



arab national bank

A Saudi joint stock company

Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2024





KPMG Professional Services

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Commercial Registration No 1010425494

Headquarters in Riyadh

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

To: The Shareholders of Arab National Bank
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Arab National Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group") as of June 30, 2024, and the related interim consolidated statements of income and comprehensive income for the three and six month periods then ended, and related interim consolidated statements of changes in equity and cash flows for the six month period then ended, and other explanatory notes (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

KPMG Professional Services

Saleh Mohammed S. Mostafa
Certified Public Accountant
License No. 524



Deloitte and Touche & Co.
Chartered Accountants



Mazen A. Al-Omari
Certified Public Accountant
License No. 480

Riyadh, 4 Safar 1446H
Corresponding to: 8 August 2024

Interim consolidated statement of financial position as at

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Assets				
Cash and balances with Saudi Central Bank	4	11,301,612	10,892,182	11,190,079
Due from banks and other financial institutions, net	5	3,608,007	2,477,949	1,895,823
Positive fair value of derivatives	11	2,460,166	1,801,891	2,546,283
Investments, net	6	48,128,441	46,675,830	44,645,249
Loans and advances, net	7	161,612,143	152,235,109	148,851,768
Investments in associates		951,507	949,403	986,364
Other real estate owned, net		1,028,220	1,028,220	1,300,220
Property, equipment and right of use assets, net		2,638,132	2,497,677	2,327,341
Other assets		3,023,474	2,125,049	2,240,510
Total assets		234,751,702	220,683,310	215,983,637
Liabilities and equity				
Liabilities				
Due to banks, Saudi Central Bank and other financial institutions	9	10,940,156	8,429,750	11,849,890
Negative fair value of derivatives	11	1,866,763	1,403,360	1,731,300
Customers' deposits	10	175,586,262	165,861,338	158,377,785
Issued Sukuk		2,828,870	2,828,863	2,828,855
Other liabilities		7,328,406	7,062,100	7,460,544
Total liabilities		198,550,457	185,585,411	182,248,374
Equity				
Share capital	16.1	20,000,000	15,000,000	15,000,000
Statutory reserve		10,648,000	10,648,000	9,630,000
Other reserves		49,865	436,656	207,205
Retained earnings		5,474,412	8,984,821	8,872,804
Total equity attributable to equity holders of the Bank		36,172,277	35,069,477	33,710,009
Non-controlling interest		28,968	28,422	25,254
Total equity		36,201,245	35,097,899	33,735,263
Total liabilities and equity		234,751,702	220,683,310	215,983,637

The notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements.



Saad Al-Dughish
Chief Financial Officer



Obaid A. Al-Rasheed
Managing Director



Hesham Al-Jabr
Authorised Board Member

Interim consolidated statement of income

For the periods ended June 30, 2024, and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2024	2023	2024	2023
Special commission income		3,553,788	3,072,066	7,041,070	5,929,196
Special commission expense		1,612,024	1,308,563	3,171,580	2,401,727
Special commission income, net		1,941,764	1,763,503	3,869,490	3,527,469
Fee and commission income		481,512	396,767	948,485	744,575
Fee and commission expense		265,865	245,406	528,797	473,465
Fee and commission income, net		215,647	151,361	419,688	271,110
Exchange income, net		71,745	76,673	140,421	162,102
Gain on FVSI financial instruments, net		4,584	21,565	23,604	13,044
Trading income, net		38,358	8,337	52,267	27,426
Dividend income		41,907	39,661	81,969	63,166
Gain/ (loss) on non-trading instruments, net		347	(25)	3,754	155,853
Other operating income		20,825	26,707	53,424	48,101
Total operating income		2,335,177	2,087,782	4,644,617	4,268,271
Salaries and employee related expenses		413,538	367,153	831,375	734,762
Premises related expenses		13,509	13,115	26,336	24,879
Depreciation and amortisation		58,647	56,325	121,594	112,053
Other general and administrative expenses		250,833	236,967	487,293	461,045
Total operating expenses before impairment charges		736,527	673,560	1,466,598	1,332,739
Expected credit losses (ECL) and other impairment charges, net	8	166,544	267,751	328,217	515,896
Impairment charges on other real estate owned		-	-	-	50,000
Total operating expenses		903,071	941,311	1,794,815	1,898,635
Net operating income		1,432,106	1,146,471	2,849,802	2,369,636
Share in earnings of associates, net		6,746	16,421	5,924	26,478
Net income before zakat and income tax		1,438,852	1,162,892	2,855,726	2,396,114
Zakat	14	87,997	84,785	176,397	159,570
Income tax	14	119,872	90,762	212,381	181,023
Net income		1,230,983	987,345	2,466,948	2,055,521
Attributable to:					
Equity holders of the Bank		1,230,846	985,976	2,466,402	2,053,560
Non-controlling interest		137	1,369	546	1,961
Net income		1,230,983	987,345	2,466,948	2,055,521
Basic and diluted earnings per share (expressed in SAR)	16.3	0.62	0.49	1.23	1.03

The notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements.


