

# Riyad Bank

(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements  
for period ended 30 June 2024



Building a better  
working world

**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 Riyadh Bank  
(A Saudi Joint Stock Company)**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Riyadh Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2024, and the related statements of income and comprehensive income for the three-month and six-month periods then ended 30 June 2024, and the related statements of changes in equity and cash flows for the six-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 June 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 24 July 2023 (corresponding to 6 Muharram 1445H) respectively.

**Ernst & Young Professional Services**

**Rashid S. Roshod**  
Certified Public Accountant  
License No. 366



**Deloitte and Touche & Co.  
Chartered Accountants**

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

8 Safar 1446H  
(12 August 2024)

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   |      | 30 June<br>2024    | 31 December<br>2023 | 30 June<br>2023    |
|---|------|--------------------|---------------------|--------------------|
|   | Note | SAR'000            | SAR'000             | SAR'000            |
| <b>ASSETS</b>   |      | (Unaudited)        | (Audited)           | (Unaudited)        |
| Cash and balances with Saudi Central Bank (SAMA), net                 |      | 29,388,551         | 26,175,226          | 37,221,225         |
| Due from banks and other financial institutions, net                  |      | 9,307,639          | 15,433,725          | 22,091,875         |
| Positive fair value of derivatives                                    | 6    | 4,621,936          | 3,668,130           | 3,827,170          |
| Investments, net  | 7a   | 61,073,429         | 58,108,824          | 56,387,630         |
| - Investment at fair value through income statement (FVIS)            |      | 4,325,915          | 2,322,845           | 1,433,427          |
| - Investment at amortised cost, net                                   |      | 35,570,682         | 34,618,204          | 35,790,035         |
| - Investments at fair value through other comprehensive income(FVOCI) |      | 21,176,832         | 21,167,775          | 19,164,168         |
| Loans and advances, net   | 8a   | 291,051,288        | 274,398,246         | 263,150,024        |
| Other assets  |      | 2,664,406          | 2,547,120           | 2,034,794          |
| Investment in associates  |      | 394,683            | 379,941             | 375,755            |
| Other real estate   |      | 701,570            | 670,470             | 462,741            |
| Property, equipment and right of use assets, net                      |      | 5,825,266          | 5,467,247           | 3,684,434          |
| <b>Total assets</b>   |      | <b>405,028,768</b> | <b>386,848,929</b>  | <b>389,235,648</b> |
| <b>LIABILITIES AND EQUITY</b>   |      |                    |                     |                    |
| <b>Liabilities</b>  |      |                    |                     |                    |
| Due to banks and other financial institutions                         |      | 35,943,750         | 42,464,026          | 34,129,388         |
| Negative fair value of derivatives                                    | 6    | 4,341,047          | 3,428,575           | 3,625,956          |
| Customer deposits   | 9    | 276,008,647        | 254,907,624         | 272,269,261        |
| Debt securities in issue and term loan                                |      | 13,303,436         | 13,372,622          | 8,768,045          |
| Other liabilities   |      | 13,085,282         | 12,418,011          | 12,752,440         |
| <b>Total liabilities</b>  |      | <b>342,682,162</b> | <b>326,590,858</b>  | <b>331,545,090</b> |
| <b>Shareholders' equity</b>   |      |                    |                     |                    |
| Share capital   |      | 30,000,000         | 30,000,000          | 30,000,000         |
| Treasury shares   |      | (165,912)          | (165,912)           | (112,439)          |
| Statutory reserve   |      | 12,953,515         | 12,953,515          | 10,942,054         |
| Other reserves  |      | (343,769)          | (369,203)           | (1,048,833)        |
| Retained earnings   |      | 13,339,072         | 11,277,171          | 11,346,901         |
| <b>Equity attributable to the shareholders of the Bank</b>            |      | <b>55,782,906</b>  | <b>53,695,571</b>   | <b>51,127,683</b>  |
| <b>Tier 1 Sukuk</b>   |      | <b>6,563,700</b>   | <b>6,562,500</b>    | <b>6,562,875</b>   |
| <b>Total equity</b>   |      | <b>62,346,606</b>  | <b>60,258,071</b>   | <b>57,690,558</b>  |
| <b>Total liabilities and equity</b>                                   |      | <b>405,028,768</b> | <b>386,848,929</b>  | <b>389,235,648</b> |

