

Riyad Bank

(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements
for period ended 30 September 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 Interim Financial Information

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 at 30 September 2024, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information 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, that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 and the interim financial information for the period ended 30 September 2023 were audited and reviewed respectively by other joint auditors who expressed an unmodified opinion and review conclusion on 20 February 2024 (corresponding to 10 Sha’ban 1445H) and 29 October 2023 (corresponding to 14 Rabi Al-Thani 1445H) respectively.

Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. 366



25 Rabi’ al-Thani 1446H
(28 October 2024)

Deloitte and Touche & Co. Chartered Accountants

Walid bin Moh'd Sobahi
Certified Public Accountant
License No. 378



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September	31 December	30 September
	Note	2024	2023	2023
		SAR'000	SAR'000	SAR'000
		(Unaudited)	(Audited)	(Unaudited)
ASSETS				
Cash and balances with Saudi Central Bank (SAMA), net		20,159,303	26,175,226	26,608,637
Due from banks and other financial institutions, net		26,561,277	15,433,725	12,004,290
Positive fair value of derivatives	6	4,690,221	3,668,130	5,085,449
Investments, net	7a	66,137,047	58,108,824	57,882,296
- Investment at fair value through income statement (FVIS)		4,370,032	2,322,845	1,437,222
- Investment at amortised cost, net		40,041,103	34,618,204	36,629,338
- Investments at fair value through other comprehensive income(FVOCI)		21,725,912	21,167,775	19,815,736
Loans and advances, net	8a	305,407,515	274,398,246	267,150,996
Other assets		3,302,400	2,547,120	3,555,167
Investment in associates		393,921	379,941	376,000
Other real estate		618,863	670,470	424,737
Property, equipment and right of use assets, net		6,095,097	5,467,247	3,924,065
Total assets		433,365,644	386,848,929	377,011,637
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		45,226,950	42,464,026	34,047,518
Negative fair value of derivatives	6	4,188,712	3,428,575	4,851,586
Customer deposits	9	293,574,732	254,907,624	254,719,260
Debt securities in issue and term loan		13,209,882	13,372,622	13,201,404
Other liabilities		14,024,978	12,418,011	12,747,723
Total liabilities		370,225,254	326,590,858	319,567,491
Shareholders' equity				
Share capital		30,000,000	30,000,000	30,000,000
Treasury shares		(165,912)	(165,912)	(165,912)
Statutory reserve		12,953,515	12,953,515	10,942,054
Other reserves		297,873	(369,203)	(1,278,395)
Retained earnings		13,491,364	11,277,171	11,383,561
Equity attributable to the shareholders of the Bank		56,576,840	53,695,571	50,881,308
Tier 1 Sukuk		6,563,550	6,562,500	6,562,838
Total equity		63,140,390	60,258,071	57,444,146
Total liabilities and equity		433,365,644	386,848,929	377,011,637

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024	2023	2024	2023
	SAR'000	SAR'000	SAR'000	SAR'000
Special commission income	6,199,863	5,307,606	17,674,345	15,005,640
Special commission expense	2,906,506	2,232,735	8,233,538	5,733,304
Net special commission income	3,293,357	3,074,871	9,440,807	9,272,336
Fee and commission income	1,113,157	968,628	3,256,538	2,731,778
Fee and commission expense	378,326	321,510	1,091,020	901,621
Fee and commission income, net	734,831	647,118	2,165,518	1,830,157
Exchange income, net	216,940	152,318	524,197	457,541
Trading income, net	239,624	67,578	405,443	348,196
Dividend income	22,284	10,629	39,735	33,240
Gains /(losses) on disposal of non-trading investments, net	21,612	(2,954)	11,693	(31,465)
Other operating income	16,247	28,584	42,500	56,686
Total operating income, net	4,544,895	3,978,144	12,629,893	11,966,691
Salaries and employee-related expenses	714,906	657,360	2,127,663	1,915,782
Rent and premises-related expenses	72,331	56,840	149,432	152,207
Depreciation of property, equipment and right of use assets	176,310	182,470	492,149	502,339
Other general and administrative expenses	316,030	377,121	1,049,016	1,070,356
Other operating expenses	27,820	25,110	59,693	54,082
Total operating expenses before impairment charge	1,307,397	1,298,901	3,877,953	3,694,766
Impairment charge for credit losses and other financial assets, net	309,621	321,001	895,114	1,411,435
Impairment (reversal)/ charge for investments, net	(23,600)	31,516	2,095	77,212
Total operating expenses, net	1,593,418	1,651,418	4,775,162	5,183,413
Net operating income	2,951,477	2,326,726	7,854,731	6,783,278
Share in income of associates, net	7,736	3,443	21,856	8,331
Income before zakat	2,959,213	2,330,169	7,876,587	6,791,609
Zakat for the period	305,127	240,800	812,075	700,329
Net income for the period	2,654,086	2,089,369	7,064,512	6,091,280
Basic and diluted earnings per share (in SAR)	0.86	0.67	2.28	1.95