Saad Al-Dughish
Chief Financial Officer


Obaid A. Al-Rasheed
Managing Director


Hesham Al-Jabr
Authorised Board Member

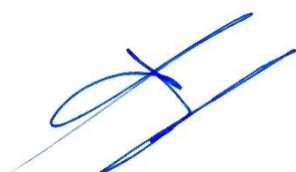
Interim consolidated statement of comprehensive income

For the periods ended June 30, 2024, and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2024	2023	2024	2023
Net income		1,230,983	987,345	2,466,948	2,055,521
Other comprehensive (loss)/ income:					
Items that will not be reclassified to interim consolidated statement of income in subsequent periods					
Equity instruments at FVOCI:					
- Net changes in fair value		(183,747)	146,204	(268,401)	174,661
Items that may be reclassified to interim consolidated statement of income in subsequent periods					
Debt instruments at FVOCI:					
- Net changes in fair value		(49,335)	(38,729)	(130,456)	(20,149)
- Net amounts transferred to interim consolidated statement of income		(347)	-	(3,754)	-
Cash flow hedges:					
- Effective portion of change in the fair value		5,190	(27,582)	(4,299)	(5,811)
Total other comprehensive (loss)/ income		(228,239)	79,893	(406,910)	148,701
Total comprehensive income		1,002,744	1,067,238	2,060,038	2,204,222
Attributable to:					
Equity holders of the Bank		1,002,606	1,065,869	2,059,492	2,202,261
Non-controlling interest		138	1,369	546	1,961
Total comprehensive income		1,002,744	1,067,238	2,060,038	2,204,222

The notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements.



Saad Al-Dughish
Chief Financial Officer



Obaid A. Al-Rasheed
Managing Director



Hesham Al-Jabr
Authorised Board Member

Interim consolidated statement of changes in equity

For the period ended June 30, 2024

All amounts in thousands of Saudi Riyals unless stated otherwise

		Attributable to equity holders of the Bank								
Note	Share capital	Statutory reserve	Other reserves			Retained earnings	Total	Non-controlling interests	Total equity	
			FVOCI instruments	Cash flow hedge reserve	Actuarial loss on defined benefit plan					
Balance as at December 31, 2023	15,000,000	10,648,000	608,592	(85,674)	(86,262)	8,984,821	35,069,477	28,422	35,097,899	
Net income	-	-	-	-	-	2,466,402	2,466,402	546	2,466,948	
Net changes in fair values of FVOCI equity investments	-	-	(268,401)	-	-	-	(268,401)	-	(268,401)	
Net changes in fair values of FVOCI debt instruments	-	-	(130,456)	-	-	-	(130,456)	-	(130,456)	
Net changes in fair value of cash flow hedges	-	-	-	(4,299)	-	-	(4,299)	-	(4,299)	
Net transfers to interim consolidated statement of income	-	-	(3,754)	-	-	-	(3,754)	-	(3,754)	
Total comprehensive income	-	-	(402,611)	(4,299)	-	2,466,402	2,059,492	546	2,060,038	
Loss on derecognition of FVOCI equity investments	-	-	20,119	-	-	(20,119)	-	-	-	
2023 final dividends 16.2.2	-	-	-	-	-	(956,692)	(956,692)	-	(956,692)	
Issuance of bonus shares 16.1	5,000,000	-	-	-	-	(5,000,000)	-	-	-	
Balance as at June 30, 2024	20,000,000	10,648,000	226,100	(89,973)	(86,262)	5,474,412	36,172,277	28,968	36,201,245	

The notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements.



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Obaid A. Al-Rasheed
Managing Director



Hesham Al-Jabr
Authorised Board Member

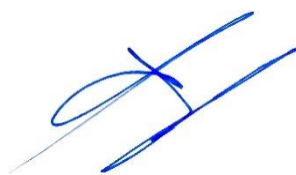
Interim consolidated statement of changes in equity

For the period ended June 30, 2023

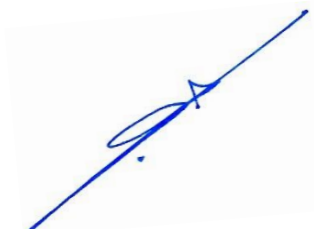
All amounts in thousands of Saudi Riyals unless stated otherwise

Attributable to equity holders of the Bank											
Note	Share capital	Statutory reserve	Other reserves				Retained earnings	Proposed dividends	Total	Non-controlling interests	Total equity
			FVOCI instruments	Cash flow hedge reserve	Actuarial loss on defined benefit plan						
Balance as at December 31, 2022	15,000,000	9,630,000	303,579	(116,139)	(128,936)	6,819,244	826,616	32,334,364	23,293	32,357,657	
Net income	-	-	-	-	-	2,053,560	-	2,053,560	1,961	2,055,521	
Net changes in fair values of FVOCI equity investments	-	-	174,661	-	-	-	-	174,661	-	174,661	
Net changes in fair values of FVOCI debt instruments	-	-	(20,149)	-	-	-	-	(20,149)	-	(20,149)	
Net changes in fair value of cash flow hedges	-	-	-	(5,811)	-	-	-	(5,811)	-	(5,811)	
Total comprehensive income	-	-	154,512	(5,811)	-	2,053,560	-	2,202,261	1,961	2,204,222	
2022 final dividends	16.2.1	-	-	-	-	-	(826,616)	(826,616)	-	(826,616)	
Balance as at June 30, 2023	15,000,000	9,630,000	458,091	(121,950)	(128,936)	8,872,804	-	33,710,009	25,254	33,735,263	

The notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements.