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)**

|   | Note | For the three month period<br>ended 30 June |                  | For the six month period<br>ended 30 June |                  |
|---|------|---|------------------|---|------------------|
|   |      | 2024  | 2023             | 2024                                      | 2023             |
|   |      | <u>SAR'000</u>                              | <u>SAR'000</u>   | <u>SAR'000</u>                            | <u>SAR'000</u>   |
| Special commission income   |      | 5,805,064                                   | 5,066,237        | 11,474,482                                | 9,698,034        |
| Special commission expense  |      | 2,708,495                                   | 1,957,120        | 5,327,032                                 | 3,500,569        |
| <b>Net special commission income</b>                                |      | <b>3,096,569</b>                            | <b>3,109,117</b> | <b>6,147,450</b>                          | <b>6,197,465</b> |
| Fee and commission income   |      | 1,077,187                                   | 926,052          | 2,143,381                                 | 1,763,150        |
| Fee and commission expense  |      | 349,823                                     | 316,586          | 712,694                                   | 580,111          |
| <b>Fee and commission income, net</b>                               |      | <b>727,364</b>                              | <b>609,466</b>   | <b>1,430,687</b>                          | <b>1,183,039</b> |
| Exchange income, net  |      | 152,513                                     | 134,007          | 307,257                                   | 305,223          |
| Trading income, net   |      | 6,896                                       | 102,675          | 165,819                                   | 280,618          |
| Dividend income   |      | 9,575                                       | 14,818           | 17,451                                    | 22,611           |
| Losses on disposal of non-trading investments, net                  |      | (11,952)                                    | (24,803)         | (9,919)                                   | (28,511)         |
| Other operating income  |      | 16,346                                      | 7,038            | 26,253                                    | 28,102           |
| <b>Total operating income, net</b>                                  |      | <b>3,997,311</b>                            | <b>3,952,318</b> | <b>8,084,998</b>                          | <b>7,988,547</b> |
| Salaries and employee-related expenses                              |      | 717,911                                     | 649,278          | 1,412,757                                 | 1,258,422        |
| Rent and premises-related expenses                                  |      | 19,879                                      | 54,940           | 77,101                                    | 95,367           |
| Depreciation of property, equipment and right of use assets         |      | 127,885                                     | 160,709          | 315,839                                   | 319,869          |
| Other general and administrative expenses                           |      | 344,856                                     | 348,554          | 732,986                                   | 693,235          |
| Other operating expenses  |      | 14,310                                      | 20,663           | 31,873                                    | 28,972           |
| <b>Total operating expenses before impairment charge</b>            |      | <b>1,224,841</b>                            | <b>1,234,144</b> | <b>2,570,556</b>                          | <b>2,395,865</b> |
| Impairment charge for credit losses and other financial assets, net | 8 c  | 147,586                                     | 486,658          | 585,493                                   | 1,090,434        |
| Impairment charge for investments, net                              |      | 27,014                                      | 25,364           | 25,695                                    | 45,696           |
| <b>Total operating expenses, net</b>                                |      | <b>1,399,441</b>                            | <b>1,746,166</b> | <b>3,181,744</b>                          | <b>3,531,995</b> |
| <b>Net operating income</b>   |      | <b>2,597,870</b>                            | <b>2,206,152</b> | <b>4,903,254</b>                          | <b>4,456,552</b> |
| Share in income of associates, net                                  |      | 8,500                                       | 3,767            | 14,120                                    | 4,888            |
| <b>Income before zakat</b>  |      | <b>2,606,370</b>                            | <b>2,209,919</b> | <b>4,917,374</b>                          | <b>4,461,440</b> |
| Zakat for the period  |      | 268,667                                     | 227,600          | 506,948                                   | 459,529          |
| <b>Net income for the period</b>                                    |      | <b>2,337,703</b>                            | <b>1,982,319</b> | <b>4,410,426</b>                          | <b>4,001,911</b> |
| <b>Basic and diluted earnings per share (in SAR)</b>                | 16   | <b>0.75</b>                                 | <b>0.64</b>      | <b>1.42</b>                               | <b>1.28</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 COMPREHENSIVE INCOME (Unaudited)


|   | For the three month period<br>ended 30 June |           | For the six month period<br>ended 30 June |           |
|---|---|-----------|---|-----------|
|   | 2024  | 2023      | 2024                                      | 2023      |
|   | SAR'000                                     | SAR'000   | SAR'000                                   | SAR'000   |
| Net income for the period   | 2,337,703                                   | 1,982,319 | 4,410,426                                 | 4,001,911 |
| 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  | 28,442                                      | (92,650)  | 100,884                                   | (387,234) |
| - Net amounts transferred to interim condensed consolidated statement of income   | 11,952                                      | 24,803    | 9,919                                     | 28,511    |
| - Net changes in allowance for expected credit losses (ECL)   | 25,979                                      | 26,317    | 24,041                                    | 47,551    |
| - Effective portion of net change in fair value of cash flow hedges   | 5,704                                       | (12,615)  | (2,305)                                   | (46,664)  |
| <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                         | (91,454)                                    | 91,145    | (54,463)                                  | 99,263    |
| Other comprehensive (loss) / income for the period  | (19,377)                                    | 37,000    | 78,076                                    | (258,573) |
| Total comprehensive income for the period   | 2,318,326                                   | 2,019,319 | 4,488,502                                 | 3,743,338 |