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024	2023	2024	2023
	SAR'000	SAR'000	SAR'000	SAR'000
Net income for the period	2,654,086	2,089,369	7,064,512	6,091,280
Other comprehensive income (OCI):				
<u>a) Items that will be reclassified to interim condensed consolidated statement of income in subsequent periods</u>				
- Fair value through other comprehensive income (FVOCI- debt instruments)				
- Net change in fair value	463,921	(256,808)	564,805	(644,042)
- Net amounts transferred to interim condensed consolidated statement of income	(21,612)	2,954	(11,693)	31,465
- Net changes in allowance for expected credit losses (ECL)	(22,537)	32,259	1,504	79,810
- Effective portion of net change in fair value of cash flow hedges	34,192	2,427	31,887	(44,237)
<u>b) Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods</u>				
- Net change in fair value of equity instruments at fair value through other comprehensive income (FVOCI- equity instruments)	122,111	(10,394)	67,648	88,869
Other comprehensive income (loss) for the period	576,075	(229,562)	654,151	(488,135)
Total comprehensive income for the period	3,230,161	1,859,807	7,718,663	5,603,145

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



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the nine month period ended 30 September 2024 & 2023

<u>SAR'000</u>	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Proposed dividends	Equity attributable to the shareholders of the Bank	Tier 1 sukuk	Total equity
30 September 2024									
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
Total comprehensive income									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	67,648	-	-	67,648	-	67,648
- FVOCI -debt instruments	-	-	-	564,805	-	-	564,805	-	564,805
Net amount reclassified to the interim condensed consolidated statement of income for FVOCI - debt instruments	-	-	-	(11,693)	-	-	(11,693)	-	(11,693)
Net changes in allowance for expected credit losses on FVOCI -debt instruments	-	-	-	1,504	-	-	1,504	-	1,504
Net change in fair value of cash flow hedges	-	-	-	31,887	-	-	31,887	-	31,887
Net income for the period	-	-	-	-	7,064,512	-	7,064,512	-	7,064,512
Total comprehensive income	-	-	-	654,151	7,064,512	-	7,718,663	-	7,718,663
Disposal of FVOCI-equity instruments	-	-	-	-	52,642	-	52,642	-	52,642
Final dividends paid - 2023(note 16)	-	-	-	-	(2,246,250)	-	(2,246,250)	-	(2,246,250)
Interim dividend - 2024 (note 16)	-	-	-	-	(2,396,000)	-	(2,396,000)	-	(2,396,000)
Tier 1 sukuk costs	-	-	-	-	(260,711)	-	(260,711)	1,050	(259,661)
Employee share plan reserve	-	-	-	12,925	-	-	12,925	-	12,925
Balance at the end of the period	30,000,000	(165,912)	12,953,515	297,873	13,491,364	-	56,576,840	6,563,550	63,140,390
30 September 2023									
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
Total comprehensive income									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	88,869	-	-	88,869	-	88,869
- FVOCI -debt instruments	-	-	-	(644,042)	-	-	(644,042)	-	(644,042)
Net amount reclassified to the interim condensed consolidated statement of income for FVOCI - debt instruments	-	-	-	31,465	-	-	31,465	-	31,465
Net changes in allowance for expected credit losses on FVOCI -debt instruments	-	-	-	79,810	-	-	79,810	-	79,810
Net change in fair value of cash flow hedge	-	-	-	(44,237)	-	-	(44,237)	-	(44,237)
Net income for the period	-	-	-	-	6,091,280	-	6,091,280	-	6,091,280
Total comprehensive (loss) income	-	-	-	(488,135)	6,091,280	-	5,603,145	-	5,603,145
Tier 1 sukuk costs	-	-	-	-	(260,923)	-	(260,923)	(8,287)	(269,210)
Treasury shares	-	(165,912)	-	-	-	-	(165,912)	-	(165,912)
Final proposed dividend - 2022 (note 16)	-	-	-	-	-	(1,950,000)	(1,950,000)	-	(1,950,000)
Interim dividend - 2023 (note 16)	-	-	-	-	(1,947,226)	-	(1,947,226)	-	(1,947,226)
Balance at the end of the period	30,000,000	(165,912)	10,942,054	(1,278,395)	11,383,561	-	50,881,308	6,562,838	57,444,146