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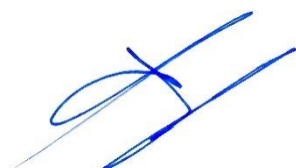
Interim consolidated statement of cash flow

For the six-months periods ended June 30, 2024, and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2024	2023
Operating activities			
Net income before zakat and income tax		2,855,726	2,396,114
Adjustments to reconcile net income to net cash from/ (used in) operating activities:			
Accretion relating to debt instruments, net		(74,178)	(39,984)
Special commission expense on issued Sukuk		46,772	46,512
Gain on non-trading investments, net		(3,754)	(155,853)
Gain on FVSI financial instruments, net		(23,604)	(13,044)
Dividend income		(81,969)	(63,166)
Depreciation and amortisation		121,594	112,053
Gain on disposal of property and equipment, net		(15,361)	(8,812)
Expected credit losses (ECL) and other impairment charges, net	8	328,217	515,896
Impairment charge on other real estate owned		-	50,000
Share in earnings of associates, net		(5,924)	(26,478)
Net (increase)/ decrease in operating assets:			
Statutory deposit with Saudi Central Bank		(353,667)	(173,635)
Investments held at FVSI		(191,471)	(18,245)
Positive fair value of derivatives		(658,275)	413,386
Loans and advances		(9,706,577)	(5,090,415)
Other real estate owned		-	(32,070)
Other assets		(874,698)	(388,971)
Net increase/ (decrease) in operating liabilities:			
Due to banks, Saudi Central Bank and other financial institutions		2,510,406	(1,661,378)
Negative fair value of derivatives		463,403	(432,941)
Customers' deposits		9,724,924	3,506,519
Other liabilities		405,513	219,814
Zakat and income tax paid		(565,045)	(502,314)
Net cash from/ (used in) operating activities		3,902,032	(1,347,012)
Investing activities			
Proceeds from sale and maturities of investments not held as FVSI		881,229	1,200,846
Purchase of investments not held as FVSI		(2,445,684)	(4,466,915)
Dividends received		81,969	63,166
Dividends received from investment in associates		3,821	18,797
Proceeds from sale of property and equipment		29,752	13,241
Purchase of property and equipment		(223,815)	(154,333)
Net cash used in investing activities		(1,672,728)	(3,325,198)
Financing activities			
Dividends paid		(956,692)	(826,616)
Special commission paid on Sukuk		(46,765)	(46,275)
Payment of lease liabilities		(39,293)	(25,506)
Net cash used in financing activities		(1,042,750)	(898,397)
Net increase/ (decrease) in cash and cash equivalents		1,186,554	(5,570,607)
Cash and cash equivalents at the beginning of the period		4,549,290	10,409,597
Cash and cash equivalents at the end of the period	13	5,735,844	4,838,990
Special commission received		6,486,685	5,798,114
Special commission paid		(2,930,379)	(2,518,153)

The notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements.



Saad Al-Dughish
Chief Financial Officer



Obaid A. Al-Rasheed
Managing Director



Hesham Al-Jabr
Authorised Board Member

Notes to interim condensed consolidated financial statements

As at and for the periods ended June 30, 2024, and 2023

1. General

Arab National Bank (a Saudi Joint Stock Company, the "Bank") was formed pursuant to Royal Decree No. M/38 dated Rajab 18, 1399H (corresponding to June 13, 1979). The Bank commenced business on February 2, 1980 by taking over the operations of Arab Bank Limited in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010027912 dated Rabi Awal 1, 1400H (corresponding to January 19, 1980) through its 122 branches (June 30, 2023: 126 branches), 56 remittance centres (June 30, 2023: 62 remittance centres) in the Kingdom of Saudi Arabia and one branch in the United Kingdom. The address of the Bank's head office is as follows:

Arab National Bank
P.O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of banking services. The Bank also provides its customers non-commission 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 the Bank and the following subsidiaries (collectively referred to as "the Group"):

1.1 ANB Capital

In accordance with the Capital Market Authority (CMA) directives, a wholly owned subsidiary and a Saudi closed joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010239908 issued on Shawwal 26, 1428H (corresponding to November 7, 2007), to takeover and manage the Bank's investment services and asset management activities consisting of dealing, managing, arranging, advising and custody of securities regulated by the CMA. The subsidiary commenced its operations effective Muharram 3, 1429H (corresponding to January 12, 2008). On Muharram 19, 1436H (corresponding to November 12, 2014), the subsidiary changed its legal structure from a limited liability company to a closed joint stock company.

The objective of the subsidiary was amended and approved by CMA Board of Commissioners on Muharram 28, 1437H (corresponding to November 10, 2015) through a resolution number S/1/6/14832/15 to include dealing as a principal activity.

The objective of the subsidiary was further amended on Sha'ban 26, 1437H (corresponding to June 2, 2016) to provide loans to the subsidiary's customers to trade in shares as per the Saudi Central Bank (SAMA) circular No. 371000014867 dated Safar 5, 1437H, and the CMA's circular No. S/6/16287/15 dated Rabi' Al-Awal 10, 1437H.

1.2 Arabian Heavy Equipment Leasing Company (AHEL)

An 87.5% owned subsidiary incorporated in the Kingdom of Saudi Arabia, as a Saudi closed joint stock company, under Commercial Registration no 1010267489 issued in Riyadh dated Jumada I 15, 1430H (corresponding to May 10, 2009). The Company is engaged in the leasing of heavy equipment and operates in compliance with Sharia's principles.

The Bank started consolidating the subsidiary's financial statements effective May 10, 2009, the date the subsidiary started its operations. On May 6, 2014 the Bank increased its ownership percentage in this subsidiary from 62.5% to reach 87.5%.

