

# Riyad Bank

(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements  
for period ended 31 March 2024



**Ernst & Young Professional Services (Professional LLC)**  
**Paid-up capital (SR 5,500,000 — Five million five hundred thousand Saudi Riyal)**

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

**To: THE SHAREHOLDERS OF RIYAD BANK  
(A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Riyad Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of 31 March 2024, and the related interim condensed 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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of review**

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

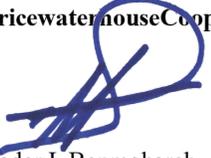
**Conclusion**

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

**Other regulatory matters**

As required by the Saudi Central Bank ("SAMA"), certain capital adequacy information has been disclosed in note (17) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (17) to the relevant analysis prepared by the Bank for its submission to SAMA and found no material inconsistencies.

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26 Shawwal 1445H  
(5 May 2024)

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		31 March 2024	31 December 2023	31 March 2023
	Note	SAR'000	SAR'000	SAR'000
<b>ASSETS</b>		<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
Cash and balances with Saudi Central Bank (SAMA), net		28,641,826	26,175,226	35,190,357
Due from banks and other financial institutions, net		17,577,187	15,433,725	28,454,098
Positive fair value of derivatives	6	4,444,171	3,668,130	2,835,352
Investments, net	7a	60,663,493	58,108,824	54,694,620
- Investment at fair value through income statement (FVIS)		4,235,133	2,322,845	1,275,792
- Investment at amortised cost, net		35,624,205	34,618,204	35,278,305
- Investments at fair value through other comprehensive income(FVOCI)		20,804,155	21,167,775	18,140,523
Loans and advances, net	8a	282,854,210	274,398,246	251,982,846
Other assets		4,020,918	2,547,120	3,059,464
Investment in associates		385,430	379,941	371,915
Other real estate		659,388	670,470	467,182
Property, equipment and right of use assets, net		5,612,283	5,467,247	3,568,959
<b>Total assets</b>		<b>404,858,906</b>	<b>386,848,929</b>	<b>380,624,793</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		40,120,517	42,464,026	41,023,737
Negative fair value of derivatives	6	4,150,961	3,428,575	2,663,700
Customer deposits	9	270,947,883	254,907,624	257,277,358
Debt securities in issue and term loan		13,198,750	13,372,622	8,673,292
Other liabilities		16,363,942	12,418,011	15,151,507
<b>Total liabilities</b>		<b>344,782,053</b>	<b>326,590,858</b>	<b>324,789,594</b>
<b>Shareholders' equity</b>				
Share capital		30,000,000	30,000,000	30,000,000
Treasury shares		(165,912)	(165,912)	-
Statutory reserve		12,953,515	12,953,515	10,942,054
Other reserves		(271,750)	(369,203)	(1,085,833)
Retained earnings		10,998,125	11,277,171	9,413,703
<b>Equity attributable to the shareholders of the Bank</b>		<b>53,513,978</b>	<b>53,695,571</b>	<b>49,269,924</b>
<b>Tier 1 Sukuk</b>		<b>6,562,875</b>	<b>6,562,500</b>	<b>6,565,275</b>
<b>Total equity</b>		<b>60,076,853</b>	<b>60,258,071</b>	<b>55,835,199</b>
<b>Total liabilities and equity</b>		<b>404,858,906</b>	<b>386,848,929</b>	<b>380,624,793</b>

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

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Abdullah A. Al-Oraini  
Chief Financial Officer



Nadir S Al-Koraya  
Chief Executive Officer



Eng. Abdullah M. Al-Issa  
Chairman of the Board

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)**

	Note	For the three month period ended 31 March	
		2024	2023
		SAR'000	SAR'000
Special commission income		5,669,418	4,631,797
Special commission expense		2,618,537	1,543,449
<b>Net special commission income</b>		<b>3,050,881</b>	<b>3,088,348</b>
Fee and commission income		1,066,194	837,098
Fee and commission expense		362,871	263,525
<b>Fee and commission income, net</b>		<b>703,323</b>	<b>573,573</b>
Exchange income, net		154,744	171,216
Trading income, net		158,923	177,943
Dividend income		7,876	7,793
Gains /(losses) on disposal of non-trading investments, net		2,033	(3,708)
Other operating income		9,907	21,064
<b>Total operating income, net</b>		<b>4,087,687</b>	<b>4,036,229</b>
Salaries and employee-related expenses		694,846	609,144
Rent and premises-related expenses		57,222	40,427
Depreciation of property, equipment and right of use assets		187,954	159,160
Other general and administrative expenses		388,130	344,681
Other operating expenses		17,563	8,309
<b>Total operating expenses before impairment charge</b>		<b>1,345,715</b>	<b>1,161,721</b>
Impairment charge for credit losses and other financial assets, net	8 c	437,907	603,776
Impairment (reversal)/ charge for investments, net		(1,319)	20,332
<b>Total operating expenses, net</b>		<b>1,782,303</b>	<b>1,785,829</b>
<b>Net operating income</b>		<b>2,305,384</b>	<b>2,250,400</b>
Share in income of associates, net		5,620	1,121
<b>Income before zakat</b>		<b>2,311,004</b>	<b>2,251,521</b>
Zakat for the period		238,281	231,929
<b>Net income for the period</b>		<b>2,072,723</b>	<b>2,019,592</b>
<b>Basic and diluted earnings per share (in SAR)</b>	16	<b>0.66</b>	<b>0.64</b>

