



**BANQUE SAUDI FRANSI**

(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED**

**FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED**

**JUNE 30, 2024**



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

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

**To: The Shareholders of Banque Saudi Fransi  
(A Saudi Joint Stock Company)**

### Introduction

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

### Scope of review

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

### Conclusion

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

### Other matter

The consolidated financial statements for the year ended 31 December 2023 and the interim financial information for the period ended 30 June 2023 were audited and reviewed respectively by other joint auditors who expressed an unmodified opinion and review conclusion on 13 February 2024 (corresponding to 3 Sha'ban 1445H) and 1 August 2023 (corresponding to 14 Muharram 1445H) respectively.

**Ernst & Young Professional Services**

**Rashid S. Roshod**  
Certified Public Accountant  
License Number: 366



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

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



7 Safar 1446  
11 August 2024

**BANQUE SAUDI FRANSI (A Saudi Joint Stock Company)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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As at

SAR '000	Notes	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)	Jun 30, 2023 (Unaudited)
<b>ASSETS</b>				
Cash and balances with Saudi Central Bank	5	11,577,948	10,558,759	10,083,554
Due from banks and other financial institutions, net	6	11,742,226	4,113,165	3,795,200
Investments, net	7	55,505,863	48,467,289	49,177,581
Positive fair value of derivatives	11	6,207,275	5,658,824	6,370,069
Loans and advances, net	8	197,160,066	179,391,223	169,695,132
Investment in associate, net		9,695	9,695	9,695
Property, equipment and right of use assets, net		2,075,122	2,038,231	1,864,116
Other real estate, net		343,500	343,359	343,359
Other assets, net		4,204,781	2,802,304	4,379,504
<b>Total assets</b>		<b>288,826,476</b>	<b>253,382,849</b>	<b>245,718,210</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to Saudi Central Bank	9	11,583,187	5,065,895	10,800,898
Due to banks and other financial institutions	10	13,273,581	13,879,375	11,965,130
Customers' deposits	12	196,247,577	172,208,983	161,164,696
Negative fair value of derivatives	11	7,102,424	5,985,332	7,434,620
Debt securities and term loans	13	12,490,055	8,634,026	8,232,625
Other liabilities		6,320,323	6,488,017	6,424,186
<b>Total liabilities</b>		<b>247,017,147</b>	<b>212,261,628</b>	<b>206,022,155</b>
<b>Equity</b>				
Share capital		12,053,572	12,053,572	12,053,572
Statutory reserve		12,053,572	12,053,572	12,053,572
General reserve		982,857	982,857	982,857
Other reserves		(1,672,242)	(1,423,083)	(2,072,321)
Retained earnings		13,594,941	11,428,181	11,805,434
Proposed dividend		-	1,197,738	-
Treasury shares		(203,371)	(171,616)	(127,059)
<b>Equity attributable to the shareholders of the Bank</b>		<b>36,809,329</b>	<b>36,121,221</b>	<b>34,696,055</b>
Tier 1 Sukuk	16	5,000,000	5,000,000	5,000,000
<b>Total equity</b>		<b>41,809,329</b>	<b>41,121,221</b>	<b>39,696,055</b>
<b>Total liabilities and equity</b>		<b>288,826,476</b>	<b>253,382,849</b>	<b>245,718,210</b>

The accompanying notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.