1.3 Al-Manzil Al-Mubarak Real Estate Financing Ltd.

A wholly owned Saudi limited liability company, registered in the Kingdom of Saudi Arabia under the commercial registration no. 1010199647 issued in Riyadh dated Jumada I 18, 1425H (corresponding to July 6, 2004). The subsidiary is engaged in the purchase of lands and real estates and invest them through sale or rent in favor of the company, maintenance and management of owners and others' assets as guarantee, sale and purchase of real estates for financing purposes as per SAMA approval No. 361000109161 dated 10/8/1436H.

1.4 ANB Global Markets Limited

The Bank established on Jumada I 3, 1438H (corresponding to January 31, 2017) ANB Global Markets Limited, as a limited liability company registered in the Cayman Islands. The Bank has 100% ownership in the investee. The objective of ANB Global Markets Limited is trading in derivatives and Repo activities on behalf of the Bank.

Notes to interim condensed consolidated financial statements

As at and for the periods ended June 30, 2024, and 2023

2. Basis of preparation

The interim condensed consolidated financial statements of the Group as at and for the six-months period ended June 30, 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 announcements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023.

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

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 new Regulations for Companies issued through Royal Decree M/132 on Dhul Hijjah 1, 1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on Jumada II 26, 1444H (corresponding to January 19, 2023).

For certain provisions of the Law, full compliance is expected not later than two years from Jumada II 26, 1444H (corresponding to January 19, 2023).

On March 26, 2024, the Extra Ordinary General Assembly of the Bank has approved the amendments to the Bank's By-laws to comply with the new Law. The regulatory procedures to update the Bank's By-Laws were completed during the period.

3. Changes in accounting policies

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed interim consolidated financial information 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.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have a significant impact on the interim condensed consolidated financial information of the Group.

- Amendment to IFRS 16 - Leases on 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. Effective date is deferred until accounting periods starting not earlier than January 1, 2024.
- Amendments to IAS 7 and IFRS 7 on 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. Effective date is January 1, 2024.
- 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. Effective date is January 1, 2024.

Notes to interim condensed consolidated financial statements

As at and for the periods ended June 30, 2024, and 2023

3.2 Accounting standards issued but still subject to the endorsement by SOCPA

- IFRS S1, 'General requirements for disclosure of sustainability-related financial information: This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. Effective date is January 1, 2024 subject to the endorsement by SOCPA, thus not yet adopted by the Bank.
- IFRS S2, 'Climate-related disclosures': This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. Effective date is January 1, 2024 subject to the endorsement by SOCPA, thus not yet adopted by the Bank.

3.3 Accounting standards issued but not yet effective

- Amendment to IFRS 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. Effective date is January 1, 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. Effective date is January 1, 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. Effective date is January 1, 2027.

The accounting policies, estimates and assumptions used in the preparation of these 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 December 31, 2023.

Note to interim condensed consolidated financial statements

As at and for the periods ended June 30, 2024, and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

4. Cash and balances with Saudi Central Bank

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Cash in hand	1,237,617	1,042,122	1,270,460
Cash held in custody with others	839,557	667,541	367,097
Statutory deposit	9,176,817	8,823,150	8,250,032
Reverse repo with SAMA*	46,000	358,000	1,300,810
Current account	1,621	1,369	1,680
Total	11,301,612	10,892,182	11,190,079

* Reverse repo with SAMA represents money market placements.

5. Due from banks and other financial institutions, net

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Current accounts	500,204	488,831	615,531
Money market placements	3,110,845	1,991,427	1,283,412
ECL allowance	(3,042)	(2,309)	(3,120)
Total	3,608,007	2,477,949	1,895,823

6. Investments, net

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Investments at amortised cost	37,309,084	36,946,218	37,066,362
Equity investments at FVOCI	2,739,291	2,611,581	2,667,548
Debt investments at FVOCI	7,226,284	6,481,654	4,280,242
Investments at FVSI	863,823	648,747	650,100
ECL allowance	(10,041)	(12,370)	(19,003)
Total	48,128,441	46,675,830	44,645,249

Dividend income recognised from equity investment at FVOCI in the interim consolidated statement of income amounted to SAR 65,651 thousand for the six-months period ended June 30, 2024 (June 30, 2023: SAR 47,121 thousand).

7. Loans and advances, net

7.1 Loans and advances held at amortised cost comprise of the following:

June 30, 2024 (Unaudited)	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Performing loans and advances	4,210,877	1,040,211	41,497,275	115,758,526	162,506,889
Non-performing loans and advances	16,612	23,417	103,611	2,274,734	2,418,374
Total loans and advances	4,227,489	1,063,628	41,600,886	118,033,260	164,925,263
ECL allowance	(93,640)	(108,392)	(479,383)	(2,631,705)	(3,313,120)
Loans and advances, net	4,133,849	955,236	41,121,503	115,401,555	161,612,143

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December 31, 2023 (Audited)	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Performing loans and advances	3,696,654	988,993	39,790,378	108,786,407	153,262,432
Non-performing loans and advances	15,221	23,365	93,505	2,169,747	2,301,838
Total loans and advances	3,711,875	1,012,358	39,883,883	110,956,154	155,564,270
ECL allowance	(121,528)	(89,313)	(478,570)	(2,639,750)	(3,329,161)
Loans and advances, net	3,590,347	923,045	39,405,313	108,316,404	152,235,109

