stage 2	(14,627)	93,372	(78,745)	-	-
Transfer to Stage 3	(2,160)	(274,190)	276,350	-	-
Net re-measurement of loss allowance	(74,551)	2,453	430,051	276,675	**634,628**
Financial assets disposed (Note 25a)	-	(1,000,000)	-	-	**(1,000,000)**
Write-offs	-	-	(409,562)	-	**(409,562)**
Balance as at 30 September 2022	**462,957**	**2,268,348**	**2,811,313**	**384,687**	**5,927,305**

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**

30 September 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	28,068	(24,897)	(3,171)	-	-
Transfer to Stage 2	(13,564)	49,503	(35,939)	-	-
Transfer to Stage 3	(2,423)	(20,504)	22,927	-	-
Net re-measurement of loss allowance	(334,270)	652,705	(271,146)	38,396	85,685
Write-offs	-	-	(283,490)	-	(283,490)
Balance as at 30 September 2021	**521,110**	**3,107,785**	**3,257,547**	**91,214**	**6,977,656**

9. Investment in an associate

	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2021 (Unaudited)
HSBC Saudi Arabia			
Balance at beginning of the period / year	**583,359**	**542,955**	**542,955**
Share in earnings	167,553	139,572	92,291
Dividend received	(156,214)	(99,168)	(99,167)
Balance at end of the period / year	**594,698**	**583,359**	**536,079**
Wataniya Insurance Company ("WIC")			
Balance at beginning of the period / year	**-**	**76,277**	**76,277**
Share in losses	-	(8,143)	(8,143)
Reclassified to non-current assets held for sale	-	(68,134)	(68,134)
Balance at end of the period / year	**-**	**-**	**-**
Total	**594,698**	**583,359**	**536,079**
Assets classified as held for sale	**-**	**68,134**	**68,134**
Disposal proceeds of assets during the year	**-**	**79,894**	-
Gain on disposal of 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 "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	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2021 (Unaudited)
Amounts arising from business combination with Alawwal Bank:				
Goodwill		8,778,091	8,778,091	8,778,091
Other intangibles		1,514,349	1,631,407	1,670,427
Goodwill arising from acquisition of business from HSBC Saudi Arabia	26	120,000	-	-
Goodwill arising from acquisition of SABB Takaful	25	-	13,806	13,806
Software		351,315	317,507	313,418
Total		**10,763,755**	**10,740,811**	**10,775,742**

Impairment testing of goodwill

The goodwill acquired through business combination is reviewed annually for impairment. However, 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 30 September 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.

	30 September 2022 (Unaudited)			31 December 2021 (Audited)			30 September 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	1,563,089	(1,426,488)	47,513,923	569,913	(547,847)	39,331,182	837,674	(814,639)	41,765,730
Special commission rate options	191,987	(188,227)	12,023,241	424,607	(446,546)	13,311,790	512,736	(540,264)	14,844,736
Forward foreign exchange contracts	160,568	(105,835)	13,428,554	40,296	(34,585)	3,534,619	27,235	(25,499)	3,391,546
Currency options	50,387	(50,591)	1,647,471	14,900	(14,922)	1,059,600	10,985	(11,019)	1,334,213
Currency swaps	4,891	(3,180)	2,962,500	6,456	(2,958)	4,650,000	17,979	(13,342)	5,512,500
Derivatives held as fair value hedges:									
Special commission rate swaps	647,011	(27,574)	11,532,455	34,794	(457,949)	12,238,311	28,305	(550,991)	12,222,061
Derivatives held as cash flow hedges:									
Special commission rate swaps	517	(21,889)	485,000	2,871	-	90,000	2,912	-	90,000
Currency swaps	5,746	(1,797)	225,000	16,008	(9,785)	1,068,750	25,373	(10,985)	1,781,250
Total	**2,624,196**	**(1,825,581)**	**89,818,144**	**1,109,845**	**(1,514,592)**	**75,284,252**	**1,463,199**	**(1,966,739)**	**80,942,036**
Fair values of netting arrangements	1,207,112	(869)		16,298	(768,729)		22,130	(1,082,503)	
Cash collateral received	(146,910)	34,890		(39,525)	1,190,713		(15,388)	1,649,038	
Fair values after netting	**1,060,202**	**34,021**		**(23,227)**	**421,984**		**6,742**	**566,535**	

