

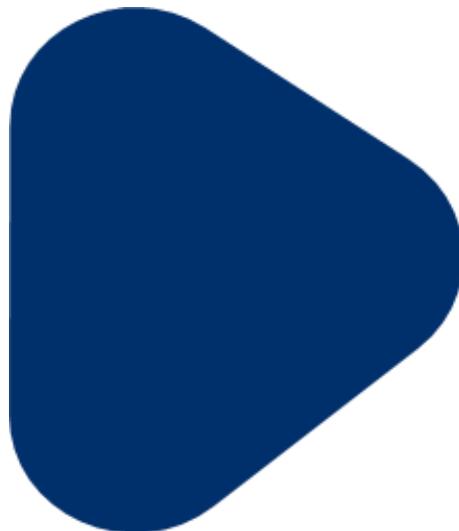


arab national bank

A Saudi joint stock company

Interim Condensed Consolidated Financial Statements

As at and for the period ended September 30, 2024





KPMG Professional Services

Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh



Deloitte and Touche & Co.

Chartered Accountants
Metro Boulevard – Al-Aqiq
King Abdullah Financial District
P.O. Box 213 - Riyadh 11411
Saudi Arabia

Commercial Registration: 1010600030

Tel: +966 11 5089001

www.deloitte.com

**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 September 30, 2024, and the related interim consolidated statements of income and comprehensive income for the three and nine month periods then ended, and related interim consolidated statements of changes in equity and cash flows for the nine month period then ended, and other explanatory notes (collectively referred to as “the interim condensed consolidated financial statements”). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 “*Interim Financial Reporting*” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

KPMG Professional Services

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

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

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



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

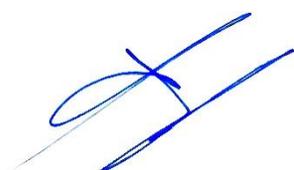


Interim consolidated statement of financial position as at

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Assets				
Cash and balances with Saudi Central Bank	4	12,858,179	10,892,182	11,486,783
Due from banks and other financial institutions, net	5	2,403,248	2,477,949	1,998,085
Positive fair value of derivatives	11	1,569,832	1,801,891	2,798,671
Investments, net	6	49,703,854	46,675,830	45,356,423
Loans and advances, net	7	166,330,329	152,235,109	149,371,942
Investments in associates		939,904	949,403	972,995
Other real estate owned, net		1,028,220	1,028,220	1,300,220
Property, equipment and right of use assets, net		2,855,727	2,497,677	2,441,959
Other assets		3,272,322	2,125,049	2,462,574
Total assets		240,961,615	220,683,310	218,189,652
Liabilities and equity				
Liabilities				
Due to banks, Saudi Central Bank and other financial institutions	9	11,746,628	8,429,750	16,988,413
Negative fair value of derivatives	11	1,621,850	1,403,360	1,790,350
Customers' deposits	10	180,842,871	165,861,338	154,219,732
Issued Sukuk		2,852,256	2,828,863	2,852,241
Other liabilities		7,487,996	7,062,100	8,580,041
Total liabilities		204,551,601	185,585,411	184,430,777
Equity				
Share capital	16.1	20,000,000	15,000,000	15,000,000
Treasury shares	16.4	(98,329)	-	-
Statutory reserve		10,648,000	10,648,000	9,630,000
Other reserves		337,765	436,656	41,863
Retained earnings		5,493,332	8,984,821	9,060,238
Total equity attributable to equity holders of the Bank		36,380,768	35,069,477	33,732,101
Non-controlling interest		29,246	28,422	26,774
Total equity		36,410,014	35,097,899	33,758,875
Total liabilities and equity		240,961,615	220,683,310	218,189,652

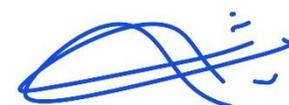
The notes to the Interim Condensed Consolidated Financial Statements are an integral part of these statements.