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

		For the nine month period ended 30 September	
		2024	2023
	Note	SAR'000	SAR'000
OPERATING ACTIVITIES			
Income before zakat			
Adjustments to reconcile net income for the period to net cash from operating activities:			
Accretion of discounts and amortisation of premium on non-FVIS instruments, net		(455,153)	(318,485)
(Gains)/ losses on disposal of non-trading investments, net		(11,693)	31,465
Gains on trading investments, net		(31,370)	(35,289)
Losses on sale of property and equipment, net		7,094	4,563
Dividend income		(39,735)	(33,240)
Depreciation of property, equipment and right of use assets		492,149	502,339
Share in income of associates, net		(21,856)	(8,331)
Impairment charge for credit losses and other financial assets, net	8 c	895,114	1,411,435
Interest on lease liabilities		12,057	13,423
Impairment charge for investments, net		2,095	77,212
		8,725,289	8,436,701
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		(1,290,932)	(406,792)
Due from banks and other financial institutions maturing after three months from date of acquisition		-	-
Positive fair value of derivatives		(1,022,091)	(1,294,608)
Investments at FVIS		(2,015,816)	(38,514)
Loans and advances, net		(32,130,035)	(26,155,578)
Other real estate		51,607	40,512
Other assets		(755,280)	(379,221)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		2,762,924	(4,712,550)
Negative fair value of derivatives		760,137	1,997,301
Customer deposits		38,667,108	14,712,175
Other liabilities		2,133,944	(103,570)
		15,886,855	(7,904,144)
Zakat paid		(931,647)	(807,169)
Net cash from (used in) operating activities		14,955,208	(8,711,313)
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments not held as FVIS instruments		18,267,747	5,176,947
Purchase of investments not held as FVIS instruments		(23,036,034)	(11,028,448)
Purchase of property and equipment		(1,159,768)	(1,188,312)
Proceeds from sale of property and equipment		32,675	66,000
Net cash used in investing activities		(5,895,380)	(6,973,813)
FINANCING ACTIVITIES			
Debt securities in issue and term loan, net, related costs		(162,740)	(87,646)
Debt securities in issue and term loan, net		-	4,530,631
Dividend paid		(4,620,909)	(3,876,676)
Tier 1 sukuk related costs		(259,661)	(269,210)
Principal payments on lease liabilities		(195,821)	(219,810)
Purchase of treasury shares		-	(165,912)
Net cash used in financing activities		(5,239,131)	(88,623)
Increase(decrease) in cash and cash equivalents		3,820,697	(15,773,749)
Cash and cash equivalents at beginning of the period		28,290,580	41,486,081
Cash and cash equivalents at end of the period	12	32,111,277	25,712,332
Special commission received during the period		17,614,111	14,704,573
Special commission paid during the period		8,400,642	5,089,208
Supplemental non-cash information			
Net changes in fair value and transfers to interim condensed consolidated statement of income		652,647	(567,945)
Right of use assets		(126,367)	(43,064)
Lease liabilities		(132,234)	(77,788)