12. Customers' deposits

	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2021 (Unaudited)
Demand	144,964,207	152,966,149	139,640,672
Time	54,610,337	30,443,041	37,258,384
Savings	2,161,361	2,051,920	2,077,371
Margin and others	1,128,494	1,299,502	1,271,300
Total	**202,864,399**	**186,760,612**	**180,247,727**

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:

30 September 2022 (Unaudited)	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	15,994,300	1,009,259	13,752	79,600	17,096,911
Letters of guarantee	61,430,570	7,629,560	1,424,087	1,658,464	72,142,681
Acceptances	2,830,920	227,027	1,655	1,723	3,061,325
Irrevocable commitments to extend credit	4,362,476	442,012	-	-	4,804,488
Total	**84,618,266**	**9,307,858**	**1,439,494**	**1,739,787**	**97,105,405**

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**

30 September 2021 (Unaudited)	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	15,498,975	1,242,182	9,532	59,060	16,809,749
Letters of guarantee	64,023,512	8,043,955	1,610,879	2,010,506	75,688,852
Acceptances	1,704,524	398,131	2,306	4,524	2,109,485
Irrevocable commitments to extend credit	3,129,262	152,597	-	-	3,281,859
Total	**84,356,273**	**9,836,865**	**1,622,717**	**2,074,090**	**97,889,945**

The following table shows reconciliations from the opening to the closing balance of the provision for expected credit losses on loan commitments and financial guarantee contracts:

30 September 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	13,545	(12,944)	(601)	-	-
Transfer to stage 2	(6,347)	6,798	(451)	-	-
Transfer to stage 3	-	(1,000)	1,000	-	-
Net re-measurement of loss allowance	(29,177)	(46,279)	161,322	1,746	87,612
Balance as at 30 September 2022	**40,076**	**217,709**	**560,859**	**3,315**	**821,959**

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 stage 1	1,747	(1,747)	-	-	-
Transfer to stage 2	(605)	905	(300)	-	-
Transfer to stage 3	(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**

30 September 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	1,732	(1,732)	-	-	**-**
Transfer to stage 2	(499)	799	(300)	-	**-**
Transfer to stage 3	(3)	(1,996)	1,999	-	**-**
Net re-measurement of loss allowance	12,542	139,245	(23,863)	1,569	**129,493**
Write offs	-	-	(15,455)	-	**(15,455)**
Balance as at 30 September 2021	**52,627**	**272,970**	**449,437**	**1,569**	**776,603**

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

Basic and diluted earnings / (losses) per share from continuing and discontinued operations for the periods ended 30 September 2022 and 30 September 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 2,054,794,522 (September 2021: 2,054,794,522) 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 has filed Zakat and Tax return for the year 2021. Zakat and tax assessments for 2019 and 2020 are still under ZATCA review. SABB tax assessments for the years from 2005 to 2018 have been finalized. AAB tax assessments for the years from 2007 to 2018 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 condensed consolidated statement of cash flows comprise the following:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2021 (Unaudited)
Cash and balances with SAMA excluding the statutory deposit	2,097,079	2,845,831	2,300,724
Due from banks and other financial institutions with an original maturity of three month or less from date of the acquisition	2,087,915	5,697,717	5,736,612
Total	**4,184,994**	**8,543,548**	**8,037,336**

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.

Capital Markets

Includes activities of the Group's investment in its subsidiary for investment banking and brokerage, Alawwal Invest.

Others

Includes activities of the Group's investment in its insurance subsidiary and an associate, SABB Takaful, HSBC Saudi Arabia, 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 per by the Group's transfer pricing policy.