Ramzy Darwish



Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazin AlRomaih



Chairman of the Board

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SAR '000	For the three months ended		For the six months ended	
	Jun 30, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023
Special commission income	4,169,761	3,226,118	7,991,335	6,222,619
Special commission expense	2,229,853	1,250,607	4,132,896	2,323,150
<b>Net special commission income</b>	<b>1,939,908</b>	<b>1,975,511</b>	<b>3,858,439</b>	<b>3,899,469</b>
Fee and commission income	457,832	347,329	822,587	702,743
Fee and commission expense	193,564	136,360	311,052	256,456
<b>Net fee and commission income</b>	<b>264,268</b>	<b>210,969</b>	<b>511,535</b>	<b>446,287</b>
Exchange income, net	93,297	100,286	193,304	223,915
Trading income, net	28,401	48,341	88,020	79,248
Dividend income	4,035	3,535	7,667	6,914
Gains on FVOCI / non-trading investments, net	12,394	3,973	14,418	4,422
Other operating income	50	4,726	255	5,166
<b>Total operating income</b>	<b>2,342,353</b>	<b>2,347,341</b>	<b>4,673,638</b>	<b>4,665,421</b>
Salaries and employee related expenses	460,426	409,320	927,826	831,295
Rent and premises related expenses	15,121	17,501	30,673	32,532
Depreciation and amortization	67,196	54,588	133,998	113,224
Other operating and general and administrative expenses	266,463	242,227	489,680	458,751
<b>Total operating expenses before impairment charge</b>	<b>809,206</b>	<b>723,636</b>	<b>1,582,177</b>	<b>1,435,802</b>
Impairment charge for expected credit losses on loans and advances, net	290,515	427,006	569,150	912,058
Impairment (reversal) / charge for investments, financial assets and others, net	(16,691)	3,622	(19,462)	(75,520)
<b>Total operating expenses, net</b>	<b>1,083,030</b>	<b>1,154,264</b>	<b>2,131,865</b>	<b>2,272,340</b>
<b>Net income for the period before Zakat</b>	<b>1,259,323</b>	<b>1,193,077</b>	<b>2,541,773</b>	<b>2,393,081</b>
Zakat for the period	130,143	119,725	262,628	243,326
<b>Net income for the period</b>	<b>1,129,180</b>	<b>1,073,352</b>	<b>2,279,145</b>	<b>2,149,755</b>
Basic and diluted earnings per share (SAR)	0.90	0.85	1.81	1.70

The accompanying notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.

Ramzy Darwish



Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazin AlRomainh



Chairman of the Board

SAR '000	For the three months ended		For the six months ended	
	Jun 30, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023
<b>Net income for the period</b>	<b>1,129,180</b>	1,073,352	<b>2,279,145</b>	2,149,755
<b>Other comprehensive income / (loss):</b>				
<b>Items that cannot be recycled back to condensed interim consolidated statement of income in subsequent periods</b>				
<u>Movement in equity instruments at fair value through other comprehensive income</u>				
Net change in the fair value	<b>898</b>	23,016	<b>14,338</b>	33,936
<b>Items that can be recycled back to condensed interim consolidated statement of income in subsequent periods</b>				
<u>Debt instruments at fair value through other comprehensive income</u>				
Net change in the fair value	<b>(32,448)</b>	(18,152)	<b>(6,834)</b>	46,901
Net change in ECL	<b>3,898</b>	1,103	<b>2,339</b>	(995)
Income transferred to condensed interim consolidated statement of income	<b>(13,651)</b>	(3,973)	<b>(15,457)</b>	(4,422)
<u>Cash flow hedge</u>				
Net change in the fair value	<b>(147,030)</b>	(358,431)	<b>(715,087)</b>	(404,134)
Loss transferred to condensed interim consolidated statement of income	<b>220,877</b>	196,433	<b>471,542</b>	346,460
<b>Total other comprehensive income / (loss) for the period</b>	<b>32,544</b>	(160,004)	<b>(249,159)</b>	17,746
<b>Total comprehensive income for the period</b>	<b>1,161,724</b>	913,348	<b>2,029,986</b>	2,167,501

The accompanying notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.