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 six month period ended 30 June 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>30 June 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        |
| <u>Total comprehensive income</u>  |                   |                  |                   |                    |                   |                    |   |                  |                   |
| Net changes in fair values of  |                   |                  |                   |                    |                   |                    |   |                  |                   |
| - FVOCI -equity instruments  | -                 | -                | -                 | (54,463)           | -                 | -                  | (54,463)                                | -                | (54,463)          |
| - FVOCI -debt instruments  | -                 | -                | -                 | 100,884            | -                 | -                  | 100,884                                 | -                | 100,884           |
| Net amount reclassified to the interim condensed consolidated statement of income for FVOCI - debt instruments | -                 | -                | -                 | 9,919              | -                 | -                  | 9,919                                   | -                | 9,919             |
| Net changes in allowance for expected credit losses on FVOCI -debt instruments                                 | -                 | -                | -                 | 24,041             | -                 | -                  | 24,041                                  | -                | 24,041            |
| Net change in fair value of cash flow hedges   | -                 | -                | -                 | (2,305)            | -                 | -                  | (2,305)                                 | -                | (2,305)           |
| Net income for the period  | -                 | -                | -                 | -                  | 4,410,426         | -                  | 4,410,426                               | -                | 4,410,426         |
| Total comprehensive income   | -                 | -                | -                 | 78,076             | 4,410,426         | -                  | 4,488,502                               | -                | 4,488,502         |
| Disposal of FVOCI-equity instruments   | -                 | -                | -                 | (52,642)           | 52,642            | -                  | -                                       | -                | -                 |
| Final dividends paid - 2023(note 15)   | -                 | -                | -                 | -                  | (2,246,250)       | -                  | (2,246,250)                             | -                | (2,246,250)       |
| Tier 1 sukuk costs   | -                 | -                | -                 | -                  | (154,917)         | -                  | (154,917)                               | 1,200            | (153,717)         |
| Balance at the end of the period   | <u>30,000,000</u> | <u>(165,912)</u> | <u>12,953,515</u> | <u>(343,769)</u>   | <u>13,339,072</u> | <u>-</u>           | <u>55,782,906</u>                       | <u>6,563,700</u> | <u>62,346,606</u> |
| <b>30 June 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        |
| <u>Total comprehensive income</u>  |                   |                  |                   |                    |                   |                    |   |                  |                   |
| Net changes in fair values of  |                   |                  |                   |                    |                   |                    |   |                  |                   |
| - FVOCI -equity instruments  | -                 | -                | -                 | 99,263             | -                 | -                  | 99,263                                  | -                | 99,263            |
| - FVOCI -debt instruments  | -                 | -                | -                 | (387,234)          | -                 | -                  | (387,234)                               | -                | (387,234)         |
| Net amount reclassified to the interim condensed consolidated statement of income for FVOCI -debt instruments  | -                 | -                | -                 | 28,511             | -                 | -                  | 28,511                                  | -                | 28,511            |
| Net changes in allowance for expected credit losses on FVOCI -debt instruments                                 | -                 | -                | -                 | 47,551             | -                 | -                  | 47,551                                  | -                | 47,551            |
| Net change in fair value of cash flow hedge  | -                 | -                | -                 | (46,664)           | -                 | -                  | (46,664)                                | -                | (46,664)          |
| Net income for the period  | -                 | -                | -                 | -                  | 4,001,911         | -                  | 4,001,911                               | -                | 4,001,911         |
| Total comprehensive (loss) income  | -                 | -                | -                 | (258,573)          | 4,001,911         | -                  | 3,743,338                               | -                | 3,743,338         |
| Tier 1 sukuk costs   | -                 | -                | -                 | -                  | (155,440)         | -                  | (155,440)                               | (8,250)          | (163,690)         |
| Treasury shares  | -                 | (112,439)        | -                 | -                  | -                 | -                  | (112,439)                               | -                | (112,439)         |
| 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>(112,439)</u> | <u>10,942,054</u> | <u>(1,048,833)</u> | <u>11,346,901</u> | <u>-</u>           | <u>51,127,683</u>                       | <u>6,562,875</u> | <u>57,690,558</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 six month<br>period ended 30 June |                    |
|--|------|---|--------------------|
|  | Note | 2024<br>SAR'000                           | 2023<br>SAR'000    |
| <b>OPERATING ACTIVITIES</b>  |      |   |                    |
| Income before zakat  |      | 4,917,374                                 | 4,461,440          |
| <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                      |      | (275,164)                                 | (168,835)          |
| Losses on disposal of non-trading investments, net   |      | 9,919                                     | 28,511             |
| Gains on trading investments, net  |      | (3,983)                                   | (30,115)           |
| Gains on sale of property and equipment, net   |      | (105)                                     | (2,286)            |
| Dividend income  |      | (17,451)                                  | (22,611)           |
| Depreciation of property, equipment and right of use assets  |      | 315,839                                   | 319,869            |
| Share in income of associates, net   |      | (14,120)                                  | (4,888)            |
| Impairment charge for credit losses and other financial assets, net                                  | 8 c  | 585,493                                   | 1,090,434          |
| Interest on lease liabilities  |      | (7,948)                                   | (8,997)            |
| Impairment charge for investments, net   |      | 25,695                                    | 45,696             |
|  |      | <b>5,535,549</b>                          | <b>5,708,218</b>   |
| <b>Net (increase) decrease in operating assets:</b>  |      |   |                    |
| Statutory deposit with SAMA  |      | (845,854)                                 | (827,888)          |
| Due from banks and other financial institutions maturing after three months from date of acquisition |      | -   | -                  |
| Positive fair value of derivatives   |      | (953,806)                                 | (36,329)           |
| Investments at FVIS  |      | (1,999,087)                               | (39,893)           |
| Loans and advances, net  |      | (17,492,329)                              | (21,850,402)       |
| Other real estate  |      | (31,100)                                  | 2,508              |
| Other assets   |      | (117,286)                                 | 1,141,152          |
| <b>Net increase (decrease) in operating liabilities:</b>   |      |   |                    |
| Due to banks and other financial institutions  |      | (6,520,276)                               | (4,630,680)        |
| Negative fair value of derivatives   |      | 912,472                                   | 771,671            |
| Customer deposits  |      | 21,101,023                                | 32,262,176         |
| Other liabilities  |      | 1,448,263                                 | 29,500             |
|  |      | <b>1,037,569</b>                          | <b>12,530,033</b>  |
| Zakat paid   |      | (931,647)                                 | (807,169)          |
| <b>Net cash from operating activities</b>  |      | <b>105,922</b>                            | <b>11,722,864</b>  |
| <b>INVESTING ACTIVITIES</b>  |      |   |                    |
| Proceeds from sales and maturities of investments not held as FVIS instruments                       |      | 9,053,704                                 | 3,292,755          |
| Purchase of investments not held as FVIS instruments   |      | (9,679,132)                               | (7,466,396)        |
| Purchase of property and equipment   |      | (696,636)                                 | (829,469)          |
| Proceeds from sale of property and equipment   |      | 22,884                                    | 136,106            |
| <b>Net cash used in investing activities</b>   |      | <b>(1,299,180)</b>                        | <b>(4,867,004)</b> |
| <b>FINANCING ACTIVITIES</b>  |      |   |                    |
| Debt securities in issue and term loan, net, related costs   |      | (69,186)                                  | -                  |
| Dividend paid  |      | (2,232,348)                               | (1,940,942)        |
| Tier 1 sukuk related costs   |      | (153,717)                                 | (163,690)          |
| Principal payments on lease liabilities  |      | (110,106)                                 | (133,461)          |
| Purchase of treasury shares  |      | -   | (112,439)          |
| <b>Net cash used in financing activities</b>   |      | <b>(2,565,357)</b>                        | <b>(2,350,532)</b> |
| <b>(Decrease) / Increase in cash and cash equivalents</b>  |      | <b>(3,758,615)</b>                        | <b>4,505,328</b>   |
| 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>24,531,965</b>                         | <b>45,991,409</b>  |
| Special commission received during the period  |      | 11,221,806                                | 9,274,231          |
| Special commission paid during the period  |      | 5,388,628                                 | 2,787,642          |
| <b>Supplemental non-cash information</b>   |      |   |                    |
| Net changes in fair value and transfers to interim condensed consolidated statement of income        |      | 54,035                                    | (306,124)          |
| Right of use assets  |      | (88,166)                                  | (22,970)           |
| Lease liabilities  |      | (95,558)                                  | (61,549)           |

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



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

For the six month period ended 30 June 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 June 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"). 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.                                 |

### 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the six months period ended 30 June 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 six month period ended 30 June 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.