June 30, 2023 (Unaudited)	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Performing loans and advances	3,549,455	894,620	39,132,203	106,005,881	149,582,159
Non-performing loans and advances	14,306	32,272	132,092	3,329,134	3,507,804
Total loans and advances	3,563,761	926,892	39,264,295	109,335,015	153,089,963
ECL allowance	(122,041)	(73,130)	(410,392)	(3,632,632)	(4,238,195)
Loans and advances, net	3,441,720	853,762	38,853,903	105,702,383	148,851,768

7.2 The following table further explains changes in gross carrying amount:

	June 30, 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1, 2024	138,660,682	14,531,404	2,372,184	155,564,270
Transfers to stage 1	1,517,439	(1,493,003)	(24,436)	-
Transfers to stage 2	(4,249,682)	4,271,278	(21,596)	-
Transfers to stage 3	(76,899)	(992,890)	1,069,789	-
Net change for the period	12,714,989	(2,446,103)	(584,218)	9,684,668
Write-offs	-	-	(323,675)	(323,675)
Closing balance as at June 30, 2024	148,566,529	13,870,686	2,488,048	164,925,263

	December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1, 2023	133,134,295	11,885,608	2,728,724	147,748,627
Transfers to stage 1	3,025,099	(2,971,344)	(53,755)	-
Transfers to stage 2	(4,599,398)	4,861,586	(262,188)	-
Transfers to stage 3	(185,714)	(482,745)	668,459	-
Net change for the year	7,286,400	1,238,299	763,437	9,288,136
Write-offs	-	-	(1,472,493)	(1,472,493)
Closing balance as at December 31, 2023	138,660,682	14,531,404	2,372,184	155,564,270

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	June 30, 2023 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1, 2023	133,134,295	11,885,608	2,728,724	147,748,627
Transfers to stage 1	1,476,182	(1,458,532)	(17,650)	-
Transfers to stage 2	(4,587,834)	4,605,441	(17,607)	-
Transfers to stage 3	(123,004)	(1,102,718)	1,225,722	-
Net change for the period	6,938,153	(1,205,582)	(97,977)	5,634,594
Write-offs	-	-	(293,258)	(293,258)
Closing balance as at June 30, 2023	136,837,792	12,724,217	3,527,954	153,089,963

7.3 The movement in the expected credit losses of loans and advances is as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Balance at the beginning of the period/ year	3,329,161	3,919,808	3,919,808
Charge for the period/ year, net	307,634	881,846	611,645
Bad debts written off against impairment allowance	(323,675)	(1,472,493)	(293,258)
Balance at the end of the period/ year	3,313,120	3,329,161	4,238,195

The net impairment charge for expected credit losses for the period ended June 30, 2024 amounted to SAR 232,659 thousand (December 31, 2023: SAR 721,405 thousand; June 30, 2023: SAR 569,307 thousand), The bad debts directly written-off to interim consolidated statement of income amounting to SAR 3,417 thousand (December 31, 2023: SAR 19,372 thousand; June 30, 2023: SAR 9,803 thousand) and net of recoveries and others amounting to SAR 78,392 thousand (December 31, 2023: SAR 179,813 thousand; June 30, 2023: SAR 52,141 thousand).

7.4 An analysis of changes in the ECL allowance as follows:

	June 30, 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1, 2024	860,756	901,604	1,566,801	3,329,161
Transfers to stage 1	61,930	(43,038)	(18,892)	-
Transfers to stage 2	(32,207)	46,763	(14,556)	-
Transfers to stage 3	(1,090)	(166,676)	167,766	-
Net charge for the period	(85,963)	10,817	382,780	307,634
Write-offs	-	-	(323,675)	(323,675)
Closing balance as at June 30, 2024	803,426	749,470	1,760,224	3,313,120

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	December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1, 2023	1,012,772	1,348,817	1,558,219	3,919,808
Transfers to stage 1	191,950	(175,377)	(16,573)	-
Transfers to stage 2	(48,657)	121,470	(72,813)	-
Transfers to stage 3	(3,047)	(25,764)	28,811	-
Net charge for the year	(292,262)	(367,542)	1,541,650	881,846
Write-offs	-	-	(1,472,493)	(1,472,493)
Closing balance as at December 31, 2023	860,756	901,604	1,566,801	3,329,161

	June 30, 2023 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1, 2023	1,012,772	1,348,817	1,558,219	3,919,808
Transfers to stage 1	40,433	(32,522)	(7,911)	-
Transfers to stage 2	(53,432)	61,027	(7,595)	-
Transfers to stage 3	(1,761)	(498,026)	499,787	-
Net charge for the period	25,807	89,979	495,859	611,645
Write-offs	-	-	(293,258)	(293,258)
Closing balance as at June 30, 2023	1,023,819	969,275	2,245,101	4,238,195

8. Expected credit losses (ECL) and other impairment charges, net

Expected credit losses charge for the periods ended as reflected in the interim consolidated statement of income are detailed as follows:

	For the three months ended		For the six months ended	
	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
ECL allowance charges for loans and advances, net	116,199	265,817	232,659	569,307
Other ECL allowance (reversal)/ charges, net	(2,433)	(3,905)	(1,328)	411
Charge/ (reversal) of provisions for credit-related commitments and contingencies, net	52,778	5,839	96,886	(53,822)
Total	166,544	267,751	328,217	515,896