Saad Al-Dughish
Chief Financial Officer



Obaid A. Al-Rasheed
Managing Director



Hesham Al-Jabr
Authorised Board Member

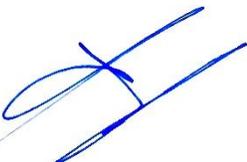
Interim consolidated statement of income

For the periods ended September 30, 2024, and 2023 (Unaudited)

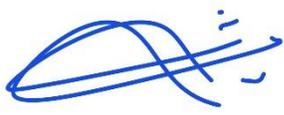
All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2024	2023	2024	2023
Special commission income		3,772,351	3,275,486	10,815,618	9,204,682
Special commission expense		1,697,625	1,409,379	4,871,402	3,811,106
Special commission income, net		2,074,726	1,866,107	5,944,216	5,393,576
Fee and commission income		471,159	416,741	1,419,644	1,161,315
Fee and commission expense		286,824	263,438	815,621	736,902
Fee and commission income, net		184,335	153,303	604,023	424,413
Exchange income, net		81,021	83,699	221,442	245,801
(Loss)/ gain on FVSI financial instruments, net		(6,167)	22,870	17,437	35,914
Trading income, net		10,358	503	62,625	27,929
Dividend income		45,058	47,659	127,027	110,825
Gain/ (loss) on non-trading instruments, net		256	(368)	4,010	155,485
Other operating income		19,461	28,683	72,833	76,784
Total operating income		2,409,048	2,202,456	7,053,613	6,470,727
Salaries and employee related expenses		446,373	395,905	1,277,748	1,130,667
Premises related expenses		16,145	16,045	42,481	40,924
Depreciation and amortisation		61,256	57,273	182,850	169,326
Other general and administrative expenses		265,286	253,937	752,527	714,982
Total operating expenses before impairment charges		789,060	723,160	2,255,606	2,055,899
Expected credit losses (ECL) and other impairment charges, net	8	164,544	243,891	492,761	759,787
Impairment charges on other real estate owned		-	-	-	50,000
Total operating expenses		953,604	967,051	2,748,367	2,865,686
Net operating income		1,455,444	1,235,405	4,305,246	3,605,041
Share in earnings of associates, net		6,879	10,254	12,804	36,732
Net income before zakat and income tax		1,462,323	1,245,659	4,318,050	3,641,773
Zakat	14	89,202	77,370	265,599	236,940
Income tax	14	129,715	90,525	342,096	271,548
Net income		1,243,406	1,077,764	3,710,355	3,133,285
Attributable to:					
Equity holders of the Bank		1,243,128	1,076,244	3,709,531	3,129,804
Non-controlling interest		278	1,520	824	3,481
Net income		1,243,406	1,077,764	3,710,355	3,133,285
Basic and diluted earnings per share (expressed in SAR)	16.3	0.62	0.54	1.86	1.56

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

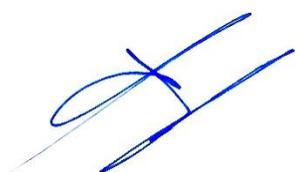
Interim consolidated statement of comprehensive income

For the periods ended September 30, 2024, and 2023 (Unaudited)

All amounts in thousands of Saudi Riyals unless stated otherwise

Note	For the three months ended 30 September		For the nine months ended 30 September	
	2024	2023	2024	2023
Net income	1,243,406	1,077,764	3,710,355	3,133,285
Other comprehensive income/ (loss):				
Items that will not be reclassified to interim consolidated statement of income in subsequent periods				
Equity instruments at FVOCI:				
- Net changes in fair value	(3,034)	(51,571)	(271,435)	123,090
Items that may be reclassified to interim consolidated statement of income in subsequent periods				
Debt instruments at FVOCI:				
- Net changes in fair value	235,777	(102,480)	105,321	(122,629)
- Net amounts transferred to interim consolidated statement of income	(256)	-	(4,010)	-
Cash flow hedges:				
- Effective portion of change in the fair value	36,421	258	32,122	(5,553)
Total other comprehensive income/ (loss)	268,908	(153,793)	(138,002)	(5,092)
Total comprehensive income	1,512,314	923,971	3,572,353	3,128,193
Attributable to:				
Equity holders of the Bank	1,512,036	922,451	3,571,529	3,124,712
Non-controlling interest	278	1,520	824	3,481
Total comprehensive income	1,512,314	923,971	3,572,353	3,128,193

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

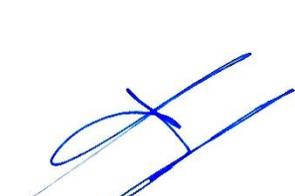
Interim consolidated statement of changes in equity

For the period ended September 30, 2024 (Unaudited)