#### Use of estimates and judgements

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 ended 30 June 2024, 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<br>before change        | Estimated useful life<br>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 June 2024 would have been higher by SAR 75 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.

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

For the six month period ended 30 June 2024 & 2023

### 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.

| Standard   | Description   |
|--|---|
| 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.

| Standard, interpretation, amendments  | Description  | Effective date                       |
|---|--|--------------------------------------|
| 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 |
| 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 six month period ended 30 June 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 June 2024<br>(Unaudited) |                        |                    | 31 December 2023<br>(Audited) |                        |                    | 30 June 2023<br>(Unaudited) |                        |                    |
|------------------------------------|-----------------------------|------------------------|--------------------|-------------------------------|------------------------|--------------------|-----------------------------|------------------------|--------------------|
|                                    | Positive<br>fair value      | Negative<br>fair value | Notional<br>amount | Positive<br>fair value        | Negative<br>fair value | Notional<br>amount | Positive<br>fair value      | Negative<br>fair value | Notional<br>amount |
|                                    | <u>SAR'000</u>              | <u>SAR'000</u>         | <u>SAR'000</u>     | <u>SAR'000</u>                | <u>SAR'000</u>         | <u>SAR'000</u>     | <u>SAR'000</u>              | <u>SAR'000</u>         | <u>SAR'000</u>     |
| <b>Held for trading:</b>           |                             |                        |                    |                               |                        |                    |                             |                        |                    |
| Special commission rate swaps      | 4,481,776                   | (4,148,748)            | 199,754,794        | 3,548,151                     | (3,267,680)            | 171,757,919        | 3,667,881                   | (3,434,733)            | 136,419,577        |
| Forward foreign exchange contracts | 40,913                      | (49,881)               | 17,680,986         | 43,061                        | (30,639)               | 9,623,318          | 51,819                      | (26,455)               | 21,529,566         |
| Currency options                   | 1,189                       | -                      | 860,194            | 557                           | (1,078)                | 76,083             | 101                         | (1,592)                | 213,108            |
| Commodity swaps                    | 37,006                      | (35,960)               | 1,022,532          | 32,910                        | (30,894)               | 1,385,482          | 32,605                      | (31,346)               | 534,459            |
| <b>Held as fair value hedges:</b>  |                             |                        |                    |                               |                        |                    |                             |                        |                    |
| Special commission rate swaps      | 61,052                      | -                      | 1,593,476          | 43,451                        | -                      | 1,592,797          | 74,764                      | -                      | 1,593,009          |
| <b>Held as cash flow hedges:</b>   |                             |                        |                    |                               |                        |                    |                             |                        |                    |
| Special commission rate swaps      | -                           | (106,458)              | 1,375,000          | -                             | (98,284)               | 1,375,000          | -                           | (131,830)              | 1,375,000          |
| <b>Total</b>                       | <b>4,621,936</b>            | <b>(4,341,047)</b>     | <b>222,286,982</b> | <b>3,668,130</b>              | <b>(3,428,575)</b>     | <b>185,810,599</b> | <b>3,827,170</b>            | <b>(3,625,956)</b>     | <b>161,664,719</b> |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2024 & 2023

### 7. INVESTMENTS, NET

#### a) Investments by type of securities

| SAR'000                                      | Domestic          |                   |                   | International     |                   |                   | Total             |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 30 June 2024      | 31 December 2023  | 30 June 2023      | 30 June 2024      | 31 December 2023  | 30 June 2023      | 30 June 2024      | 31 December 2023  | 30 June 2023      |
|  | (Unaudited)       | (Audited)         | (Unaudited)       | (Unaudited)       | (Audited)         | (Unaudited)       | (Unaudited)       | (Audited)         | (Unaudited)       |
| <b>i) Investment at FVIS</b>                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Mutual Funds                                 | 4,325,915         | 2,322,845         | 1,433,427         | -                 | -                 | -                 | 4,325,915         | 2,322,845         | 1,433,427         |
| <b>Total</b>                                 | <b>4,325,915</b>  | <b>2,322,845</b>  | <b>1,433,427</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>4,325,915</b>  | <b>2,322,845</b>  | <b>1,433,427</b>  |
| <b>ii) Investment at amortised cost, net</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fixed rate securities                        | 32,812,002        | 31,805,451        | 32,432,938        | 103,875           | 103,926           | 652,435           | 32,915,877        | 31,909,377        | 33,085,373        |
| Floating rate securities                     | 2,654,805         | 2,708,827         | 2,704,662         | -                 | -                 | -                 | 2,654,805         | 2,708,827         | 2,704,662         |
| <b>Total</b>                                 | <b>35,466,807</b> | <b>34,514,278</b> | <b>35,137,600</b> | <b>103,875</b>    | <b>103,926</b>    | <b>652,435</b>    | <b>35,570,682</b> | <b>34,618,204</b> | <b>35,790,035</b> |
| <b>iii) Investments at FVOCI, net</b>        |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fixed rate securities                        | -                 | -                 | -                 | 19,733,514        | 19,534,543        | 17,644,799        | 19,733,514        | 19,534,543        | 17,644,799        |
| Floating rate securities                     | -                 | -                 | -                 | 54,254            | 2,453             | -                 | 54,254            | 2,453             | -                 |
| Equities                                     | 316,650           | 563,340           | 546,772           | 1,072,414         | 1,067,439         | 972,597           | 1,389,064         | 1,630,779         | 1,519,369         |
| <b>Total</b>                                 | <b>316,650</b>    | <b>563,340</b>    | <b>546,772</b>    | <b>20,860,182</b> | <b>20,604,435</b> | <b>18,617,396</b> | <b>21,176,832</b> | <b>21,167,775</b> | <b>19,164,168</b> |
| <b>Total</b>                                 | <b>40,109,372</b> | <b>37,400,463</b> | <b>37,117,799</b> | <b>20,964,057</b> | <b>20,708,361</b> | <b>19,269,831</b> | <b>61,073,429</b> | <b>58,108,824</b> | <b>56,387,630</b> |