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 nine month period ended 30 September 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 334 licensed branches (30 September 2023: 335 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"). The significant subsidiaries of Riyad Bank are 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.
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.
1957 Ventures Fund	100%	Engaged in fostering innovation by investing in building FinTech ventures and offering comprehensive support, including resources, mentorship, and strategic insights, incorporated in the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the nine months period ended 30 September 2024 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). 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 nine month period ended 30 September 2024 & 2023

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.

The significant judgments, estimates and assumptions made by management are the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2023, except for change in the estimated useful lives of certain property, equipment and intangible assets. During the period, the estimated total useful lives of certain property, equipment and intangible assets were revised as follows:

Class of property, equipment and intangible assets	Estimated useful life before change	Estimated useful life after change
Buildings	33 years	40 years
Improvements and decoration of premises (Owned)	5 years	8-15 years
Improvements and decoration of premises (Leased)	Over the lower of the lease period or 5 years	over the lower of the lease period or useful life
Software programs and automation projects	3-5 years	6-10 years

The revision in useful lives was based on the operational efficiency review of these assets. The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard IAS 8 "Accounting policies, changes in accounting estimates and errors". Had the revision in the useful lives of these assets not been made, the depreciation / amortization expense for the period ended 30 September 2024 would have been higher by SAR 113 million and consequently net income before zakat would have been lower by the same amount.

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.

4. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024

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.

<u>Standard</u>	<u>Description</u>
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 and not early adopted.

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Effective date</u>
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 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026.
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
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine month period ended 30 September 2024 & 2023

5. MATERIAL ACCOUNTING POLICIES

Except for the change in estimated useful lives of certain property, equipment and intangible assets (mentioned in note 2), 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.

	30 September 2024			31 December 2023			30 September 2023		
	(Unaudited)			(Audited)			(Unaudited)		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Held for trading:									
Special commission rate swaps	4,591,703	(4,062,500)	258,941,755	3,548,151	(3,267,680)	171,757,919	4,916,748	(4,647,973)	156,350,834
Forward foreign exchange contracts	38,092	(16,581)	12,460,774	43,061	(30,639)	9,623,318	66,938	(52,350)	10,432,537
Currency options	32	(279)	627,508	557	(1,078)	76,083	2,124	(470)	259,682
Commodity swaps	43,563	(42,702)	1,644,132	32,910	(30,894)	1,385,482	23,104	(21,222)	1,456,320
Held as fair value hedges:									
Special commission rate swaps	16,831	(252)	1,593,392	43,451	-	1,592,797	76,535	-	1,592,988
Held as cash flow hedges:									
Special commission rate swaps	-	(66,398)	1,375,000	-	(98,284)	1,375,000	-	(129,571)	1,375,000
Total	4,690,221	(4,188,712)	276,642,561	3,668,130	(3,428,575)	185,810,599	5,085,449	(4,851,586)	171,467,361

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine month period ended 30 September 2024 & 2023
7. INVESTMENTS, NET
a) Investments by type of securities