The Group's total assets and liabilities as at 30 September 2022 and 30 September 2021, its total operating income and expenses, and the results for the periods then ended, by operating segment, are as follows:

30 September 2022 (Unaudited)	Note	Retail Banking	Corporate and Institutional Banking	Treasury	Capital markets	Others	Total
Total assets		**54,314,834**	**141,073,420**	**100,870,427**	**1,798,575**	**1,933,191**	**299,990,447**
Loans and advances, net		44,315,868	137,576,031	-	1,267,618	-	183,159,517
Investments, net		-	-	78,572,381	189,834	23,620	78,785,835
Investment in an associate		-	-	-	-	594,698	594,698
Total liabilities		**78,366,380**	**123,507,955**	**43,745,715**	**172,661**	**763,497**	**246,556,208**
Customer deposits		74,228,344	117,214,988	11,421,067	-	-	202,864,399
Operating income / (loss) from external customers		1,792,299	3,763,762	1,414,467	35,083	(39,534)	6,966,077
Inter-segment operating income / (expense)		362,632	(311,462)	(54,823)	-	3,653	-
Total operating income , of which:		**2,154,931**	**3,452,300**	**1,359,644**	**35,083**	**(35,881)**	**6,966,077**
Net special commission income		1,742,407	2,570,142	791,706	12,494	-	5,116,749
Net fees and commission income / (expenses)		232,835	702,040	(2,825)	22,858	(25,788)	929,120
Reversal of / (Provision) for expected credit losses, net		**76,932**	**(313,042)**	**4,089**	**(1,171)**	**-**	**(233,192)**
Total operating expenses / income		**(1,337,711)**	**(1,174,409)**	**(244,411)**	**(87,436)**	**53,828**	**(2,790,139)**
Share in earnings of an associate		-	-	-	-	167,553	167,553
Net income / (loss) for the period before Zakat and income tax from continuing		**894,152**	**1,964,849**	**1,119,322**	**(53,524)**	**185,500**	**4,110,299**
Net loss from discontinued operations	**25**	**-**	**-**	**-**	**-**	**(29,580)**	**(29,580)**

30 September 2021 (Unaudited) (restated)	Note	Retail Banking	Corporate and Institutional Banking	Treasury	Capital markets	Others	Total
Total assets		**48,114,855**	**128,939,628**	**90,243,436**	**219,696**	**2,034,838**	**269,552,453**
Loans and advances, net		38,132,822	125,276,065	-	91,228	-	163,500,115
Investments, net		-	-	65,340,208	123,890	641,885	66,105,983
Investment in an associate		-	-	-	-	536,079	536,079
Total liabilities		**80,612,165**	**103,261,365**	**32,271,057**	**119,012**	**687,766**	**216,951,365**
Customer deposits		76,364,924	97,868,657	6,014,146	-	-	180,247,727
Operating income from external customers		1,790,669	3,012,423	1,033,287	19,151	17,318	5,872,848
Inter-segment operating income (expense)		151,118	(446,711)	300,498	-	(4,905)	-
Total operating income, of which:		**1,941,787**	**2,565,712**	**1,333,785**	**19,151**	**12,413**	**5,872,848**
Net special commission income / (expense)		1,633,912	1,711,030	962,158	2,558	(8,881)	4,300,777
Net fees and commission income		198,722	661,643	7,633	15,887	5,003	888,888
Reversal of / (Provision) for expected credit losses, net		**449,848**	**(493,545)**	**3,455**	**-**	**-**	**(40,242)**
Total operating expenses		**(1,313,060)**	**(1,030,479)**	**(132,103)**	**(52,842)**	**(59,943)**	**(2,588,427)**
Share in earnings of associate		-	-	-	-	84,148	84,148
Net income / (loss) for the period before Zakat and income tax from continuing operations		**1,078,575**	**1,041,688**	**1,205,137**	**(33,691)**	**36,618**	**3,328,327**
Net loss from discontinued operations	**25**	**-**	**-**	**-**	**-**	**(24,429)**	**(24,429)**

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 on loan commitments and financial guarantee contracts:

	Notes	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Net provision for expected credit losses:			
Due from banks and other financial institutions, net	6	(692)	(201)
Investments	7	4,781	3,656
Loans and advances, net	8	(634,628)	(85,685)
Loan commitments and financial guarantee	14	(87,612)	(129,493)
Write-offs net of recoveries		484,959	171,481
Net charge for the period		**(233,192)**	**(40,242)**

b. Collateral

The Group in the ordinary course of lending activities holds 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.