Above investments include sukuks amounting to SAR 26.3 billion as at 30 June 2024 (31 December 2023: SAR 24.0 billion and 30 June 2023 : SAR 25.8 billion).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 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><br><u>12-month</u><br><u>ECL</u> | <u>Stage 2</u><br><u>lifetime ECL</u><br><u>not credit</u><br><u>impaired</u> | <u>Stage 3</u><br><u>lifetime ECL</u><br><u>- credit</u><br><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*                       | 1,809   | (155)   | -   | 1,654        |
| Balance as at 30 June 2024                 | 3,578   | 909   | -   | 4,487        |
| 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*                       | (2,068)   | 213   | -   | (1,855)      |
| Balance as at 30 June 2023                 | 1,954   | 1,620   | -   | 3,574        |

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

|  | <u>Stage 1</u><br><u>12-month</u><br><u>ECL</u> | <u>Stage 2</u><br><u>lifetime ECL</u><br><u>not credit</u><br><u>impaired</u> | <u>Stage 3</u><br><u>lifetime ECL</u><br><u>- credit</u><br><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 | 3,705   | (3,705)   | -   | -            |
| Transfer from Stage 1 & Stage 3 to Stage 2 | (1,609)   | 1,609   | -   | -            |
| Transfer from Stage 1 & Stage 2 to Stage 3 | -   | (6,582)   | 6,582   | -            |
| Net other movements*                       | 3,039   | 10,864  | 10,138  | 24,041       |
| Balance as at 30 June 2024                 | 43,333  | 79,271  | 374,424   | 497,028      |
| Balance at 1 January 2023                  | 18,600  | 45,527  | 310,040   | 374,167      |
| Transfer from Stage 2 & Stage 3 to Stage 1 | 2,135   | (2,135)   | -   | -            |
| Transfer from Stage 1 & Stage 3 to Stage 2 | (786)   | 786   | -   | -            |
| Transfer from Stage 1 & Stage 2 to Stage 3 | -   | (386)   | 386   | -            |
| Net other movements*                       | 7,137   | 43,395  | (2,981)   | 47,551       |
| Balance as at 30 June 2023                 | 27,086  | 87,187  | 307,445   | 421,718      |

\* Includes remeasurement



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

For the six month period ended 30 June 2024 & 2023

### 8. LOANS AND ADVANCES, NET

#### a) Loans and advances held at amortised cost

These comprise the following:

| <u>30 June 2024 (Unaudited)</u>   | Overdraft | Credit Cards | Consumer Loans* | Commercial Loans | Others    | Total       |
|-----------------------------------|-----------|--------------|-----------------|------------------|-----------|-------------|
| <u>SAR'000</u>                    |           |              |                 |                  |           |             |
| Performing loans and advances     | 6,224,252 | 1,649,514    | 93,723,528      | 189,081,358      | 1,957,206 | 292,635,858 |
| Non-performing loans and advances | 57,569    | 60,883       | 1,206,331       | 2,182,661        | 1,750     | 3,509,194   |
| Total loans and advances          | 6,281,821 | 1,710,397    | 94,929,859      | 191,264,019      | 1,958,956 | 296,145,052 |
| Allowance for impairment          | (230,217) | (66,572)     | (1,166,351)     | (3,629,014)      | (1,610)   | (5,093,764) |
| Loans and advances, net           | 6,051,604 | 1,643,825    | 93,763,508      | 187,635,005      | 1,957,346 | 291,051,288 |
| <u>31 December 2023 (Audited)</u> | Overdraft | Credit Cards | Consumer Loans* | Commercial Loans | Others    | Total       |
| <u>SAR'000</u>                    |           |              |                 |                  |           |             |
| 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 June 2023 (Unaudited)</u>   | Overdraft | Credit Cards | Consumer Loans* | Commercial Loans | Others    | Total       |
| <u>SAR'000</u>                    |           |              |                 |                  |           |             |
| Performing loans and advances     | 4,536,898 | 1,230,738    | 91,601,106      | 165,341,868      | 1,239,073 | 263,949,683 |
| Non-performing loans and advances | 170,117   | 50,599       | 1,203,359       | 2,443,695        | 1,442     | 3,869,212   |
| Total loans and advances          | 4,707,015 | 1,281,337    | 92,804,465      | 167,785,563      | 1,240,515 | 267,818,895 |
| Allowance for impairment          | (130,503) | (60,724)     | (1,042,696)     | (3,429,396)      | (5,552)   | (4,668,871) |
| Loans and advances, net           | 4,576,512 | 1,220,613    | 91,761,769      | 164,356,167      | 1,234,963 | 263,150,024 |