9. Due to banks, Saudi Central Bank and other financial institutions

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Current accounts	83,411	175,963	97,190
Money market deposits	4,157,339	1,539,024	3,004,403
Repo with SAMA	-	96,000	2,179,512
Deposits from SAMA	6,699,406	6,618,763	6,568,785
Total	10,940,156	8,429,750	11,849,890

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10. Customers' deposits

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Demand	86,957,083	82,453,283	75,986,646
Time	82,714,541	77,569,880	77,794,910
Saving	377,980	367,976	364,400
Other	5,536,658	5,470,199	4,231,829
Total	175,586,262	165,861,338	158,377,785

11. Derivative financial instruments

The table below sets out the positive and negative fair values of derivative financial instruments, together with their notional amounts, analysed by their term to maturity. The notional amounts provide an indication of the volumes of transactions outstanding at the end of the period/ year. It does 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 derivatives, nor to market risk.

	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)			June 30, 2023 (Unaudited)		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Held for trading:									
Commission rate and cross currency swaps	1,738,408	1,651,155	41,283,357	1,337,280	1,271,818	35,159,175	1,615,560	1,574,337	36,328,150
Commission rate futures and options	18,019	16,898	1,070,982	18,693	17,261	1,149,841	27,837	25,898	1,210,949
Forward foreign exchange and commodity contracts	60,779	42,493	3,588,772	38,558	17,691	2,337,030	29,718	8,743	5,061,060
Currency and commodity options	833	754	233,160	20	95	88,696	572	372	144,332
Held as fair value hedges:									
Commission rate swaps	642,127	65,490	11,734,771	407,340	10,821	8,137,552	872,596	-	9,165,741
Held as cash flow hedges:									
Commission rate swaps	-	89,973	1,800,000	-	85,674	1,800,000	-	121,950	1,800,000
Total	2,460,166	1,866,763	59,711,042	1,801,891	1,403,360	48,672,294	2,546,283	1,731,300	53,710,232

12. Commitments and contingencies

12.1 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.

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12.2 Credit related commitments and contingencies

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Letters of credit	6,013,436	5,532,713	4,988,358
Letters of guarantee	29,153,163	25,049,118	20,890,762
Acceptances	1,888,797	1,567,174	1,321,137
Irrevocable commitments to extend credit	6,953,112	5,835,479	2,584,563
Other	9,750	9,750	9,750
Total	44,018,258	37,994,234	29,794,570

13. Cash and cash equivalents

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Cash and balances with Saudi Central Bank excluding statutory deposit (note 4)	2,124,795	2,069,032	2,940,047
Due from banks and other financial institutions maturing within ninety days of acquisition	3,611,049	2,480,258	1,898,943
Total	5,735,844	4,549,290	4,838,990

14. Zakat and income tax

Zakat attributable to the Group on Saudi shareholders for the period ended June 30, 2024 amounted to SAR 176.4 million (June 30, 2023: SAR 159.6 million). Income tax attributable to the Group on the current period's share of net income for the non-Saudi strategic shareholder is SAR 236.1 million (June 30, 2023: SAR 188.0 million), net of reversal of deferred tax amounting to SAR 23.7 million (June 30, 2023: SAR 7.0 million).

The provision for zakat and income tax is estimated based on the respective interim consolidated financial position as at June 30, 2024 and the results of the operations of the Group for the six-months then ended.

There are no significant changes in the Bank's zakat and income tax assessments to those mentioned in the Group's annual consolidated financial statements for the year ended December 31, 2023.

15. Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief executive officer in order to allocate resources to the segments and to assess its performance.

For management purposes, the Group is organised into the following major operating segments:

Retail banking

Deposit, credit and investment products for individuals.

Corporate banking

Loans and advances, deposits and other credit products for corporate, institutional customers and small to medium sized businesses.

Treasury

Manages the Bank's trading and investment portfolios and the Bank's funding, liquidity, currency and commission rate risks.

Investment and brokerage services

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

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Other

Includes income on capital and unallocated costs and assets and liabilities of Head Office and other supporting departments.

Transactions between operating segments are reported as recorded in the Group's transfer pricing system. The basis for determining intersegment operating income/ (expense) for the current period are consistent with the basis used for December 31, 2023. Segment assets and liabilities comprise mainly operating assets and liabilities.

The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch in London. The total assets, liabilities, commitments and results of operations of this branch are, however, not material to the Group's overall interim condensed consolidated financial statements.

The Group's total consolidated assets and liabilities as at June 30, 2024 and 2023 and its total operating income, expenses and net income for the six-months then ended, by operating segments, are as follows:

June 30, 2024 (Unaudited)	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	65,975,574	101,127,010	64,234,512	874,932	2,539,674	234,751,702
Investments in associates	-	-	-	324,721	626,786	951,507
Total liabilities	87,259,374	92,991,283	16,361,766	84,347	1,853,687	198,550,457
Operating income/ (expense) from external customers	1,172,527	3,522,863	9,397	259,484	(319,654)	4,644,617
Intersegment operating income/ (expense)	1,074,083	(1,680,580)	340,366	-	266,131	-
Total operating income	2,246,610	1,842,283	349,763	259,484	(53,523)	4,644,617
Of which:						
Net special commission income	2,132,564	1,384,376	50,376	129,596	172,578	3,869,490
ECL allowance charges and other provisions, net	82,035	247,509	(1,327)	-	-	328,217
Depreciation and amortisation	102,044	5,413	19	2,504	11,614	121,594
Total operating expenses	1,061,098	591,642	73,666	72,009	(3,600)	1,794,815
Share in earnings of associates	-	-	-	54	5,870	5,924
Net income before zakat and income tax	1,185,512	1,250,641	276,097	187,529	(44,053)	2,855,726