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

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Chief Financial Officer



Nadir S Al-Koraya  
Chief Executive Officer



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Chairman of the Board

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**

	For the three month period ended 31 March	
	2024	2023
	SAR'000	SAR'000
<b>Net income for the period</b>	<b>2,072,723</b>	<b>2,019,592</b>
<b>Other comprehensive income (OCI):</b>		
<b><u>a) Items that will be reclassified to interim condensed consolidated statement of income in subsequent periods</u></b>		
- Fair value through other comprehensive income (FVOCI- debt instruments)		
- Net change in fair value	<b>72,442</b>	(294,584)
- Net amounts transferred to interim condensed consolidated statement of income	<b>(2,033)</b>	3,708
- Net changes in allowance for expected credit losses (ECL)	<b>(1,938)</b>	21,234
- Effective portion of net change in fair value of cash flow hedges	<b>(8,009)</b>	(34,049)
<b><u>b) Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods</u></b>		
- Net change in fair value of equity instruments at fair value through other comprehensive income (FVOCI- equity instruments)	<b>36,991</b>	8,118
<b>Other comprehensive income (loss) for the period</b>	<b>97,453</b>	(295,573)
<b>Total comprehensive income for the period</b>	<b>2,170,176</b>	<b>1,724,019</b>

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

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**Abdullah A. Al-Oraini**  
Chief Financial Officer

  
**Nadir S Al-Koraya**  
Chief Executive Officer

  
**Eng. Abdullah M. Al-Issa**  
Chairman of the Board

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**

For the three month period ended 31 March 2024 & 2023

<u>SAR'000</u>	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Proposed dividends	Equity attributable to the shareholders	Tier 1 sukuk	Total equity
<b>31 March 2024</b>									
Balance at the beginning of the period	30,000,000	(165,912)	12,953,515	(369,203)	11,277,171	-	53,695,571	6,562,500	60,258,071
<b>Total comprehensive income</b>									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	36,991	-	-	36,991	-	36,991
- FVOCI -debt instruments	-	-	-	72,442	-	-	72,442	-	72,442
Net amount reclassified to the interim condensed consolidated statement of income for FVOCI - debt instruments	-	-	-	(2,033)	-	-	(2,033)	-	(2,033)
Net changes in allowance for expected credit losses on FVOCI -debt instruments	-	-	-	(1,938)	-	-	(1,938)	-	(1,938)
Net change in fair value of cash flow hedges	-	-	-	(8,009)	-	-	(8,009)	-	(8,009)
Net income for the period	-	-	-	-	2,072,723	-	2,072,723	-	2,072,723
Total comprehensive income	-	-	-	97,453	2,072,723	-	2,170,176	-	2,170,176
Final dividends paid - 2023(note 15)	-	-	-	-	(2,246,250)	-	(2,246,250)	-	(2,246,250)
Tier 1 sukuk costs	-	-	-	-	(105,519)	-	(105,519)	375	(105,144)
Balance at the end of the period	<u>30,000,000</u>	<u>(165,912)</u>	<u>12,953,515</u>	<u>(271,750)</u>	<u>10,998,125</u>	<u>-</u>	<u>53,513,978</u>	<u>6,562,875</u>	<u>60,076,853</u>
<b>31 March 2023</b>									
Balance at the beginning of the period	30,000,000	-	10,942,054	(790,260)	7,500,430	1,950,000	49,602,224	6,571,125	56,173,349
<b>Total comprehensive income</b>									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	8,118	-	-	8,118	-	8,118
- FVOCI -debt instruments	-	-	-	(294,584)	-	-	(294,584)	-	(294,584)
Net amount reclassified to the interim condensed consolidated statement of income for FVOCI - debt instruments	-	-	-	3,708	-	-	3,708	-	3,708
Net changes in allowance for expected credit losses on FVOCI -debt instruments	-	-	-	21,234	-	-	21,234	-	21,234
Net change in fair value of cash flow hedge	-	-	-	(34,049)	-	-	(34,049)	-	(34,049)
Net income for the period	-	-	-	-	2,019,592	-	2,019,592	-	2,019,592
Total comprehensive (loss)income	-	-	-	(295,573)	2,019,592	-	1,724,019	-	1,724,019
Tier 1 sukuk costs	-	-	-	-	(106,319)	-	(106,319)	(5,850)	(112,169)
Final proposed dividend - 2022 (note 15)	-	-	-	-	-	(1,950,000)	(1,950,000)	-	(1,950,000)
Balance at the end of the period	<u>30,000,000</u>	<u>-</u>	<u>10,942,054</u>	<u>(1,085,833)</u>	<u>9,413,703</u>	<u>-</u>	<u>49,269,924</u>	<u>6,565,275</u>	<u>55,835,199</u>

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

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Abdullah A. Al-Oraini  
Chief Financial Officer