SAR'000	Domestic			International			Total		
	30 September 2024	31 December 2023	30 September 2023	30 September 2024	31 December 2023	30 September 2023	30 September 2024	31 December 2023	30 September 2023
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
i) Investment at FVIS									
Mutual Funds	4,370,032	2,322,845	1,437,222	-	-	-	4,370,032	2,322,845	1,437,222
Total	4,370,032	2,322,845	1,437,222	-	-	-	4,370,032	2,322,845	1,437,222
ii) Investment at amortised cost, net									
Fixed rate securities	37,265,478	31,805,451	33,804,244	103,804	103,926	103,669	37,369,282	31,909,377	33,907,913
Floating rate securities	2,671,821	2,708,827	2,721,425	-	-	-	2,671,821	2,708,827	2,721,425
Total	39,937,299	34,514,278	36,525,669	103,804	103,926	103,669	40,041,103	34,618,204	36,629,338
iii) Investments at FVOCI, net									
Fixed rate securities	-	-	-	19,621,173	19,534,543	18,307,301	19,621,173	19,534,543	18,307,301
Floating rate securities	-	-	-	588,494	2,453	-	588,494	2,453	-
Equities	396,847	563,340	545,962	1,119,398	1,067,439	962,473	1,516,245	1,630,779	1,508,435
Total	396,847	563,340	545,962	21,329,065	20,604,435	19,269,774	21,725,912	21,167,775	19,815,736
Total	44,704,178	37,400,463	38,508,853	21,432,869	20,708,361	19,373,443	66,137,047	58,108,824	57,882,296

Above investments include sukuks amounting to SAR 26.2 billion as at 30 September 2024 (31 December 2023: SAR 24.0 billion and 30 September 2023 : SAR 23.9 billion).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine month period ended 30 September 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 ECL -</u> <u>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*	990	(399)	-	591
Balance as at 30 September 2024	2,759	665	-	3,424
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*	(2,477)	(122)	-	(2,599)
Balance as at 30 September 2023	1,545	1,285	-	2,830

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 ECL -</u> <u>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	3,850	(3,850)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(1,650)	1,650	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(6,582)	6,582	-
Net other movements*	(6,528)	222	7,810	1,504
Balance as at 30 September 2024	33,870	68,525	372,096	474,491
Balance at 1 January 2023	18,600	45,527	310,040	374,167
Transfer from Stage 2 & Stage 3 to Stage 1	2,917	(2,917)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(906)	906	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	(21)	(1,439)	1,460	-
Net other movements*	6,557	22,200	51,054	79,811
Balance as at 30 September 2023	27,147	64,277	362,554	453,978

* Includes remeasurement

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the nine month period ended 30 September 2024 & 2023
8. LOANS AND ADVANCES, NET
a) Loans and advances held at amortised cost

These comprise the following:

<u>30 September 2024 (Unaudited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
SAR'000						
Performing loans and advances	6,145,535	1,730,007	94,558,045	202,544,638	2,099,366	307,077,591
Non-performing loans and advances	82,827	69,975	1,340,402	2,221,533	2,300	3,717,037
Total loans and advances	6,228,362	1,799,982	95,898,447	204,766,171	2,101,666	310,794,628
Allowance for impairment	(258,897)	(69,612)	(1,207,007)	(3,849,766)	(1,831)	(5,387,113)
Loans and advances, net	5,969,465	1,730,370	94,691,440	200,916,405	2,099,835	305,407,515
<u>31 December 2023 (Audited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
SAR'000						
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
Total loans and advances	5,797,701	1,518,784	95,034,004	175,195,036	1,775,040	279,320,565
Allowance for impairment	(169,251)	(53,612)	(1,074,734)	(3,622,932)	(1,790)	(4,922,319)
Loans and advances, net	5,628,450	1,465,172	93,959,270	171,572,104	1,773,250	274,398,246
<u>30 September 2023 (Unaudited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
SAR'000						
Performing loans and advances	4,375,108	1,364,533	93,147,125	168,007,575	1,291,146	268,185,487
Non-performing loans and advances	111,233	51,201	1,142,238	2,395,986	1,729	3,702,387
Total loans and advances	4,486,341	1,415,734	94,289,363	170,403,561	1,292,875	271,887,874
Allowance for impairment	(49,485)	(64,051)	(1,101,118)	(3,521,384)	(840)	(4,736,878)
Loans and advances, net	4,436,856	1,351,683	93,188,245	166,882,177	1,292,035	267,150,996