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June 30, 2023 (Unaudited)	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	59,418,823	95,314,552	58,857,910	648,348	1,744,004	215,983,637
Investments in associates	-	-	-	348,399	637,965	986,364
Total liabilities	82,984,974	80,220,266	17,420,189	113,480	1,509,465	182,248,374
Operating income/ (expense) from external customers	971,871	3,069,148	110,935	180,748	(64,431)	4,268,271
Intersegment operating income/ (expense)	908,477	(1,381,126)	292,322	-	180,327	-
Total operating income	1,880,348	1,688,022	403,257	180,748	115,896	4,268,271
Of which:						
Net special commission income	1,879,387	1,400,616	22,588	82,704	142,175	3,527,470
ECL allowance charges and other provisions, net	122,454	393,031	411	-	-	515,896
Impairment charge on other real estate owned	-	-	-	-	50,000	50,000
Depreciation and amortisation	82,720	14,825	357	2,421	11,730	112,053
Total operating expenses	941,747	776,804	76,148	59,385	44,551	1,898,635
Share in earnings of associates	-	-	-	18,881	7,597	26,478
Net income before zakat and income tax	938,601	911,218	327,109	140,244	78,942	2,396,114

16. Share capital, dividends, basic and diluted earnings per share and treasury shares

16.1 Share capital

As at June 30, 2024, the authorised, issued and fully paid share capital of the Bank consists of 2,000 million shares of SAR 10 each (December 31, 2023 and June 30, 2023: 1,500 million shares of SAR 10 each).

On February 07, 2024, the Board of Directors recommended to the Extraordinary General Assembly of the Bank to increase the share capital by SAR 5 billion through capitalization from the retained earnings by way of granting one share for every three shares (i.e. issue of bonus shares). The issue of bonus shares was approved by Extra Ordinary General Assembly on May 20, 2024 after obtaining the necessary regulatory approvals. The regulatory procedures to update the Bank's bylaws and Commercial Registration to reflect the increase in share capital were completed during the period.

16.2 Dividends

16.2.1 In December 20, 2022, the Board of Directors recommended to pay cash dividends of SAR 900 million from net income after deducting zakat for the second half of 2022. This proposed final dividend resulted in a net payment of SAR 0.60 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the related period was deducted from their share of the dividend. This cash dividend distribution was approved by the Ordinary General Assembly in the meeting held on March 28, 2023.

16.2.2 On February 6, 2024, the Board of Directors approved to pay cash dividends of SAR 1,050 million from net income after deducting zakat for the second half of 2023. This final dividend resulted in a net payment of SAR 0.70 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the current and prior period was deducted from their share of the dividend. This cash dividend was distributed on February 25, 2024.

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16.3 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to the equity holders of the Bank for the periods ended June 30, 2024 by 2,000 million shares (June 30, 2023: 2,000 million shares). The comparative information basic and diluted earnings per share were restated to reflect the impact of the issue of bonus shares during the current period. The diluted earnings per share is the same as the basic earnings per share.

16.4 Treasury shares

The Extraordinary General Assembly Meeting on May 20, 2024, approved the purchase of 5 million treasury shares for which will be used for allocating them to the Employee Share Program.

17. Fair values of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in either:

- The accessible principal market for the asset or liability;
- The absence of a principal market, in the most advantageous accessible market for the asset or liability; or
- The fair values of on-consolidated statement of financial position for assets and liabilities are not significantly different from their carrying amounts included in the interim consolidated financial statements.

For determination of fair value and fair value hierarchy, the Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant inputs are not based on observable market data.

17.1 Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. It does not include the fair value hierarchy information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

17.1.1 Financial assets

June 30, 2024 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investments at FVSI	863,823	31,304	-	832,519	863,823
Investments at FVOCI	9,965,575	2,739,291	7,226,284	-	9,965,575
Positive fair value of derivatives	2,460,166	-	2,460,166	-	2,460,166
Financial assets not measured at fair value					
Investments at amortised cost	37,299,043	-	33,642,235	-	33,642,235
Loans and advances	161,612,143	-	-	157,614,189	157,614,189

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December 31, 2023 (Audited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments at FVSI	648,747	22,460	-	626,287	648,747
Investments at FVOCI	9,093,235	2,611,581	6,481,654	-	9,093,235
Positive fair value of derivatives	1,801,891	-	1,801,891	-	1,801,891
Financial assets not measured at fair value					
Investments at amortised cost	36,933,848	-	34,315,718	-	34,315,718
Loans and advances	152,235,109	-	-	150,135,004	150,135,004

June 30, 2023 (Unaudited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments at FVSI	650,100	20,277	-	629,823	650,100
Investments at FVOCI	6,947,790	2,666,655	4,280,242	893	6,947,790
Positive fair value of derivatives	2,546,283	-	2,546,283	-	2,546,283
Financial assets not measured at fair value					
Investments at amortised cost	37,047,359	-	35,977,696	-	35,977,696
Loans and advances	148,851,768	-	-	145,013,850	145,013,850

17.1.2 Financial Liabilities

June 30, 2024 (Unaudited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,866,763	-	1,866,763	-	1,866,763
Financial liabilities not measured at fair value					
Issued Sukuk	2,828,870	-	2,704,050	-	2,704,050

December 31, 2023 (Audited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,403,360	-	1,403,360	-	1,403,360
Financial liabilities not measured at fair value					
Issued Sukuk	2,828,863	-	2,694,431	-	2,694,431

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June 30, 2023 (Unaudited)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,731,300	-	1,731,300	-	1,731,300
Financial liabilities not measured at fair value					
Issued Sukuk	2,828,855	-	2,648,053	-	2,648,053

17.2 Measurement of fair values

17.2.1 Transfer between levels of the fair value hierarchy

There have been no transfers between levels of the fair value hierarchy during the six months period ended June 30, 2024 and 2023.