Nadir S Al-Koraya  
Chief Executive Officer



Eng. Abdullah M. Al-Issa  
Chairman of the Board

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS(Unaudited)**

		For the three month period ended 31 March	
		2024	2023
		SAR'000	SAR'000
<b>OPERATING ACTIVITIES</b>	Note		
<b>Income before zakat</b>		<b>2,311,004</b>	2,251,521
<b>Adjustments to reconcile net income for the period to net cash from operating activities</b>			
Accretion of discounts and amortisation of premium on non-FVIS instruments, net		(129,807)	(67,403)
(Gains)/ losses on disposal of non-trading investments, net		(2,033)	3,708
Gains on trading investments, net		(29,376)	(13,056)
(Gains)/ losses on sale of property and equipment, net		(104)	41
Dividend income		(7,876)	(7,793)
Depreciation of property, equipment and right of use assets		187,954	159,160
Share in income of associates, net		(5,620)	(1,121)
Impairment charge for credit losses and other financial assets, net	8 c	437,907	603,776
Interest on lease liabilities		(3,892)	(4,587)
Impairment (reversal)/ charge for investments, net		(1,319)	20,332
		<b>2,756,838</b>	2,944,578
<b>Net (increase) decrease in operating assets:</b>			
Statutory deposit with SAMA		(448,085)	108,052
Due from banks and other financial institutions maturing after three months from date of acquisition		-	-
Positive fair value of derivatives		(776,041)	955,489
Investments at FVIS		(1,882,912)	(74,571)
Loans and advances, net		(8,891,914)	(10,198,788)
Other real estate		11,082	(1,933)
Other assets		(1,473,798)	116,482
<b>Net increase (decrease) in operating liabilities:</b>			
Due to banks and other financial institutions		(2,343,509)	2,263,669
Negative fair value of derivatives		722,386	(190,585)
Customer deposits		16,040,259	17,270,273
Other liabilities		1,813,188	(7,197)
		<b>5,527,494</b>	13,185,469
Zakat paid		-	-
<b>Net cash from operating activities</b>		<b>5,527,494</b>	13,185,469
<b>INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments not held as FVIS instruments		5,119,638	1,660,332
Purchase of investments not held as FVIS instruments		(5,889,793)	(4,492,156)
Purchase of property and equipment		(288,741)	(480,253)
Proceeds from sale of property and equipment		19,620	87,405
<b>Net cash used in investing activities</b>		<b>(1,039,276)</b>	(3,224,672)
<b>FINANCING ACTIVITIES</b>			
Debt securities in issue and term loan, net, related costs		(173,872)	(85,127)
Dividend paid		(444)	(1,703)
Tier 1 sukuk related costs		(105,519)	(5,850)
Principal on lease liabilities		(46,406)	(95,494)
<b>Net cash used in financing activities</b>		<b>(326,241)</b>	(188,174)
<b>Increase in cash and cash equivalents</b>		<b>4,161,977</b>	9,772,623
Cash and cash equivalents at beginning of the period		28,290,580	41,486,081
<b>Cash and cash equivalents at end of the period</b>	11	<b>32,452,557</b>	51,258,704
Special commission received during the period		5,740,045	4,626,588
Special commission paid during the period		2,850,614	1,543,449
<b>Supplemental non-cash information</b>			
Net changes in fair value and transfers to interim condensed consolidated statement of income		99,391	(316,807)
Right of use assets		(47,663)	(16,621)
Lease liabilities		(44,146)	(47,196)

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.



  
**Abdullah A. Al-Oraini**  
Chief Financial Officer

  
**Nadir S Al-Koraya**  
Chief Executive Officer

  
**Eng. Abdullah M. Al-Issa**  
Chairman of the Board

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 1. GENERAL

Riyad Bank (the "Bank") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, formed pursuant to the Royal Decree and the Council of Ministers' Resolution No. 91 dated 1 Jumad Al-Awal 1377H (corresponding to 23 November 1957G). The Bank operates under commercial registration No. 1010001054 dated 25 Rabi Al-Thani 1377H (corresponding to 18 November 1957G) through its 335 licensed branches (31 March 2023: 338 licensed branches) in the Kingdom of Saudi Arabia, a branch in London, United Kingdom, an agency in Houston, United States, and a representative office in Singapore. The registered address of the Bank's Head Office is as follows:

Granada Oasis - A1 Tower  
 Riyadh - Al Shuhada District  
 P.O. Box 22622  
 Riyadh 11416  
 Kingdom of Saudi Arabia

The objective of the Group is to provide a full range of banking and investment services. The Bank also provides to its customers Islamic (non-interest based) banking products which are approved and supervised by an independent Shariah Board established by the Bank.

The interim condensed consolidated financial statements comprise the financial statements of Riyad Bank and its subsidiaries (the Bank and the subsidiaries are collectively referred to as "the Group") given below:

Subsidiary	Ownership	Description
Riyad Capital	100%	Engaged in investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the Capital Market Authority, incorporated in the Kingdom of Saudi Arabia
Ithra Al-Riyad Real Estate Company	100%	Formed with the objective to hold, manage, sell and purchase real estate assets for owners or third parties for financing activities, incorporated in the Kingdom of Saudi Arabia
Riyad Company for Insurance Agency (under liquidation)	100%	Acts as an agent for selling insurance products owned and managed by another principal insurance company, incorporated in the Kingdom of Saudi Arabia
Esnad Al-Riyadh	100%	A limited liability company registered in the Kingdom of Saudi Arabia to provide human resources services to the Group, incorporated in the Kingdom of Saudi Arabia
Curzon Street Properties Limited	100%	A property holding company, incorporated in the Isle of Man
Riyad Financial Markets	100%	A netting and bankruptcy jurisdiction country, to execute derivative transactions with international counterparties on behalf of Riyad Bank, incorporated in the Cayman Islands
Jeel Digital Innovation Company	100%	Engaged in systems analysis, application and operating systems development, hosting websites, financial technology solutions and related activities, incorporated in the Kingdom of Saudi Arabia.

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group as at and for the year ended 31 December 2023, were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), the Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and by-laws of the Bank. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

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### 2. BASIS OF PREPARATION(continued)

The interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand except where otherwise stated. The functional currency of the Group is Saudi Arabian Riyal except where otherwise stated in the notes to the financial statements. The preparation of 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 expense. Actual results may differ from these estimates.

### 3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the financial statements of the subsidiaries which are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, 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.