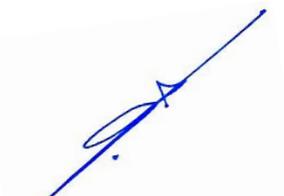
All amounts in thousands of Saudi Riyals unless stated otherwise

Note	Attributable to equity holders of the Bank									
	Share capital	Treasury shares	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	-	-	-	-	-	-	3,709,531	3,709,531	824	3,710,355
Net changes in fair values of FVOCI equity investments	-	-	-	(271,435)	-	-	-	(271,435)	-	(271,435)
Net changes in fair values of FVOCI debt instruments	-	-	-	105,321	-	-	-	105,321	-	105,321
Net changes in fair value of cash flow hedges	-	-	-	-	32,122	-	-	32,122	-	32,122
Net transfers to interim consolidated statement of income	-	-	-	(4,010)	-	-	-	(4,010)	-	(4,010)
Total comprehensive income	-	-	-	(170,124)	32,122	-	3,709,531	3,571,529	824	3,572,353
Loss on derecognition of FVOCI equity investments	-	-	-	39,111	-	-	(39,111)	-	-	-
2023 final dividends 16.2.3	-	-	-	-	-	-	(956,692)	(956,692)	-	(956,692)
2024 interim dividend 16.2.4	-	-	-	-	-	-	(1,205,217)	(1,205,217)	-	(1,205,217)
Issuance of bonus shares 16.1	5,000,000	-	-	-	-	-	(5,000,000)	-	-	-
Purchase of treasury shares 16.4	-	(98,329)	-	-	-	-	-	(98,329)	-	(98,329)
Balance as at September 30, 2024	20,000,000	(98,329)	10,648,000	477,579	(53,552)	(86,262)	5,493,332	36,380,768	29,246	36,410,014

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

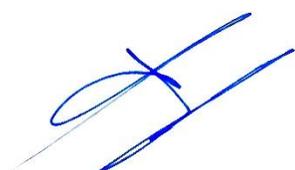
Interim consolidated statement of changes in equity

For the period ended September 30, 2023 (Unaudited)

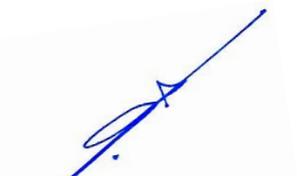
All amounts in thousands of Saudi Riyals unless stated otherwise

Note	Attributable to equity holders of the Bank										
	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	-	-	-	-	-	3,129,804	-	3,129,804	3,481	3,133,285	
Net changes in fair values of FVOCI equity investments	-	-	123,090	-	-	-	-	123,090	-	123,090	
Net changes in fair values of FVOCI debt instruments	-	-	(122,629)	-	-	-	-	(122,629)	-	(122,629)	
Net changes in fair value of cash flow hedges	-	-	-	(5,553)	-	-	-	(5,553)	-	(5,553)	
Total comprehensive income	-	-	461	(5,553)	-	3,129,804	-	3,124,712	3,481	3,128,193	
Gain on derecognition of FVOCI equity investments, net	-	-	(11,549)	-	-	11,549	-	-	-	-	
2022 final dividends 16.2.1	-	-	-	-	-	-	(826,616)	(826,616)	-	(826,616)	
2023 interim dividend 16.2.2	-	-	-	-	-	(900,359)	-	(900,359)	-	(900,359)	
Balance as at September 30, 2023	15,000,000	9,630,000	292,491	(121,692)	(128,936)	9,060,238	-	33,732,101	26,774	33,758,875	

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 cash flow

For the nine-months periods ended September 30, 2024, and 2023 (Unaudited)