30 September 2022 (Unaudited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Derivative financial instruments	2,624,196	-	2,624,196	-	**2,624,196**
Investments held as FVSI	1,125,662	406,800	718,862	-	**1,125,662**
Investments held as FVOCI – Debt	26,519,845	-	26,519,845	-	**26,519,845**
Investments held as FVOCI – Equity	23,620	-	-	23,620	**23,620**
Financial assets not measured at fair value:					
Due from banks and other financial institutions	2,085,021	-	2,085,021	-	**2,085,021**
Investments held at amortised cost	51,125,927	-	49,489,180	-	**49,489,180**
Loans and advances	183,159,517	-	-	180,594,700	**180,594,700**
Financial liabilities measured at fair value:					**-**
Derivative financial instruments	1,825,581	-	1,825,581	-	**1,825,581**
Financial liabilities not measured at fair value:					
Due to banks and other financial institutions	23,041,114	-	23,041,114	-	**23,041,114**
Customers deposits	202,864,399	-	203,001,169	-	**203,001,169**
Debt securities in issue	5,048,727	-	5,048,727	-	**5,048,727**

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.

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 condensed 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 ratio have been an improvement of 29bps for the period ended 30 September 2022.

	30 September 2022 (Unaudited)	**31 December 2021 (Audited)**	**30 September 2021 (Unaudited)**
Risk Weighted Assets (RWA)			
Credit Risk RWA	226,135,607	209,202,075	205,119,996
Operational Risk RWA	16,212,894	18,021,472	18,021,472
Market Risk RWA	3,278,970	2,192,526	4,313,175
Total RWA	**245,627,471**	**229,416,073**	**227,454,643**
Tier I Capital	44,117,150	44,263,704	43,801,205
Tier II Capital	5,653,144	5,850,780	5,991,516
Total I and II Capital	**49,770,294**	**50,114,484**	**49,792,721**
Capital Adequacy Ratio %			
Tier I ratio	17.96%	19.29%	19.26%
Tier I + Tier II ratio	20.26%	21.84%	21.89%

22. Deferred Payment Program ("DPP")

In response to COVID-19, SAMA launched the 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 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 had been treated as per the requirements of IFRS 9 as modification in terms of arrangement. The DPP program has ended on March 31, 2022.

During the nine month period ended September 30, 2022, SAR 5.93 million (September 30, 2021: SAR 81 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 15.07 million deferred grant income as at September 30, 2022 (December 31, 2021: SAR 21 million). During the three month period ended September 30, 2022, SAR 1.93 million (September 30, 2021: SAR 5.7 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.

23. Dividends

During the period, SABB paid the final dividend of SAR 702 million as approved by the Board of Directors, to the shareholders of the Group for the year 2021. This resulted in SAR 0.36 per share for Saudi shareholders, net of Zakat. The income tax of the foreign shareholders was deducted from their share of the dividends.

During the current quarter, the Board of Directors approved an interim dividend of SAR 1,130 million (2021: SAR 1,027 million) for distribution to the shareholders of the Group for the six month period ended 30 June 2022. The dividend was paid during the current quarter. This equates to SAR 0.55 per share for Saudi shareholders' net of Zakat (2021: SAR 0.50). The income tax of the foreign shareholders will be deducted from their share of the dividend.

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 impacts the products, internal systems and processes. The Group has complied with the regulatory deadline of 31 December 2021 for the LIBOR transition 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

Financial instruments can be reclassified as held for sale if they are non-current assets or if they are part of a disposal group. Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: a) Their carrying amounts will be recovered principally through sale; b) They are available for immediate sale in their present condition; and c) Their sale is highly probable. Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with the applicable accounting policies related to the asset or liability before reclassification as held for sale.

The asset below have been presented as held for sale following the approval of Group management, and the transaction is expected to complete during the current year.

	Note	30 September 2022
Loans and advances, net	25 (a)	-
Investments in a subsidiary	25 (b)	954,699
Total		**954,699**

25 (a) - Loans and advances

During the period ended June 2022, the Group entered into an agreement with a related party to dispose of loans and advances with gross amount of SAR 1,275 million and expected credit losses of SAR 1,000 million, resulting in a net amount of SAR 275 million against an agreed cash consideration of SAR 290 million. The settlement of the transaction was made during the current quarter of 2022 following completion of the legal documentation and loan was derecognised.

25 (b) – Investments in a Subsidiary

Further to the announcement of SABB Takaful that it has announced signing a binding merger agreement with Walaa on 24 February 2022, SABB Takaful announced approval of the offer of merger submitted by Walaa, 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, after expiry of the Creditors' Objection period, 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.