The financial statements of the subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases.

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

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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**
**For the three month period ended 31 March 2024 & 2023**
**4. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS**

During the period, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments, given below, apply for the first time in 2024, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

<b>Standard</b>	<b>Description</b>
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
IFRS S1, 'General requirements for disclosure of sustainability-related financial information(subject to endorsement from SOCPA)	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
IFRS S2, 'Climate-related disclosures'(subject to endorsement from SOCPA)	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

**New /amended standards not yet effective**

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
Amendments to IAS 21 - Lack of Exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 5. MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as at and for the year ended 31 December 2023.

### 6. 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 2024 (Unaudited)			31 December 2023 (Audited)			31 March 2023 (Unaudited)		
	Positive fair value SAR'000	Negative fair value SAR'000	Notional amount SAR'000	Positive fair value SAR'000	Negative fair value SAR'000	Notional amount SAR'000	Positive fair value SAR'000	Negative fair value SAR'000	Notional amount SAR'000
<b>Held for trading:</b>									
Special commission rate swaps	4,308,900	(3,981,392)	192,369,178	3,548,151	(3,267,680)	171,757,919	2,644,050	(2,476,558)	110,308,841
Forward foreign exchange contracts	46,977	(32,423)	15,202,125	43,061	(30,639)	9,623,318	119,065	(54,571)	36,354,569
Currency options	1,151	(56)	1,028,337	557	(1,078)	76,083	102	(3,014)	292,216
Commodity swaps	33,867	(30,797)	1,285,558	32,910	(30,894)	1,385,482	10,555	(10,341)	213,700
<b>Held as fair value hedges:</b>									
Special commission rate swaps	53,276	-	1,593,094	43,451	-	1,592,797	53,284	-	1,594,368
<b>Held as cash flow hedges:</b>									
Special commission rate swaps	-	(106,293)	1,375,000	-	(98,284)	1,375,000	8,296	(119,216)	1,625,000
<b>Total</b>	<b>4,444,171</b>	<b>(4,150,961)</b>	<b>212,853,292</b>	<b>3,668,130</b>	<b>(3,428,575)</b>	<b>185,810,599</b>	<b>2,835,352</b>	<b>(2,663,700)</b>	<b>150,388,694</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**For the three month period ended 31 March 2024 & 2023**
**7. INVESTMENTS, NET**
**a) Investments by type of securities**

SAR'000

	Domestic			International			Total		
	31 March 2024	31 December 2023	31 March 2023	31 March 2024	31 December 2023	31 March 2023	31 March 2024	31 December 2023	31 March 2023
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
<b>i) Investment at FVIS</b>									
Mutual Funds	4,235,133	2,322,845	1,275,792	-	-	-	4,235,133	2,322,845	1,275,792
<b>Total</b>	<b>4,235,133</b>	<b>2,322,845</b>	<b>1,275,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,235,133</b>	<b>2,322,845</b>	<b>1,275,792</b>
<b>ii) Investment at amortised cost, net</b>									
Fixed rate securities	32,798,728	31,805,451	31,854,162	102,598	103,926	627,257	32,901,326	31,909,377	32,481,419
Floating rate securities	2,722,879	2,708,827	2,796,886	-	-	-	2,722,879	2,708,827	2,796,886
<b>Total</b>	<b>35,521,607</b>	<b>34,514,278</b>	<b>34,651,048</b>	<b>102,598</b>	<b>103,926</b>	<b>627,257</b>	<b>35,624,205</b>	<b>34,618,204</b>	<b>35,278,305</b>
<b>iii) Investments at FVOCI, net</b>									
Fixed rate securities	-	-	-	19,134,194	19,534,543	16,714,182	19,134,194	19,534,543	16,714,182
Floating rate securities	-	-	-	2,632	2,453	-	2,632	2,453	-
Equities	545,112	563,340	492,137	1,122,217	1,067,439	934,204	1,667,329	1,630,779	1,426,341
<b>Total</b>	<b>545,112</b>	<b>563,340</b>	<b>492,137</b>	<b>20,259,043</b>	<b>20,604,435</b>	<b>17,648,386</b>	<b>20,804,155</b>	<b>21,167,775</b>	<b>18,140,523</b>
<b>Total</b>	<b>40,301,852</b>	<b>37,400,463</b>	<b>36,418,977</b>	<b>20,361,641</b>	<b>20,708,361</b>	<b>18,275,643</b>	<b>60,663,493</b>	<b>58,108,824</b>	<b>54,694,620</b>

Above investments include sukuks amounting to SAR 25.7 billion as at 31 March 2024 (31 December 2023: SAR 24.0 billion and 31 March 2023 : SAR 25.5 billion).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**For the three month period ended 31 March 2024 & 2023**
**7. INVESTMENTS, NET (continued)**

b) An analysis of changes in loss allowance is as follows:

**Debt instruments carried at amortised cost**  
**(SAR'000)**

	<u>Stage 1</u> <u>12-month</u> <u>ECL</u>	<u>Stage 2</u> <u>lifetime ECL</u> <u>- not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime</u> <u>ECL - credit</u> <u>impaired</u>	<u>Total</u>
Balance at 1 January 2024	1,769	1,064	-	2,833
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net other movements*	745	(126)	-	619
<b>Balance as at 31 March 2024</b>	<b>2,514</b>	<b>938</b>	<b>-</b>	<b>3,452</b>
Balance at 1 January 2023	4,022	1,407	-	5,429
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net other movements*	(822)	(81)	-	(903)
<b>Balance as at 31 March 2023</b>	<b>3,200</b>	<b>1,326</b>	<b>-</b>	<b>4,526</b>