17.2.2 Reconciliation of Level 3 fair values

The following table shows the movement of Level 3 fair values for the period/ year:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Balance at the beginning of the period/ year	626,287	618,811	482,977
Total unrealized gains/ (losses) charged to the consolidated statement of income	23,604	30,735	(4,438)
Additions/ (settlements) during the period/ year	182,628	(23,259)	-
Balance at the end of the period/ year	832,519	626,287	478,539

17.2.3 Valuation technique and significant unobservable inputs

The table in next page shows the valuation techniques used in measuring level 2 and Level 3 fair values at June 30, 2024 and 2023, as well as the significant unobservable inputs used.

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Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
FVSI investments classified as Level 3	Fair value is determined based on the investee fund's most recent reported net assets value	These inputs include risk-adjusted discount rates, marketability and liquidity discounts and control premiums	The higher the discount rate, the lower is the valuation; vice versa
FVOCI investments classified as Level 2 include plain vanilla bonds for which market quotes are not available	Fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads	None	Not applicable
Derivatives classified as Level 2 are comprised of over the counter special commission rate swaps, cross currency swaps, special commission rate futures and options, forward foreign exchange contracts, currency and commodity options and other derivative financial instruments	These instruments are fair valued using the Group's proprietary valuation models that are based on discounted cash flow techniques. The data inputs on these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers	None	Not applicable
Financial assets and liabilities that are disclosed at fair value and classified as Level 2 include investments held at amortised cost	These instruments are fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads	Additional buffer is added to account for any potential model discrepancy or any stressed market conditions	Not applicable
Financial assets and liabilities that are disclosed at fair value and classified as Level 3 include loans and advances and debt issuances	These instruments are fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads	Additional buffer is added to the credit spreads to account for any potential model discrepancy or any stressed market conditions	The higher the credit spread, the lower is the valuation; vice versa
Other real estate asset	Earning Before Income Tax, Depreciation and Amortisation (EBITDA) margins has been forecasted based on market and similar products offerings, taking into account the expected growth rate, room occupancy rate, rate per room, discount rate, yield, construction cost and other costs	<ul style="list-style-type: none"> – EBITDA forecast – Discount rate and yield rate – Room occupancy rate – Rent per room 	<ul style="list-style-type: none"> – EBITDA has been forecasted as higher or (lower) – The discount rate or yield were lower or (higher) – The occupancy rate were higher or (lower) – The rent per room were higher or (lower)

Certain unobservable inputs were applied for the above valuation and the impact of the sensitivity is not material.

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18. Related party transactions

In the ordinary course of its activities, the Group transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA.

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
Board of directors, board committee members and other major shareholders:		
Loans and advances	7,734,867	6,354,799
Investments	1,040,771	230,390
Commitments and contingencies	1,212,442	2,754,695
Subsidiaries and associates:		
Investments in associates	951,506	986,364
Loans and advances	5,859,753	6,640,470
Commitments and contingencies	688,603	164,144
Key management personnel of the bank:		
Loans and advances	73,905	60,955

19. Capital adequacy

The Group's objectives when managing capital is 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. During the period, the Group fully complied with regulatory capital requirements.

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

The Group's Pillar I consolidated Risk Weighted Assets (RWA), total capital and related ratios are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Credit Risk RWA	183,511,811	164,441,230	166,249,320
Operational Risk RWA	10,684,489	9,113,477	9,113,477
Market Risk RWA	15,287,635	13,724,205	3,262,985
Total Pillar I RWA	209,483,935	187,278,912	178,625,782
Tier I Capital	36,172,277	35,253,240	33,893,772
Tier II Capital	3,749,494	3,816,425	4,067,429
Total Tier I & II Capital	39,921,771	39,069,665	37,961,201
Capital Adequacy Ratio %			
Common Equity Tier (CET) I %	17.27%	18.82%	18.97%
Tier I ratio %	17.27%	18.82%	18.97%
Tier I + Tier II ratio %	19.06%	20.86%	21.25%

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision as adopted by SAMA in supervising the Bank.

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20. Subsequent event

On August 7, 2024, the Board of Directors approved to pay cash dividends of SAR 1,300 million for the first half of 2024 after deducting zakat. This interim dividend will result in a net payment of SAR 0.65 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the current and prior period (if any) will be deducted from their share of the dividend. This interim dividend will be distributed on August 21, 2024.

21. Comparative figures

Certain prior period figures have been reclassified to conform with current period presentation, which are not material in nature to the interim condensed consolidated financial statements.

22. Board of Directors' approval

The interim condensed consolidated financial statements were approved by the Board on Muharram 17, 1446 (corresponding to July 23, 2024).