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2024	2023
Operating activities			
Net income before zakat and income tax		4,318,050	3,641,773
Adjustments to reconcile net income to net cash from operating activities:			
Accretion relating to debt instruments, net		(124,508)	(58,540)
Special commission expense on issued Sukuk		70,158	69,898
Gain on non-trading investments, net		(4,010)	(155,485)
Gain on FVSI financial instruments, net		(17,437)	(35,914)
Dividend income		(127,027)	(110,825)
Depreciation and amortisation		182,850	169,326
Gain on disposal of property and equipment, net		(15,383)	(17,327)
Expected credit losses (ECL) and other impairment charges, net	8	492,761	759,787
Impairment charge on other real estate owned		-	50,000
Share in earnings of associates, net		(12,804)	(36,732)
Net (increase)/ decrease in operating assets:			
Statutory deposit with Saudi Central Bank		(684,385)	(331,355)
Investments held at FVSI		(145,096)	(60,079)
Positive fair value of derivatives		232,059	160,998
Loans and advances		(14,583,765)	(4,768,720)
Other real estate owned		-	(32,070)
Other assets		(1,128,885)	(651,021)
Net increase/ (decrease) in operating liabilities:			
Due to banks, Saudi Central Bank and other financial institutions		3,316,878	3,477,145
Negative fair value of derivatives		218,490	(373,891)
Customers' deposits		14,981,533	(651,534)
Other liabilities		412,915	218,074
Zakat and income tax paid		(665,169)	(578,788)
Net cash from operating activities		6,717,225	684,720
Investing activities			
Proceeds from sale and maturities of investments not held as FVSI		1,133,077	1,217,721
Purchase of investments not held as FVSI		(4,013,535)	(5,252,063)
Dividends received		127,027	110,825
Dividends received from investment in associates		22,304	42,420
Proceeds from sale of property and equipment		(2,037)	20,552
Purchase of property and equipment		(420,953)	(283,204)
Net cash used in investing activities		(3,154,117)	(4,143,749)
Financing activities			
Dividends paid		(2,161,909)	(1,726,975)
Special commission paid on Sukuk		(46,765)	(93,047)
Purchase of treasury shares	16.4	(98,329)	-
Payment of lease liabilities		(50,463)	(51,144)
Net cash used in financing activities		(2,357,466)	(1,871,166)
Net increase/ (decrease) in cash and cash equivalents			
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	5,754,932	5,079,402
Special commission received		10,424,818	9,241,228
Special commission paid		(4,614,234)	(3,625,211)

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 September 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 121 branches (September 30, 2023: 126 branches), 57 remittance centers (September 30, 2023: 60 remittance centers) 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 September 30, 2024, and 2023

2. Basis of preparation

The interim condensed consolidated financial statements of the Group as at and for the nine-months period ended September 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 January 1, 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 September 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.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. Effective date is January 1, 2026.

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 September 30, 2024, and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

4. Cash and balances with Saudi Central Bank

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Cash in hand	1,156,053	1,042,122	1,033,188
Cash held in custody with others	848,666	667,541	511,763
Statutory deposit	9,507,535	8,823,150	8,407,752
Reverse repo with SAMA*	1,344,000	358,000	1,533,000
Current account	1,925	1,369	1,080
Total	12,858,179	10,892,182	11,486,783

* Reverse repo with SAMA represents money market placements.

5. Due from banks and other financial institutions, net

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Current accounts	795,356	488,831	1,037,752
Money market placements	1,608,932	1,991,427	962,619
ECL allowance	(1,040)	(2,309)	(2,286)
Total	2,403,248	2,477,949	1,998,085

6. Investments, net

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Investments at amortised cost	37,789,703	36,946,218	36,991,095
Debt investments at FVOCI	8,419,884	6,481,654	5,088,975
Equity investments at FVOCI	2,693,372	2,611,581	2,579,892
Investments at FVSI	811,280	648,747	714,804
ECL allowance	(10,385)	(12,370)	(18,343)
Total	49,703,854	46,675,830	45,356,423

Dividend income recognised from equity investment at FVOCI in the interim consolidated statement of income amounted to SAR 102,371 thousand for the nine-months period ended September 30, 2024 (September 30, 2023: SAR 86,799 thousand).

7. Loans and advances, net

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

September 30, 2024 (Unaudited)	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Performing loans and advances	4,338,207	1,143,017	43,059,548	118,782,305	167,323,077
Non-performing loans and advances	15,495	21,863	117,389	2,075,241	2,229,988
Total loans and advances	4,353,702	1,164,880	43,176,937	120,857,546	169,553,065
ECL allowance	(84,743)	(115,017)	(492,860)	(2,530,116)	(3,222,736)
Loans and advances, net	4,268,959	1,049,863	42,684,077	118,327,430	166,330,329

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

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

September 30, 2023 (Unaudited)	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Performing loans and advances	3,662,750	980,107	39,905,666	105,615,823	150,164,346
Non-performing loans and advances	13,437	40,755	147,384	2,369,196	2,570,772
Total loans and advances	3,676,187	1,020,862	40,053,050	107,985,019	152,735,118
ECL allowance	(136,933)	(103,945)	(455,480)	(2,666,818)	(3,363,176)
Loans and advances, net	3,539,254	916,917	39,597,570	105,318,201	149,371,942