**Debt instruments carried at FVOCI**  
**(SAR'000)**

	<u>Stage 1</u> <u>12-month</u> <u>ECL</u>	<u>Stage 2</u> <u>lifetime ECL</u> <u>- not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime</u> <u>ECL - credit</u> <u>impaired</u>	<u>Total</u>
Balance at 1 January 2024	38,198	77,085	357,704	472,987
Transfer from Stage 2 & Stage 3 to Stage 1	4,094	(4,094)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(1,052)	1,052	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net other movements*	(3,226)	7,528	(6,240)	(1,938)
<b>Balance as at 31 March 2024</b>	<b>38,014</b>	<b>81,571</b>	<b>351,464</b>	<b>471,049</b>
Balance at 1 January 2023	18,600	45,527	310,040	374,167
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(27)	27	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(386)	386	-
Net other movements*	26,669	(2,561)	(2,874)	21,234
<b>Balance as at 31 March 2023</b>	<b>45,242</b>	<b>42,607</b>	<b>307,552</b>	<b>395,401</b>

\* Includes remeasurement

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**
**For the three month period ended 31 March 2024 & 2023**
**8. LOANS AND ADVANCES, NET**
**a) Loans and advances held at amortised cost**

These comprise the following:

<u>31 March 2024 (Unaudited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
<b>SAR'000</b>						
Performing loans and advances	5,760,633	1,518,837	93,989,559	180,852,779	2,130,063	284,251,871
Non-performing loans and advances	37,347	57,124	1,253,633	2,079,094	1,750	3,428,948
<b>Total loans and advances</b>	<b>5,797,980</b>	<b>1,575,961</b>	<b>95,243,192</b>	<b>182,931,873</b>	<b>2,131,813</b>	<b>287,680,819</b>
Allowance for impairment	(159,341)	(66,300)	(1,103,082)	(3,496,121)	(1,765)	(4,826,609)
<b>Loans and advances, net</b>	<b>5,638,639</b>	<b>1,509,661</b>	<b>94,140,110</b>	<b>179,435,752</b>	<b>2,130,048</b>	<b>282,854,210</b>
<u>31 December 2023 (Audited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
<b>SAR'000</b>						
Performing loans and advances	5,691,257	1,472,583	93,839,733	173,079,952	1,773,222	275,856,747
Non-performing loans and advances	106,444	46,201	1,194,271	2,115,084	1,818	3,463,818
<b>Total loans and advances</b>	<b>5,797,701</b>	<b>1,518,784</b>	<b>95,034,004</b>	<b>175,195,036</b>	<b>1,775,040</b>	<b>279,320,565</b>
Allowance for impairment	(169,251)	(53,612)	(1,074,734)	(3,622,932)	(1,790)	(4,922,319)
<b>Loans and advances, net</b>	<b>5,628,450</b>	<b>1,465,172</b>	<b>93,959,270</b>	<b>171,572,104</b>	<b>1,773,250</b>	<b>274,398,246</b>
<u>31 March 2023 (Unaudited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
<b>SAR'000</b>						
Performing loans and advances	4,318,689	1,132,590	87,658,520	158,690,265	866,120	252,666,184
Non-performing loans and advances	243,935	50,214	1,204,445	2,407,271	4,478	3,910,343
<b>Total loans and advances</b>	<b>4,562,624</b>	<b>1,182,804</b>	<b>88,862,965</b>	<b>161,097,536</b>	<b>870,598</b>	<b>256,576,527</b>
Allowance for impairment	(184,879)	(57,156)	(1,020,960)	(3,323,853)	(6,833)	(4,593,681)
<b>Loans and advances, net</b>	<b>4,377,745</b>	<b>1,125,648</b>	<b>87,842,005</b>	<b>157,773,683</b>	<b>863,765</b>	<b>251,982,846</b>

Loans and advances, net, include non-conventional banking products of SAR 190.7 billion as at 31 March 2024 (31 December 2023: SAR 188.5 billion and 31 March 2023: SAR 174.9 billion).

**b) An analysis of changes in loss allowance for total loans and advances is, as follows:**

<u>ECL on total loans and advances (SAR'000)</u> (Unaudited)	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-month ECL</u>	<u>lifetime ECL - not credit impaired</u>	<u>lifetime ECL - credit impaired</u>	
Balance at 1 January 2024	811,401	2,085,676	2,025,242	4,922,319
Transfer from Stage 2 & Stage 3 to Stage 1	39,831	(15,487)	(24,344)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(13,017)	29,598	(16,581)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(1,862)	(107,965)	109,827	-
Net re-measurement of loss allowance**	(113,158)	99,589	386,087	372,518
Write-offs	-	-	(468,228)	(468,228)
<b>Balance as at 31 March 2024</b>	<b>723,195</b>	<b>2,091,411</b>	<b>2,012,003</b>	<b>4,826,609</b>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-month ECL</u>	<u>lifetime ECL - not credit impaired</u>	<u>lifetime ECL - credit impaired</u>	
Balance at 1 January 2023	528,970	1,549,537	2,676,291	4,754,798
Transfer from Stage 2 & Stage 3 to Stage 1	36,316	(6,366)	(29,950)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(24,295)	43,132	(18,837)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(5,932)	(45,690)	51,622	-
Net re-measurement of loss allowance**	(45,853)	69,632	592,559	616,338
Write-offs	-	-	(777,455)	(777,455)
<b>Balance as at 31 March 2023</b>	<b>489,206</b>	<b>1,610,245</b>	<b>2,494,230</b>	<b>4,593,681</b>

\* Includes consumer mortgage loans

\*\* Includes charge-offs (consumer loans and credit cards) .