Loans and advances, net, include non-conventional banking products of SAR 203.5 billion as at 30 September 2024 (31 December 2023: SAR 188.5 billion and 30 September 2023: SAR 184.2 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	140,025	(74,831)	(65,194)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(17,593)	47,849	(30,256)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(4,412)	(126,944)	131,356	-
Net re-measurement of loss allowance**	(176,306)	552,665	629,727	1,006,086
Write-offs	-	-	(541,292)	(541,292)
Balance as at 30 September 2024	753,115	2,484,415	2,149,583	5,387,113
	<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	151,553	(40,002)	(111,551)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(13,112)	44,338	(31,226)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(5,272)	(48,046)	53,318	-
Net re-measurement of loss allowance**	(66,222)	382,930	951,947	1,268,655
Write-offs	-	-	(1,286,575)	(1,286,575)
Balance as at 30 September 2023	595,917	1,888,757	2,252,204	4,736,878

* Includes consumer mortgage loans

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine month period ended 30 September 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:

	For the three months ended 30 September		For the nine months ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
SAR'000				
Impairment charge for credit losses, net	281,479	304,204	1,120,766	1,369,529
Impairment charge(reversal) for other financial assets, net	28,142	16,797	(225,652)	41,906
Total	309,621	321,001	895,114	1,411,435

9. CUSTOMER DEPOSITS

Customer deposits comprise the following:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
SAR'000			
Demand	134,311,190	119,606,683	115,418,132
Saving	1,351,081	1,400,147	1,429,302
Time	140,071,362	114,092,253	117,906,803
Others	17,841,099	19,808,541	19,965,023
Total	293,574,732	254,907,624	254,719,260

Customer time deposits include non-conventional banking deposits of SAR 49,650 million as at 30 September 2024 (31 December 2023: SAR 38,516 million and 30 September 2023: SAR 35,732 million).

10. TIER 1 SUKUK

During September 2024, the Bank successfully issued through a Shariah compliant arrangement, USD denominated additional tier 1 Sukuk, amounting to USD 750 million (SAR 2.81 billion). The issue proceeds were received on 3 October 2024 and hence not recognised in these interim condensed consolidated financial statements. These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sukuk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine month period ended 30 September 2024 & 2023

11. COMMITMENTS AND CONTINGENCIES

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
SAR'000			
Letters of credit	10,262,021	8,223,056	9,002,289
Letters of guarantee	116,356,485	91,654,845	87,586,895
Acceptances	3,854,208	5,553,691	4,296,049
Irrevocable commitments to extend credit	42,709,766	24,206,278	25,484,957
Total	173,182,480	129,637,870	126,370,190

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	2,102	(2,102)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(268)	286	(18)	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(34)	34	-
Net re-measurement of loss allowance	(5,356)	574	143,482	138,700
Transfer to write-off reserves	-	-	(34,654)	(34,654)
Balance as at 30 September 2024	47,242	8,716	254,268	310,226
Balance at January 1, 2023	24,463	17,364	165,117	206,944
Transfer from Stage 2 & Stage 3 to Stage 1	1,265	(1,265)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(357)	466	(109)	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(9)	9	-
Net re-measurement of loss allowance	19,687	(6,341)	28,532	41,878
Transfer to write-off reserves	-	-	(46,271)	(46,271)
Balance as at 30 September 2023	45,058	10,215	147,278	202,551

Other liabilities as at 30 September 2024, include write-off reserves amounting to SAR 180.6 million (31 December 2023: SAR 547 million and 30 September 2023: SAR 569 million).

c) Legal proceedings

The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as disclosed in December 31, 2023 annual consolidated financial statements.