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

	September 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	2,195,287	(2,147,497)	(47,790)	-
Transfers to stage 2	(5,761,254)	5,791,493	(30,239)	-
Transfers to stage 3	(143,396)	(987,879)	1,131,275	-
Net change for the period	16,967,928	(1,833,894)	(534,155)	14,599,879
Write-offs	-	-	(611,084)	(611,084)
Closing balance as at September 30, 2024	151,919,247	15,353,627	2,280,191	169,553,065

	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

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

	September 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	1,600,378	(1,572,885)	(27,493)	-
Transfers to stage 2	(4,852,054)	4,878,857	(26,803)	-
Transfers to stage 3	(185,748)	(1,122,413)	1,308,161	-
Net change for the period	1,598,865	4,724,087	(14,331)	6,308,621
Write-offs	-	-	(1,322,130)	(1,322,130)
Closing balance as at September 30, 2023	131,295,736	18,793,254	2,646,128	152,735,118

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 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	504,659	881,846	765,498
Bad debts written off against impairment allowance	(611,084)	(1,472,493)	(1,322,130)
Balance at the end of the period/ year	3,222,736	3,329,161	3,363,176

The net impairment charge for expected credit losses for the period ended September 30, 2024 amounted to SAR 389,849 thousand (December 31, 2023: SAR 721,405 thousand; September 30, 2023: SAR 774,403 thousand), The bad debts directly written-off to interim consolidated statement of income amounting to SAR 4,882 thousand (December 31, 2023: SAR 19,372 thousand; September 30, 2023: SAR 10,898 thousand) and net of recoveries and others amounting to SAR 119,692 thousand (December 31, 2023: SAR 179,813 thousand; September 30, 2023: SAR 1,993 thousand).

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

	September 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	88,807	(58,407)	(30,400)	-
Transfers to stage 2	(51,174)	72,403	(21,229)	-
Transfers to stage 3	(1,757)	(155,381)	157,138	-
Net charge for the period	(25,617)	1,970	528,306	504,659
Write-offs	-	-	(611,084)	(611,084)
Closing balance as at September 30, 2024	871,015	762,189	1,589,532	3,222,736

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

	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

	September 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	52,855	(39,492)	(13,363)	-
Transfers to stage 2	(59,977)	70,061	(10,084)	-
Transfers to stage 3	(2,653)	(499,180)	501,833	-
Net charge for the period	(27,618)	86,250	706,866	765,498
Write-offs	-	-	(1,322,130)	(1,322,130)
Closing balance as at September 30, 2023	975,379	966,456	1,421,341	3,363,176

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 nine months ended	
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
ECL allowance charges for loans and advances, net	157,190	205,094	389,849	774,403
Other ECL allowance charges, net	5,543	4,170	4,215	4,579
Charge/ (reversal) of provisions for credit-related commitments and contingencies, net	1,811	34,627	98,697	(19,195)
Total	164,544	243,891	492,761	759,787

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Current accounts	44,229	175,963	186,355
Money market deposits	3,640,498	1,539,024	5,626,336
Repo with SAMA	1,498,380	96,000	4,832,652
Deposits from SAMA	6,563,521	6,618,763	6,343,070
Total	11,746,628	8,429,750	16,988,413

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

10. Customers' deposits

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Demand	91,421,074	82,453,283	75,276,008
Time	83,227,050	77,569,880	74,422,222
Saving	400,002	367,976	355,261
Other	5,794,745	5,470,199	4,166,241
Total	180,842,871	165,861,338	154,219,732

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.

	September 30, 2024 (Unaudited)			December 31, 2023 (Audited)			September 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	1,169,740	1,108,818	41,324,398	1,337,280	1,271,818	35,159,175	1,663,064	1,624,622	35,714,160
Commission rate futures and options	9,727	8,739	3,089,540	18,693	17,261	1,149,841	26,502	24,934	1,216,757
Forward foreign exchange and commodity contracts	44,925	29,804	2,431,357	38,558	17,691	2,337,030	41,006	18,945	2,803,194
Currency and commodity options	210	339	231,768	20	95	88,696	2	157	48,294
Held as fair value hedges:									
Commission rate swaps	345,230	420,598	12,477,791	407,340	10,821	8,137,552	1,068,097	-	8,174,987
Held as cash flow hedges:									
Commission rate swaps	-	53,552	1,800,000	-	85,674	1,800,000	-	121,692	1,800,000
Total	1,569,832	1,621,850	61,354,854	1,801,891	1,403,360	48,672,294	2,798,671	1,790,350	49,757,392

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.