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 8. LOANS AND ADVANCES, NET (continued)

c) Impairment charges for credit losses and other financial assets, net as reflected in the interim condensed consolidated statement of income are detailed as follows:

SAR'000	For the three months ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Impairment charge for credit losses, net	435,950	580,889
Impairment charge for other financial assets, net	1,957	22,887
<b>Total</b>	<b>437,907</b>	<b>603,776</b>

### 9. CUSTOMER DEPOSITS

Customer deposits comprise the following:

SAR'000	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Demand	128,227,445	119,606,683	126,887,025
Saving	1,434,589	1,400,147	1,399,862
Time	118,131,635	114,092,253	108,500,744
Others	23,154,214	19,808,541	20,489,727
<b>Total</b>	<b>270,947,883</b>	<b>254,907,624</b>	<b>257,277,358</b>

Customer time deposits include non-conventional banking deposits of SAR 38,102 million as at 31 March 2024 (31 December 2023: SAR 38,516 million and 31 March 2023: SAR 32,748 million).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 10. CREDIT RELATED COMMITMENTS AND CONTINGENCIES

a) The Group's credit related commitments and contingencies are as follows:

SAR'000	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Letters of credit	8,285,680	8,223,056	8,432,575
Letters of guarantee	104,339,786	91,654,845	82,048,247
Acceptances	5,049,000	5,553,691	3,505,660
Irrevocable commitments to extend credit	29,762,453	24,206,278	23,366,891
<b>Total</b>	<b>147,436,919</b>	<b>129,637,870</b>	<b>117,353,373</b>

b) An analysis of changes in loss allowance for credit related commitments and contingencies are, as follows:

SAR'000	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	50,764	9,992	145,424	206,180
Transfer from Stage 2 & Stage 3 to Stage 1	232	(232)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(81)	81	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(34)	34	-
Net re-measurement of loss allowance	(317)	2,368	1,048	3,099
Transfer to write-off reserves	-	-	(1,109)	(1,109)
<b>Balance as at 31 March 2024</b>	<b>50,598</b>	<b>12,175</b>	<b>145,397</b>	<b>208,170</b>
Balance at January 1, 2023	24,463	17,364	165,117	206,944
Transfer from Stage 2 & Stage 3 to Stage 1	265	(265)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(167)	167	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net re-measurement of loss allowance	(2,509)	8,533	16,870	22,894
Transfer to write-off reserves	-	-	(23,331)	(23,331)
<b>Balance as at 31 March 2023</b>	<b>22,052</b>	<b>25,799</b>	<b>158,656</b>	<b>206,507</b>

Other liabilities as at 31 March 2024, include write-off reserves amounting to SAR 540 million (31 December 2023: SAR 547 million and 31 March 2023: SAR 546 million).

### 11. CASH AND CASH EQUIVALENTS

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

SAR'000	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	14,875,370	12,856,855	22,804,606
Due from banks and other financial institutions maturing within three months from date of acquisition	17,577,187	15,433,725	28,454,098
<b>Total</b>	<b>32,452,557</b>	<b>28,290,580</b>	<b>51,258,704</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 12. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

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.

Following are the financial instruments carried at fair value in the interim condensed consolidated financial statements.

#### Fair value and fair value hierarchy

**31 March 2024**

SAR'000 (Unaudited)

#### Financial assets measured at fair value

	Level 1	Level 2	Level 3	Total
- Positive fair value of derivatives	-	4,444,171	-	4,444,171
- Investments held at FVIS	4,235,133	-	-	4,235,133
Mutual Funds	4,235,133	-	-	4,235,133
- Investments held at FVOCI	20,123,950	-	680,205	20,804,155
Fixed rate securities	19,134,194	-	-	19,134,194
Floating rate securities	2,632	-	-	2,632
Equities	987,124	-	680,205	1,667,329

#### Financial liabilities measured at fair value

- Negative fair value of derivatives	-	4,150,961	-	4,150,961
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**31 December 2023**

SAR'000 (Audited)

#### Financial assets measured at fair value

	Level 1	Level 2	Level 3	Total
- Positive fair value of derivatives	-	3,668,130	-	3,668,130
- Investments held at FVIS	2,322,845	-	-	2,322,845
Mutual Funds	2,322,845	-	-	2,322,845
- Investments held at FVOCI	20,487,008	-	680,767	21,167,775
Fixed rate securities	19,534,543	-	-	19,534,543
Floating rate securities	2,453	-	-	2,453
Equities	950,012	-	680,767	1,630,779

#### Financial liabilities measured at fair value

- Negative fair value of derivatives	-	3,428,575	-	3,428,575
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**31 March 2023**

SAR'000 (Unaudited)

#### Financial assets measured at fair value

	Level 1	Level 2	Level 3	Total
- Positive fair value of derivatives	-	2,835,352	-	2,835,352
- Investments held at FVIS	1,275,792	-	-	1,275,792
Mutual Funds	1,275,792	-	-	1,275,792
- Investments held at FVOCI	17,585,922	-	554,601	18,140,523
Fixed rate securities	16,714,182	-	-	16,714,182
Equities	871,740	-	554,601	1,426,341

#### Financial liabilities measured at fair value

- Negative fair value of derivatives	-	2,663,700	-	2,663,700
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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 12. FAIR VALUES OF FINANCIAL INSTRUMENTS(continued)

	For the three months ended 31 March 2024 (Unaudited) SAR'000	For the year ended 31 December 2023 (Audited) SAR'000	For the three months ended 31 March 2023 (Unaudited) SAR'000
<b>Reconciliation of movement in Level 3</b>			
Opening balance	680,767	554,576	554,576
Total gains or losses, net:			
- recognised in other comprehensive income	9	121,394	(27)
Other movements	(571)	2,452	52
Purchases	-	2,345	-
<b>Closing balance</b>	<b>680,205</b>	<b>680,767</b>	<b>554,601</b>

There were no transfers between the fair value hierarchy levels during the current or prior period.