12. CASH AND CASH EQUIVALENTS

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
	SAR'000	SAR'000	SAR'000
Cash and balances with SAMA excluding statutory deposit	5,550,000	12,856,855	13,708,042
Due from banks and other financial institutions maturing within three months from date of acquisition	26,561,277	15,433,725	12,004,290
Total	32,111,277	28,290,580	25,712,332

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the nine month period ended 30 September 2024 & 2023
13. 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
30 September 2024
SAR'000 (Unaudited)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
- Positive fair value of derivatives	-	4,690,221	-	4,690,221
- Investments held at FVIS	4,370,032	-	-	4,370,032
Mutual Funds	4,370,032	-	-	4,370,032
- Investments held at FVOCI	21,179,477	-	546,435	21,725,912
Fixed rate securities	19,621,173	-	-	19,621,173
Floating rate securities	588,494	-	-	588,494
Equities	969,810	-	546,435	1,516,245
Financial liabilities measured at fair value				
- Negative fair value of derivatives	-	4,188,712	-	4,188,712

31 December 2023
SAR'000 (Audited)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
- 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

30 September 2023
SAR'000 (Unaudited)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
- Positive fair value of derivatives	-	5,085,449	-	5,085,449
- Investments held at FVIS	1,437,222	-	-	1,437,222
Mutual Funds	1,437,222	-	-	1,437,222
- Investments held at FVOCI	19,198,828	-	616,908	19,815,736
Fixed rate securities	18,307,301	-	-	18,307,301
Equities	891,527	-	616,908	1,508,435
Financial liabilities measured at fair value				
- Negative fair value of derivatives	-	4,851,586	-	4,851,586

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the nine month period ended 30 September 2024 & 2023
13. FAIR VALUES OF FINANCIAL INSTRUMENTS(continued)

	For the nine months ended 30 September 2024 (Unaudited) SAR'000	For the year ended 31 December 2023 (Audited) SAR'000	For the nine months ended 30 September 2023 (Unaudited) SAR'000
Reconciliation of movement in Level 3			
Opening balance	680,767	554,576	554,576
Total gains or losses, net:			
- recognised in other comprehensive income	(22,611)	121,394	60,864
Other movements	(170,726)	2,452	1,468
Purchases	59,005	2,345	-
Closing balance	546,435	680,767	616,908

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 304.2 billion (carrying value: SAR 310.8 billion), as at 30 September 2024 (31 December 2023: SAR 275.4 billion, carrying value: SAR 279.3 billion and 30 September 2023: SAR 264.9 billion, carrying value: SAR 271.9 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 37.2 billion as at 30 September 2024 (carrying value: SAR 40.0 billion), (31 December 2023: SAR 31.9 billion, carrying value: SAR 34.6 billion and 30 September 2023: SAR 33.9 billion, carrying value: SAR 36.6 billion).

14. 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 nine month period ended 30 September 2024 & 2023

14. 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 30 September 2024 and 2023 and its net total operating income, total operating expenses and income before zakat for the nine months periods then ended, by operating segments, are as follows:

30 September 2024

SAR'000 (Unaudited)	Investment				Total
	Retail banking	banking and brokerage	Corporate banking	Treasury and investment	
Total assets	112,123,316	4,866,596	214,429,942	101,945,790	433,365,644
Total liabilities	121,267,491	498,343	196,382,715	52,076,705	370,225,254
Operating income from external customers	3,008,848	636,305	7,151,921	1,832,819	12,629,893
Inter segment income/(expense)	663,804	79,766	(538,481)	(205,089)	-
Total operating income, net of which	3,672,652	716,071	6,613,440	1,627,730	12,629,893
- Net special commission income	3,426,538	249,106	5,119,366	645,797	9,440,807
- Fee and commission income, net	290,842	433,653	1,418,832	22,191	2,165,518
Total operating expenses, net of which	2,710,703	243,591	1,627,392	193,476	4,775,162
- Depreciation of property, equipment & right of use assets	339,257	23,934	112,437	16,521	492,149
- Impairment charge for credit losses and other financial assets, net	452,080	-	442,618	416	895,114
- Impairment charge for investments, net	-	-	-	2,095	2,095
Share in profits of associates, net	-	-	-	21,856	21,856
Income for the period before zakat	961,949	472,480	4,986,048	1,456,110	7,876,587