Loans and advances, net, include non-conventional banking products of SAR 194.7 billion as at 30 June 2024 (31 December 2023: SAR 188.5 billion and 30 June 2023: SAR 181.1 billion). Allowance for impairment related to the non-commission-based banking products is SAR 3.5 billion (Dec 31, 2023: SAR 3.4 billion and June 30, 2023: SAR 3.1 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> | <u>Stage 1</u>      | <u>Stage 2</u>                            | <u>Stage 3</u>                        | <u>Total</u> |
|--|---------------------|---|---------------------------------------|--------------|
| <u>(Unaudited)</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       | 112,325             | (43,792)                                  | (68,533)                              | -            |
| Transfer from Stage 1 & Stage 3 to Stage 2       | (19,283)            | 50,477                                    | (31,194)                              | -            |
| Transfer from Stage 1 & Stage 2 to Stage 3       | (3,037)             | (122,073)                                 | 125,110                               | -            |
| Net re-measurement of loss allowance**           | (120,636)           | 288,164                                   | 547,145                               | 714,673      |
| Write-offs                                       | -                   | -   | (543,228)                             | (543,228)    |
| Balance as at 30 June 2024                       | 780,770             | 2,258,452                                 | 2,054,542                             | 5,093,764    |
|  | <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       | 104,767             | (25,260)                                  | (79,507)                              | -            |
| Transfer from Stage 1 & Stage 3 to Stage 2       | (14,794)            | 40,518                                    | (25,724)                              | -            |
| Transfer from Stage 1 & Stage 2 to Stage 3       | (7,029)             | (50,804)                                  | 57,833                                | -            |
| Net re-measurement of loss allowance**           | (60,458)            | 113,585                                   | 809,260                               | 862,387      |
| Write-offs                                       | -                   | -   | (948,314)                             | (948,314)    |
| Balance as at 30 June 2023                       | 551,456             | 1,627,576                                 | 2,489,839                             | 4,668,871    |

\* Includes consumer mortgage loans

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

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

For the six month period ended 30 June 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<br>ended 30 June |                     | For the six months<br>ended 30 June |                     |
|---|---------------------------------------|---------------------|-------------------------------------|---------------------|
| SAR'000   | 2024<br>(Unaudited)                   | 2023<br>(Unaudited) | 2024<br>(Unaudited)                 | 2023<br>(Unaudited) |
| Impairment charge for credit losses, net                      | 403,337                               | 484,436             | 839,287                             | 1,065,325           |
| Impairment (reversal)/ charge for other financial assets, net | (255,751)                             | 2,222               | (253,794)                           | 25,109              |
| <b>Total</b>  | <b>147,586</b>                        | <b>486,658</b>      | <b>585,493</b>                      | <b>1,090,434</b>    |

### 9. CUSTOMER DEPOSITS

Customer deposits comprise the following:

| SAR'000      | 30 June 2024<br>(Unaudited) | 31 December 2023<br>(Audited) | 30 June 2023<br>(Unaudited) |
|--------------|-----------------------------|-------------------------------|-----------------------------|
| Demand       | 134,160,182                 | 119,606,683                   | 124,711,106                 |
| Saving       | 1,417,452                   | 1,400,147                     | 1,446,215                   |
| Time         | 118,222,905                 | 114,092,253                   | 119,475,901                 |
| Others       | 22,208,108                  | 19,808,541                    | 26,636,039                  |
| <b>Total</b> | <b>276,008,647</b>          | <b>254,907,624</b>            | <b>272,269,261</b>          |

Customer time deposits include non-conventional banking deposits of SAR 36,525 million as at 30 June 2024 (31 December 2023: SAR 38,516 million and 30 June 2023: SAR 30,833 million).

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

For the six month period ended 30 June 2024 & 2023

### 10. COMMITMENTS AND CONTINGENCIES

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

|  | 30 June 2024<br>(Unaudited) | 31 December 2023<br>(Audited) | 30 June 2023<br>(Unaudited) |
|--|-----------------------------|-------------------------------|-----------------------------|
| SAR'000                                  |                             |                               |                             |
| Letters of credit                        | 8,874,236                   | 8,223,056                     | 8,622,020                   |
| Letters of guarantee                     | 109,243,063                 | 91,654,845                    | 84,709,939                  |
| Acceptances                              | 3,537,720                   | 5,553,691                     | 3,459,540                   |
| Irrevocable commitments to extend credit | 34,999,751                  | 24,206,278                    | 22,915,222                  |
| <b>Total</b>                             | <b>156,654,770</b>          | <b>129,637,870</b>            | <b>119,706,721</b>          |

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

| SAR'000                                    | Stage 1<br>12-month<br>ECL | Stage 2<br>lifetime ECL -<br>not credit<br>impaired | Stage 3<br>lifetime ECL -<br>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 | 5,216                      | (5,216)   | -  | -              |
| Transfer from Stage 1 & Stage 3 to Stage 2 | (115)                      | 133   | (18)   | -              |
| Transfer from Stage 1 & Stage 2 to Stage 3 | -                          | (34)  | 34   | -              |
| Net re-measurement of loss allowance       | (5,110)                    | 2,950   | 111,581                                      | 109,421        |
| Transfer to write-off reserves             | -                          | -   | (10,414)                                     | (10,414)       |
| <b>Balance as at 30 June 2024</b>          | <b>50,755</b>              | <b>7,825</b>  | <b>246,607</b>                               | <b>305,187</b> |
| Balance at January 1, 2023                 | 24,463                     | 17,364  | 165,117                                      | 206,944        |
| Transfer from Stage 2 & Stage 3 to Stage 1 | 817                        | (817)   | -  | -              |
| Transfer from Stage 1 & Stage 3 to Stage 2 | (304)                      | 304   | -  | -              |
| Transfer from Stage 1 & Stage 2 to Stage 3 | -                          | (9)   | 9  | -              |
| Net re-measurement of loss allowance       | (80)                       | 2,573   | 23,478                                       | 25,971         |
| Transfer to write-off reserves             | -                          | -   | (23,427)                                     | (23,427)       |
| <b>Balance as at 30 June 2023</b>          | <b>24,896</b>              | <b>19,415</b>                                       | <b>165,177</b>                               | <b>209,488</b> |

Other liabilities as at 30 June 2024, include write-off reserves amounting to SAR 183.9 million (31 December 2023: SAR 547 million and 30 June 2023: SAR 546 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.