Although the Group believes that its estimates of fair value of Level 3 securities are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. Level 3 consists of local and international unquoted equity securities. The Group uses net assets valuation and price to book value method based on most recent available audited financial statements to fair value these investments. Other methodology that could be used to value the securities is discounted cash flow model based on expected dividend yield for which no data is available. Therefore potential impact of using reasonably possible alternative assumptions for the valuation techniques is not quantified.

The fair values of on-balance sheet financial instruments, except for loans and advances and investments held at amortised cost are not significantly different from the carrying values included in the interim condensed consolidated financial statements. The fair values of customer deposits, debt securities in issue and term loan, cash and balances with SAMA, due from and due to banks and other financial institutions, other assets and other liabilities which are carried at amortised cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements, since the current market special commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks and other financial institutions, other assets and other liabilities.

The management uses discounted cash flow method, using the current yield curve adjusted for credit risk spreads to arrive at the fair value of loans and advances, which are categorised within level 3 of fair value hierarchy. The estimated fair values of loans and advances was SAR 283.2 billion (carrying value: SAR 287.7 billion), as at 31 March 2024 (31 December 2023: SAR 275.4 billion, carrying value: SAR 279.3 billion and 31 March 2023: SAR 251.2 billion, carrying value: SAR 256.6 billion).

The estimated fair values of investments held at amortised cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds. The estimated fair values of these investments was SAR 32.2 billion as at 31 March 2024 (carrying value: SAR 35.6 billion), (31 December 2023: SAR 31.9 billion, carrying value: SAR 34.6 billion and 31 March 2023: SAR 33.4 billion, carrying value: SAR 35.3 billion).

### 13. OPERATING SEGMENTS

The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The operating segments are managed separately based on the Group's management and internal reporting structure. The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch, a representative office and an agency. However, the total assets, liabilities, commitments and results of operations of this branch, the representative office and the agency are not material to the Group's overall interim condensed consolidated financial statements and as a result have not been separately disclosed. The transactions between the Group's operating segments are recorded as per the Group's transfer pricing system. There are no other material items of income or expenses between the operating segments.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 13. OPERATING SEGMENTS (continued)

The Group's reportable segments under IFRS 8 are as follows:

#### Retail banking

Deposits, credit and investment products for individuals and small to medium sized businesses.

#### Investment banking and brokerage

Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities.

#### Corporate banking

Principally handling corporate customers' current accounts, deposits and providing loans, overdrafts and other credit facilities and derivative products.

#### Treasury and investment

Principally providing money market, trading and treasury services as well as the management of the Group's investment portfolios.

The Group's total assets and liabilities at 31 March 2024 and 2023 and its net total operating income, total operating expenses and income before zakat for the three months periods then ended, by operating segments, are as follows:

#### 31 March 2024

SAR'000 (Unaudited)	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investment	Total
Total assets	112,347,355	6,365,646	191,497,996	94,647,909	404,858,906
Total liabilities	123,405,714	581,662	174,419,153	46,375,524	344,782,053
Operating income from external customers	984,348	215,195	2,280,604	607,540	4,087,687
Inter segment income/(expense)	154,417	56,551	(157,303)	(53,665)	-
Total operating income, net of which	1,138,765	271,746	2,123,301	553,875	4,087,687
- Net special commission income	1,065,696	95,319	1,650,741	239,125	3,050,881
- Fee and commission income, net	86,443	158,036	457,244	1,600	703,323
Total operating expenses, net of which	955,199	79,207	682,731	65,166	1,782,303
- Depreciation of property, equipment & right of use assets	130,583	10,263	40,368	6,740	187,954
- Impairment charge for credit losses and other financial assets, net	134,759	-	301,808	1,340	437,907
- Impairment charge for investments, net	-	-	-	(1,319)	(1,319)
Share in profits of associates, net	-	-	-	5,620	5,620
Income for the period before zakat	183,566	192,539	1,440,570	494,329	2,311,004

#### 31 March 2023

SAR'000 (Unaudited)	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investment	Total
Total assets	103,317,886	4,399,178	164,399,738	108,507,991	380,624,793
Total liabilities	107,102,416	910,487	188,831,972	27,944,719	324,789,594
Operating income from external customers	994,399	148,658	1,966,033	927,139	4,036,229
Inter segment income/(expense)	96,430	43,604	92,500	(232,534)	-
Total operating income, net of which	1,090,829	192,262	2,058,533	694,605	4,036,229
- Net special commission income	1,060,802	57,247	1,625,832	344,467	3,088,348
- Fee and commission income, net	41,931	120,125	410,700	817	573,573
Total operating expenses, net of which	904,862	73,041	741,744	66,182	1,785,829
- Depreciation of property, equipment & right of use assets	110,922	9,381	32,955	5,902	159,160
- Impairment charge for credit losses and other financial assets, net	185,412	-	417,186	1,178	603,776
- Impairment charge for investment, net	-	-	-	20,332	20,332
Share in losses of associates, net	-	-	-	1,121	1,121
Income for the period before zakat	185,967	119,221	1,316,789	629,544	2,251,521

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

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### 14. FINANCIAL RISK MANAGEMENT

#### Credit risk

Credit exposures arise principally in lending activities (for both conventional and non-conventional banking products) that lead to loans and advances, and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The Group uses internal credit rating tools to assess credit standing of its counterparties and assigns credit ratings accordingly. Also the Group uses the external ratings, of the major rating agency, where applicable.