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

12.2 Credit related commitments and contingencies

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Letters of credit	5,775,478	5,532,713	5,648,320
Letters of guarantee	30,516,843	25,049,118	23,300,558
Acceptances	1,911,420	1,567,174	1,440,314
Irrevocable commitments to extend credit	7,008,214	5,835,479	4,949,935
Other	122,250	9,750	9,750
Total	45,334,205	37,994,234	35,348,877

13. Cash and cash equivalents

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Cash and balances with Saudi Central Bank excluding statutory deposit (note 4)	3,350,644	2,069,032	3,079,031
Due from banks and other financial institutions maturing within ninety days of acquisition	2,404,288	2,480,258	2,000,371
Total	5,754,932	4,549,290	5,079,402

14. Zakat and income tax

Zakat attributable to the Group on Saudi shareholders for the period ended September 30, 2024 amounted to SAR 266 million (September 30, 2023: SAR 237 million). Income tax attributable to the Group on the current period's share of net income for the non-Saudi strategic shareholder is SAR 360 million (September 30, 2023: SAR 289 million), net of reversal of deferred tax amounting to SAR 18 million (September 30, 2023: SAR 17 million).

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

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

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

September 30, 2024 (Unaudited)	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	68,502,462	103,390,439	65,530,468	725,885	2,812,361	240,961,615
Investments in associates	-	-	-	314,193	625,711	939,904
Total liabilities	89,867,674	95,767,762	16,749,143	102,944	2,064,078	204,551,601
Operating income/ (expense) from external customers	1,751,926	5,347,454	42,692	381,033	(469,492)	7,053,613
Intersegment operating income/ (expense)	1,602,308	(2,381,300)	406,358	-	372,634	-
Total operating income	3,354,234	2,966,154	449,050	381,033	(96,858)	7,053,613
Of which:						
Net special commission income	3,166,970	2,279,528	30,668	191,721	275,329	5,944,216
ECL allowance charges and other provisions, net	152,801	335,745	4,215	-	-	492,761
Depreciation and amortisation	153,916	8,156	29	3,757	16,992	182,850
Total operating expenses	1,670,282	887,580	113,651	112,763	(35,909)	2,748,367
Share in earnings of associates	-	-	-	3,304	9,500	12,804
Net income before zakat and income tax	1,683,952	2,078,574	335,399	271,574	(51,449)	4,318,050

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

September 30, 2023 (Unaudited)	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	62,306,237	92,177,619	60,529,260	689,352	2,487,184	218,189,652
Investments in associates	-	-	-	347,526	625,469	972,995
Total liabilities	84,668,706	74,389,709	23,089,641	125,507	2,157,214	184,430,777
Operating income/ (expense) from external customers	1,575,544	4,631,794	69,771	266,145	(72,527)	6,470,727
Intersegment operating income/ (expense)	1,460,178	(2,220,322)	485,466	-	274,678	-
Total operating income	3,035,722	2,411,472	555,237	266,145	202,151	6,470,727
Of which:						
Net special commission income	2,959,699	2,053,213	35,734	125,410	219,520	5,393,576
ECL allowance charges and other provisions, net	322,257	432,951	4,579	-	-	759,787
Impairment charge on other real estate owned	-	-	-	-	50,000	50,000
Depreciation and amortisation	140,410	7,243	485	3,707	17,481	169,326
Total operating expenses	1,689,235	949,968	123,449	92,355	10,679	2,865,686
Share in earnings of associates	-	-	-	24,660	12,072	36,732
Net income before zakat and income tax	1,346,487	1,461,504	431,788	198,450	203,544	3,641,773

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

16.1 Share capital

As at September 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 September 30, 2023: 1,500 million shares of SAR 10 each).

On February 7, 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 July 23, 2023, the Board of Directors approved to pay cash dividends of SAR 975 million from net income after deducting zakat for the first half of 2023. This interim dividend resulted 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 was deducted from their share of the dividend. This cash dividend was distributed on August 8, 2023.