### 11. CASH AND CASH EQUIVALENTS

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

|   | 30 June 2024<br>(Unaudited) | 31 December 2023<br>(Audited) | 30 June 2023<br>(Unaudited) |
|---|-----------------------------|-------------------------------|-----------------------------|
| SAR'000   |                             |                               |                             |
| Cash and balances with SAMA excluding statutory deposit   | 15,224,326                  | 12,856,855                    | 23,899,534                  |
| Due from banks and other financial institutions maturing within three months from date of acquisition | 9,307,639                   | 15,433,725                    | 22,091,875                  |
| <b>Total</b>  | <b>24,531,965</b>           | <b>28,290,580</b>             | <b>45,991,409</b>           |



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

For the six month period ended 30 June 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

**30 June 2024**

**SAR'000 (Unaudited)**

#### Financial assets measured at fair value

|                                      | Level 1    | Level 2   | Level 3 | Total      |
|--------------------------------------|------------|-----------|---------|------------|
| - Positive fair value of derivatives | -          | 4,621,936 | -       | 4,621,936  |
| - Investments held at FVIS           | 4,325,915  | -         | -       | 4,325,915  |
| Mutual Funds                         | 4,325,915  | -         | -       | 4,325,915  |
| - Investments held at FVOCI          | 20,690,407 | -         | 486,425 | 21,176,832 |
| Fixed rate securities                | 19,733,514 | -         | -       | 19,733,514 |
| Floating rate securities             | 54,254     | -         | -       | 54,254     |
| Equities                             | 902,639    | -         | 486,425 | 1,389,064  |

#### Financial liabilities measured at fair value

|                                      |   |           |   |           |
|--------------------------------------|---|-----------|---|-----------|
| - Negative fair value of derivatives | - | 4,341,047 | - | 4,341,047 |
|--------------------------------------|---|-----------|---|-----------|

**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 |
|--------------------------------------|---|-----------|---|-----------|

**30 June 2023**

**SAR'000 (Unaudited)**

#### Financial assets measured at fair value

|                                      | Level 1    | Level 2   | Level 3 | Total      |
|--------------------------------------|------------|-----------|---------|------------|
| - Positive fair value of derivatives | -          | 3,827,170 | -       | 3,827,170  |
| - Investments held at FVIS           | 1,433,427  | -         | -       | 1,433,427  |
| Mutual Funds                         | 1,433,427  | -         | -       | 1,433,427  |
| - Investments held at FVOCI          | 18,548,267 | -         | 615,901 | 19,164,168 |
| Fixed rate securities                | 17,644,799 | -         | -       | 17,644,799 |
| Equities                             | 903,468    | -         | 615,901 | 1,519,369  |

#### Financial liabilities measured at fair value

|                                      |   |           |   |           |
|--------------------------------------|---|-----------|---|-----------|
| - Negative fair value of derivatives | - | 3,625,956 | - | 3,625,956 |
|--------------------------------------|---|-----------|---|-----------|

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

For the six month period ended 30 June 2024 & 2023

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

|  | For the six<br>months ended<br>30 June 2024<br>(Unaudited)<br>SAR'000 | For the year ended<br>31 December 2023<br>(Audited)<br>SAR'000 | For the six<br>months ended<br>30 June 2023<br>(Unaudited)<br>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   | 33,425  | 121,394  | 59,317  |
| Other movements                              | -   | 2,452  | 2,008   |
| (Redemptions) / Purchases                    | (227,767)   | 2,345  | -   |
| <b>Closing balance</b>                       | <b>486,425</b>  | <b>680,767</b>   | <b>615,901</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 291.4 billion (carrying value: SAR 296.1 billion), as at 30 June 2024 (31 December 2023: SAR 275.4 billion, carrying value: SAR 279.3 billion and 30 June 2023: SAR 270.9 billion, carrying value: SAR 267.8 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 30.6 billion as at 30 June 2024 (carrying value: SAR 35.6 billion), (31 December 2023: SAR 31.9 billion, carrying value: SAR 34.6 billion and 30 June 2023: SAR 33.8 billion, carrying value: SAR 35.8 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 six month period ended 30 June 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 30 June 2024 and 2023 and its net total operating income, total operating expenses and income before zakat for the six months periods then ended, by operating segments, are as follows:

#### 30 June 2024

| SAR'000 (Unaudited)   | Retail<br>banking | Investment<br>banking and<br>brokerage | Corporate<br>banking | Treasury and<br>investment | Total       |
|---|-------------------|--|----------------------|----------------------------|-------------|
| Total assets  | 106,560,070       | 7,551,392                              | 203,698,309          | 87,218,997                 | 405,028,768 |
| Total liabilities   | 123,825,870       | 412,928                                | 174,640,170          | 43,803,194                 | 342,682,162 |
| Operating income from external customers  | 1,996,737         | 400,893                                | 4,616,104            | 1,071,264                  | 8,084,998   |
| Inter segment income/(expense)  | 419,032           | 116,388                                | (322,052)            | (213,368)                  | -           |
| Total operating income, net of which  | 2,415,769         | 517,281                                | 4,294,052            | 857,896                    | 8,084,998   |
| - Net special commission income   | 2,219,614         | 212,476                                | 3,346,121            | 369,239                    | 6,147,450   |
| - Fee and commission income, net  | 222,493           | 284,543                                | 908,379              | 15,272                     | 1,430,687   |
| Total operating expenses, net of which  | 1,875,267         | 161,075                                | 993,635              | 151,767                    | 3,181,744   |
| - Depreciation of property, equipment & right of use assets                     | 185,516           | 12,514                                 | 108,854              | 8,955                      | 315,839     |
| - Impairment charge(reversal) for credit losses and other financial assets, net | 323,536           | -                                      | 262,571              | (614)                      | 585,493     |
| - Impairment charge for investments, net  | -                 | -                                      | -                    | 25,695                     | 25,695      |
| Share in income of associates, net  | -                 | -                                      | -                    | 14,120                     | 14,120      |
| Income for the period before zakat  | 540,502           | 356,206                                | 3,300,417            | 720,249                    | 4,917,374   |