The Group attempts to control credit risk by deploying various credit risk management techniques and processes, such as, application Risk Acceptance Criteria (RAC's) as credit risk screening tools, appropriate credit structuring, credit review process, post-disbursal monitoring of 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 or assign them to other counterparties 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, and to control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Concentration risk refers to the risk from an uneven distribution of counterparties in credit or in other business relationship or from concentration in business sectors or economic sectors or geographical regions. Accordingly, concentration risk in the credit portfolios comes into existence through a skewed distribution of financing to (a) individual borrower (name concentration) (b) industry /service sector (sector concentration) and (c) geographical regions (regional concentration). Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting any particular category of concentration.

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 business. It also takes security when appropriate. The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Management monitors the market value of collateral recurrently, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. The Group regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 15. DIVIDENDS

Final dividends of SAR 2,246 million at SAR 0.75 per share (2022: SAR 1,950 million at SAR 0.65 per share), proposed for 2023, were approved by the Extraordinary General Assembly meeting on 24 March 2024 and the distribution date for the dividend was 2 April 2024.

### 16. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 31 March 2024 is calculated on weighted average basis by dividing the net income attributable to common equity holders of the Bank, adjusted for Tier 1 sukuk costs, for the periods by 2,995 million shares after excluding five million treasury shares.

Basic and diluted earnings per share for the period ended 31 March 2023 is calculated by dividing the net income attributable to common equity holders of the Bank (adjusted for Tier 1 sukuk costs) for the periods by 3,000 million outstanding shares.

### 17. CAPITAL ADEQUACY

The Group's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base.

Capital adequacy and the use of regulatory capital are monitored regularly by management. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted asset at or above Basel prescribed minimum.

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

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

	31 March 2024	31 December 2023	31 March 2023
	(Unaudited)	(Audited)	(Unaudited)
	SAR Millions	SAR Millions	SAR Millions
<b>Risk weighted assets</b>			
Credit risk weighted assets	336,746	318,802	290,050
Operational risk weighted assets	15,712	13,461	13,756
Market risk weighted assets	10,751	7,844	8,864
Total Pillar-I Risk Weighted Assets	<b>363,209</b>	<b>340,107</b>	<b>312,670</b>
<b>Eligible capital</b>			
Common equity Tier 1 (CET 1) Capital	53,291	53,451	49,012
Total Tier I Capital	59,854	60,014	55,576
Tier II Capital	10,289	10,498	9,190
Total Tier I and II Capital	<b>70,143</b>	<b>70,512</b>	<b>64,766</b>
CET 1 Ratio %	14.7%	15.7%	15.7%
Tier I Capital Adequacy Ratio %	16.5%	17.6%	17.8%
Total Capital Adequacy Ratio %	19.3%	20.7%	20.7%

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

### 18. RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. Related party transactions are governed by the limits set by the Banking Control Law and regulations issued by SAMA. The balances at 31 March resulting from such transactions are as follows:

	31 March 2024 (Unaudited) <u>SAR'000</u>	31 March 2023 (Unaudited) <u>SAR'000</u>
<b>a) Major Shareholders</b>		
Loans and advances	265,000	335,000
Customer deposits	24,230,659	31,072,507
Derivatives asset (at fair value)	(3,789)	(1,919)
Commitments and contingencies (irrevocable)	985,000	915,000
<b>b) Bank's Board of Directors and Senior Executives:</b>		
Loans and advances	528,203	537,497
Customer deposits	529,345	519,012
Commitments and contingencies (irrevocable)	1,187,075	1,212,847
Executive end of service	34,382	22,771
<b>c) Associates</b>		
Loans and advances	83,337	52,000
Customer deposits	86,278	314,793
Commitments and contingencies (irrevocable)	427,574	623,000

Key management personnel are those persons, including a non-executive director, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

**Group's mutual funds:**

Customer deposits	-	500,000
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Income and expenses pertaining to transactions with related parties included in these consolidated financial statements are as follows:

	For the three month period ended 31 March	
	2024 (Unaudited) <u>SAR'000</u>	2023 (Unaudited) <u>SAR'000</u>
Special commission income	18,140	11,163
Special commission expense	238,311	235,981
Fees from banking services, net	66,581	74,354
Directors and committees remuneration and expenses	342	352
Executive remuneration and bonus	61,804	57,994
Executive end of service	4,383	1,404
Other expenses	56,961	8,017

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three month period ended 31 March 2024 & 2023

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### 19. IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)

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

Management had put in place a robust transition project for those contracts which reference LIBOR and to transition them to the alternate benchmarks as applicable. This transition project considered changes to systems, processes, risk management policies, and models, as well as accounting implications. Further, the Bank has actively approached customers for awareness and led communication and negotiations with affected counterparties. As of 31 March 2024, most of the impacted financial instruments have transitioned to alternate reference rate.

### 20. BOARD OF DIRECTORS APPROVAL

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 19 Shawwal 1445H (corresponding to 28 April 2024).





 Abdullah A. Al-Oraini  
Chief Financial Officer



Nadir S Al-Koraya  
Chief Executive Officer



Eng. Abdullah M. Al-Issa  
Chairman of the Board