30 September 2023

SAR'000 (Unaudited)	Investment				Total
	Retail banking	banking and brokerage	Corporate banking	Treasury and investment	
Total assets	109,041,434	4,306,085	175,181,747	88,482,371	377,011,637
Total liabilities	108,489,521	456,465	174,232,526	36,388,979	319,567,491
Operating income from external customers	2,961,389	478,054	6,014,261	2,512,987	11,966,691
Inter segment income/(expense)	149,408	143,651	315,303	(608,362)	-
Total operating income, net of which	3,110,797	621,705	6,329,564	1,904,625	11,966,691
- Net special commission income	2,987,921	187,550	4,986,875	1,109,990	9,272,336
- Fee and commission income, net	159,412	385,706	1,273,349	11,690	1,830,157
Total operating expenses, net of which	2,721,986	235,227	2,000,130	226,070	5,183,413
- Depreciation of property, equipment & right of use assets	352,923	28,243	101,422	19,751	502,339
- Impairment charge for credit losses and other financial assets, net	394,513	-	1,015,710	1,212	1,411,435
- Impairment charge for investment, net	-	-	-	77,212	77,212
Share in losses of associates, net	-	-	-	8,331	8,331
Income for the period before zakat	388,811	386,478	4,329,434	1,686,886	6,791,609

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine month period ended 30 September 2024 & 2023

15. 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.

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For the nine month period ended 30 September 2024 & 2023

16. DIVIDENDS

During August 2024, interim dividends of SAR 2,396 million at SAR 0.80 per share (2023: SAR 1,947 million at SAR 0.65 per share) were declared by the Bank and the distribution date for the dividend was 22 August 2024.

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.

17. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 30 September 2024 and 2023 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 treasury shares.

18. 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.

	30 September 2024	31 December 2023	30 September 2023
	(Unaudited)	(Audited)	(Unaudited)
	SAR Millions	SAR Millions	SAR Millions
Risk weighted assets			
Credit risk weighted assets	374,503	318,802	304,536
Operational risk weighted assets	15,712	13,461	13,461
Market risk weighted assets	12,828	7,844	7,149
Total Pillar-I Risk Weighted Assets	403,043	340,107	325,146
Eligible capital			
Common equity Tier 1 (CET 1) Capital	56,367	53,451	50,659
Total Tier I Capital	62,931	60,014	57,222
Tier II Capital	10,246	10,498	10,088
Total Tier I and II Capital	73,177	70,512	67,310
CET 1 Ratio %	14.0%	15.7%	15.6%
Tier I Capital Adequacy Ratio %	15.6%	17.6%	17.6%
Total Capital Adequacy Ratio %	18.2%	20.7%	20.7%

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For the nine month period ended 30 September 2024 & 2023
19. 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 30 September resulting from such transactions are as follows:

	30 September 2024 SAR'000	30 September 2023 SAR'000
a) Major Shareholders		
Loans and advances	415,000	295,000
Customer deposits	29,578,532	18,584,837
Derivatives asset (at fair value)	(1,147)	(4,786)
Commitments and contingencies (irrevocable)	835,000	955,000
b) Bank's Board of Directors and Senior Executives:		
Loans and advances	539,272	295,971
Customer deposits	509,888	585,383
Commitments and contingencies (irrevocable)	1,233,225	1,491,664
Executive end of service	36,467	27,512
c) Associates		
Loans and advances	202,319	32,667
Customer deposits	113,958	171,220
Commitments and contingencies (irrevocable)	308,592	478,244

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	-	-
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Income and expenses pertaining to transactions with related parties included in these interim condensed consolidated financial statements are as follows:

	For the nine month period ended 30 September	
	2024 SAR'000	2023 SAR'000
Special commission income	52,523	36,692
Special commission expense	829,623	765,004
Fees from banking services, net	207,159	213,421
Directors and committees remuneration and expenses	1,731	1,518
Executive remuneration and bonus	93,022	99,467
Executive end of service	7,589	3,188
Other expenses	176,110	93,860

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine month period ended 30 September 2024 & 2023

20. BOARD OF DIRECTORS APPROVAL

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 17 Rabi II 1446H (corresponding to 20 October 2024).