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

16.2.3 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.

16.2.4 On August 7, 2024, the Board of Directors approved to pay cash dividends of SAR 1,300 million from net income after deducting zakat for the first half of 2024. This interim dividend resulted 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 related period was deducted from their share of the dividend. This cash dividend was distributed on August 21, 2024.

16.3 Basic and diluted earnings per share

Basic and diluted earnings per share for the periods ended September 30, 2024 and 2023 is calculated by dividing net income for the period attributable to equity holders by the weighted average number of outstanding shares as of September 30, 2024: 2,000 million shares (September 30, 2023: 2,000 million shares - restated) after accounting for treasury shares.

16.4 Treasury shares

On May 20, 2024, the Extraordinary General Assembly Meeting approved the purchase of 5 million treasury shares. The purchase was completed in the third quarter of 2024. These shares are intended for allocation 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.

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

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

September 30, 2024 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investments at FVSI	811,280	29,184	-	782,096	811,280
Investments at FVOCI	11,113,256	2,692,479	8,419,884	893	11,113,256
Positive fair value of derivatives	1,569,832	-	1,569,832	-	1,569,832
Financial assets not measured at fair value					
Investments at amortised cost	37,779,318		35,778,045		35,778,045
Loans and advances	166,330,329	-	-	163,958,070	163,958,070
December 31, 2023 (Audited)					
September 30, 2023 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investments at FVSI	648,747	22,460	-	626,287	648,747
Investments at FVOCI	9,093,235	2,610,688	6,481,654	893	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
September 30, 2023 (Unaudited)					
September 30, 2023 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investments at FVSI	714,804	19,426	-	695,378	714,804
Investments at FVOCI	7,668,867	2,578,999	5,088,975	893	7,668,867
Positive fair value of derivatives	2,798,671	-	2,798,671	-	2,798,671
Financial assets not measured at fair value					
Investments at amortised cost	36,972,752	-	36,397,343	-	36,397,343
Loans and advances	149,371,942	-	-	143,600,345	143,600,345

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

17.1.2 Financial Liabilities

September 30, 2024 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,621,850	-	1,621,850	-	1,621,850
Financial liabilities not measured at fair value					
Issued Sukuk	2,852,256	-	2,753,438	-	2,753,438

December 31, 2023 (Audited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
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

September 30, 2023 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,790,350	-	1,790,350	-	1,790,350
Financial liabilities not measured at fair value					
Issued Sukuk	2,852,241	-	2,646,788	-	2,646,788

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 nine months period ended September 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Balance at the beginning of the period/ year	627,180	619,704	619,704
Total unrealized gains charged to the consolidated statement of income	10,694	30,735	31,354
Additions/ (settlements) during the period/ year	145,115	(23,259)	45,213
Balance at the end of the period/ year	782,989	627,180	696,271

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 September 30, 2024 and 2023, as well as the significant unobservable inputs used.

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

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.

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

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.

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Board of directors, board committee members and other major shareholders:		
Loans and advances	7,870,679	7,055,698
Investments	801,547	62,514
Commitments and contingencies	1,346,220	2,993,626
Subsidiaries and associates:		
Investments in associates	939,904	972,995
Loans and advances	5,698,459	5,720,893
Commitments and contingencies	606,129	2,120
Key management personnel of the bank:		
Loans and advances	81,012	62,385

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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)
Credit Risk RWA	186,529,938	164,441,230	170,625,882
Operational Risk RWA	10,684,489	9,113,477	9,113,477
Market Risk RWA	11,809,217	13,724,205	3,261,758
Total Pillar I RWA	209,023,644	187,278,912	183,001,117
Tier I Capital	36,380,768	35,253,240	33,915,864
Tier II Capital	3,843,571	3,816,425	3,989,773
Total Tier I & II Capital	40,224,339	39,069,665	37,905,637
Capital Adequacy Ratio %			
Common Equity Tier (CET) I %	17.41%	18.82%	18.53%
Tier I ratio %	17.41%	18.82%	18.53%
Tier I + Tier II ratio %	19.24%	20.86%	20.71%

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.

Notes to interim condensed consolidated financial statements

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

All amounts in thousands of Saudi Riyals unless stated otherwise

20. 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.

21. Board of Directors' approval

The interim condensed consolidated financial statements were approved by the Board on Rabi al-Thani 18, 1446 (corresponding to October 21, 2024).