#### 30 June 2023

| SAR'000 (Unaudited)   | Retail<br>banking | Investment<br>banking and<br>brokerage | Corporate<br>banking | Treasury and<br>investment | Total       |
|---|-------------------|--|----------------------|----------------------------|-------------|
| Total assets  | 103,879,367       | 4,439,795                              | 174,330,886          | 106,585,600                | 389,235,648 |
| Total liabilities   | 110,717,249       | 623,667                                | 190,128,092          | 30,076,082                 | 331,545,090 |
| Operating income from external customers                              | 1,955,390         | 316,646                                | 3,908,765            | 1,807,746                  | 7,988,547   |
| Inter segment income/(expense)  | 132,764           | 92,554                                 | 284,817              | (510,135)                  | -           |
| Total operating income, net of which                                  | 2,088,154         | 409,200                                | 4,193,582            | 1,297,611                  | 7,988,547   |
| - Net special commission income                                       | 2,025,086         | 120,881                                | 3,317,076            | 734,422                    | 6,197,465   |
| - Fee and commission income, net                                      | 82,045            | 252,623                                | 842,692              | 5,679                      | 1,183,039   |
| Total operating expenses, net of which                                | 1,760,997         | 150,545                                | 1,463,586            | 156,867                    | 3,531,995   |
| - Depreciation of property, equipment & right of use assets           | 164,894           | 12,571                                 | 135,153              | 7,251                      | 319,869     |
| - Impairment charge for credit losses and other financial assets, net | 298,105           | -                                      | 792,006              | 323                        | 1,090,434   |
| - Impairment charge for investment, net                               | -                 | -                                      | -                    | 45,696                     | 45,696      |
| Share in income of associates, net                                    | -                 | -                                      | -                    | 4,888                      | 4,888       |
| Income for the period before zakat                                    | 327,157           | 258,655                                | 2,729,996            | 1,145,632                  | 4,461,440   |



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

For the six month period ended 30 June 2024 & 2023

### 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 six month period ended 30 June 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 30 June 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 period by 2,995 million shares after excluding five million treasury shares.

Basic and diluted earnings per share for the period ended 30 June 2023 is calculated by dividing the net income attributable to common equity holders of the Bank adjusted for Tier 1 sukuk costs for the period by 2,996.6 million shares after excluding treasury 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.

|                                      | 30 June 2024 | 31 December 2023 | 30 June 2023 |
|--------------------------------------|--------------|------------------|--------------|
|                                      | (Unaudited)  | (Audited)        | (Unaudited)  |
|                                      | SAR Millions | SAR Millions     | SAR Millions |
| <b>Risk weighted assets</b>          |              |                  |              |
| Credit risk weighted assets          | 346,461      | 318,802          | 299,260      |
| Operational risk weighted assets     | 15,712       | 13,461           | 13,461       |
| Market risk weighted assets          | 10,050       | 7,844            | 8,276        |
| Total Pillar-I Risk Weighted Assets  | 372,223      | 340,107          | 320,997      |
| <b>Eligible capital</b>              |              |                  |              |
| Common equity Tier 1 (CET 1) Capital | 55,547       | 53,451           | 50,893       |
| Total Tier I Capital                 | 62,111       | 60,014           | 57,456       |
| Tier II Capital                      | 10,566       | 10,498           | 9,347        |
| Total Tier I and II Capital          | 72,677       | 70,512           | 66,803       |
| CET 1 Ratio %                        | 14.9%        | 15.7%            | 15.9%        |
| Tier I Capital Adequacy Ratio %      | 16.7%        | 17.6%            | 17.9%        |
| Total Capital Adequacy Ratio %       | 19.5%        | 20.7%            | 20.8%        |

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

For the six month period ended 30 June 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 30 June resulting from such transactions are as follows:

|  | 30 June 2024   | 30 June 2023   |
|--|----------------|----------------|
|  | <u>SAR'000</u> | <u>SAR'000</u> |
| <b>a) Major Shareholders</b>                               |                |                |
| Loans and advances   | 235,000        | 410,000        |
| Customer deposits  | 22,875,318     | 26,705,894     |
| Derivatives asset (at fair value)                          | (4,060)        | (3,452)        |
| Commitments and contingencies (irrevocable)                | 1,015,000      | 840,000        |
| <b>b) Bank's Board of Directors and Senior Executives:</b> |                |                |
| Loans and advances   | 635,725        | 465,335        |
| Customer deposits  | 568,085        | 503,429        |
| Commitments and contingencies (irrevocable)                | 1,130,228      | 1,319,847      |
| Executive end of service                                   | 36,319         | 26,411         |
| <b>c) Associates</b>                                       |                |                |
| Loans and advances   | 137,116        | 42,333         |
| Customer deposits  | 83,239         | 224,628        |
| Commitments and contingencies (irrevocable)                | 373,795        | 632,667        |

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 | - | - |
|-------------------|---|---|

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

|  | For the six month period ended<br>30 June |                |
|--|---|----------------|
|  | 2024                                      | 2023           |
|  | <u>SAR'000</u>                            | <u>SAR'000</u> |
| Special commission income                          | 34,883                                    | 23,579         |
| Special commission expense                         | 516,759                                   | 606,078        |
| Fees from banking services, net                    | 132,340                                   | 146,545        |
| Directors and committees remuneration and expenses | 1,416                                     | 1,243          |
| Executive remuneration and bonus                   | 79,272                                    | 92,354         |
| Executive end of service                           | 6,187                                     | 3,250          |
| Other expenses                                     | 111,818                                   | 24,601         |



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

For the six month period ended 30 June 2024 & 2023

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### 19. EVENTS AFTER REPORTING PERIOD

During August 2024, interim dividends of SAR 2,396 million at SAR 0.80 per share (2023: SAR 1,948 million at SAR 0.65 per share) were declared by the Bank with 22 August 2024 as the distribution date.

### 20. BOARD OF DIRECTORS APPROVAL

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 29 Muharram 1446H (corresponding to 4 August 2024).