Subsequent to the current period end, the Creditors' Objection period completed on 18 October 2022, the merger transaction has been completed and the investments in Walaa shall be classified as FVOCI from the effective date of the merger.

Summarised statement of financial position of SABB Takaful consolidated, after intragroup adjustments, in SABB's interim condensed consolidated financial statements as at 30 September 2022, based on SABB Takaful's financial statements as at 30 June 2022 is as below:

		30 June 2022
Disposal group assets		
Due from banks and other financial institutions		186,166
Investments, net		592,305
Goodwill	10	13,806
Other assets		162,422
Total assets held for sale		**954,699**
Liabilities directly associated with assets classified as held for sale		
Other liabilities		763,317
Total liabilities directly associated with assets classified as held for sale		**763,317**

Fair value of the disposal group at 30 September 2022 amounted to SAR 303 million against the book value of SAR 309 million. The management believes that the fair value of the disposal group is not significantly different from the carrying values included in these interim condensed consolidated financial statements.

Summarised statement of income of SABB Takaful consolidated, after intragroup adjustments, in SABB's interim condensed consolidated financial statements as at 30 September 2022, based on SABB Takaful's unaudited financial statements as at 30 June 2022 is as below:

	Three month period ended		Nine month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net operating income	6,568	6,275	14,401	10,425
Total operating expenses	(10,618)	(9,244)	(40,361)	(30,870)
Zakat and income tax	(1,877)	(1,642)	(3,620)	(3,984)
Net loss from discontinued operations for the period	**(5,927)**	**(4,611)**	**(29,580)**	**(24,429)**

Summarised statement cash flows of SABB Takaful consolidated in SABB's interim condensed consolidated financial statements as at 30 September 2022, based on SABB Takaful's financial statements as at 30 June 2022 is as below:

	Nine month period ended 30 June 2022	Nine month period ended 30 June 2021
Net cash generated from operating activities	9,279	(66,442)
Net cash generated from investing activities	50,606	906

26. Business Combination

During the period ended 30 September 2022, sale and transfer of the asset management, margin lending and brokerage business lines from HSBC Saudi Arabia (as Seller) to Alawwal Invest (AI) (as Buyer) was completed. SABB made an announcement earlier on the Saudi Exchange (Tadawul) dated 6/10/1442H (corresponding to 18 May 2021) in relation to this. The business acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the "Standard") with AI being the acquirer of the lines of business from HSBC Saudi Arabia.

As required by the Standard, AI is currently in the process of allocating the purchase consideration to the identifiable tangible and intangible assets and liabilities acquired. Therefore, the acquisition accounting of the business is based on provisional fair values of the acquired assets and assumed liabilities as at the acquisition date. Adjustment to the provisional values will be finalised within twelve months of the date of acquisition as allowed by the Standard. In line with IAS 28 "Investments in Associates and Joint Ventures", the gain recognized by HSBC Saudi Arabia on sale and transfer of business lines has been eliminated in these interim condensed consolidated financial statements to the extent of ownership of SABB in HSBC Saudi Arabia amounting to SAR 58.8 million.

a) Purchase consideration

The purchase consideration for sale and transfer of the business lines amounted to SAR 1,203.2 million. The sale and transfer comprises assets amounting to SAR 1,137.9 million with total liabilities assumed amounting to SAR 54.7 million, resulting in provisional goodwill of SAR 120 million. This has been reflected in the consolidated financial position of the Group for the period ended 30 September 2022 and is subject to adjustment within the period prescribed by IFRS 3.

b) Identifiable assets acquired and liabilities assumed

The following table summarises the assets acquired, liabilities assumed, purchase consideration and resultant goodwill amount at the date of acquisition.

	15 September 2022
Margin Lending	1,130,106
Other assets	7,811
Total Assets	**1,137,917**
Liabilities	54,708
Net identifiable assets	**1,083,209**
Total purchase consideration paid in cash	**1,203,209**
Goodwill	**120,000**

The financial information provided above is neither audited nor reviewed.

27. Comparative figures

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

28. Board of Directors' approvals

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on 23 Rabi' al-Awal 1444H (Corresponding 19 October 2022).