Ramzy Darwish



Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazin AlRomaih



Chairman of the Board

**BANQUE SAUDI FRANSI (A Saudi Joint Stock Company)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Unaudited**

SAR '000	Share capital	Statutory reserve	General reserve	Retained earnings	Other reserves			Proposed dividend	Treasury shares	Total equity attributable to the shareholders	Tier 1 Sukuk	Total Equity
					FVOCI	Actuarial gain / (loss) on defined benefit plans	Cash flow hedge					
<b>For the six months period ended June 30, 2024</b>												
<b>Balance at the beginning of the period</b>	12,053,572	12,053,572	982,857	11,428,181	(633,619)	6,418	(795,882)	1,197,738	(171,616)	36,121,221	5,000,000	41,121,221
Net income for the period	-	-	-	2,279,145	-	-	-	-	-	2,279,145	-	2,279,145
Net change in the fair value	-	-	-	-	9,843	-	(715,087)	-	-	(705,244)	-	(705,244)
Net amount transferred to condensed interim consolidated statement of income	-	-	-	-	(15,457)	-	471,542	-	-	456,085	-	456,085
<b>Total comprehensive income for the period</b>	-	-	-	2,279,145	(5,614)	-	(243,545)	-	-	2,029,986	-	2,029,986
Tier 1 Sukuk related cost	-	-	-	(112,385)	-	-	-	-	-	(112,385)	-	(112,385)
Final dividend paid for 2023	-	-	-	-	-	-	-	(1,197,738)	-	(1,197,738)	-	(1,197,738)
Net change in treasury shares	-	-	-	-	-	-	-	-	(31,755)	(31,755)	-	(31,755)
<b>Balance at the end of the period</b>	<b>12,053,572</b>	<b>12,053,572</b>	<b>982,857</b>	<b>13,594,941</b>	<b>(639,233)</b>	<b>6,418</b>	<b>(1,039,427)</b>	<b>-</b>	<b>(203,371)</b>	<b>36,809,329</b>	<b>5,000,000</b>	<b>41,809,329</b>
<b>For the six months period ended June 30, 2023</b>												
Balance at the beginning of the period	12,053,572	12,053,572	982,857	9,768,005	(850,259)	11,080	(1,250,888)	1,079,633	(102,247)	33,745,325	5,000,000	38,745,325
Net income for the period	-	-	-	2,149,755	-	-	-	-	-	2,149,755	-	2,149,755
Net change in the fair value	-	-	-	-	79,842	-	(404,134)	-	-	(324,292)	-	(324,292)
Net amount transferred to condensed interim consolidated statement of income	-	-	-	-	(4,422)	-	346,460	-	-	342,038	-	342,038
<b>Total comprehensive income for the period</b>	-	-	-	2,149,755	75,420	-	(57,674)	-	-	2,167,501	-	2,167,501
Tier 1 Sukuk related cost	-	-	-	(112,326)	-	-	-	-	-	(112,326)	-	(112,326)
Final dividend paid for 2022	-	-	-	-	-	-	-	(1,079,633)	-	(1,079,633)	-	(1,079,633)
Net change in treasury shares	-	-	-	-	-	-	-	-	(24,812)	(24,812)	-	(24,812)
<b>Balance at the end of the period</b>	<b>12,053,572</b>	<b>12,053,572</b>	<b>982,857</b>	<b>11,805,434</b>	<b>(774,839)</b>	<b>11,080</b>	<b>(1,308,562)</b>	<b>-</b>	<b>(127,059)</b>	<b>34,696,055</b>	<b>5,000,000</b>	<b>39,696,055</b>

The accompanying notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.

Ramzy Darwish



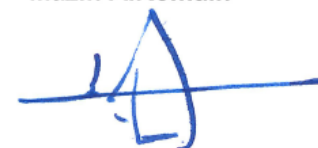
Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazin AlRomaih



Chairman of the Board

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SAR '000	Note	For the six months ended	
		Jun 30, 2024	Jun 30, 2023
<b>OPERATING ACTIVITIES</b>			
Net income for the period before zakat		2,541,773	2,393,081
Adjustments to reconcile net income before zakat to net cash from / (used in) operating activities:			
Accretion of discounts on investments not held as FVSI, net		38,568	57,330
Gains on FVOCI		(15,456)	(4,422)
Depreciation and amortization		133,998	113,224
Gain on disposal of property, equipment, net		(139)	(160)
Impairment charge for expected credit losses on loans and advances, net	8	646,081	977,204
Impairment reversal for investments, financial assets and others, net		(19,462)	(75,520)
Long term incentive scheme provision		28,872	23,632
<b>Operating income before changes in operating assets and liabilities</b>		<b>3,354,235</b>	<b>3,484,369</b>
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		(46,452)	20,344
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		(187,889)	216,475
Investments held as FVSI, trading		(366,210)	(121,253)
Loans and advances		(18,414,924)	(11,625,033)
Other assets		(2,194,180)	(471,260)
Net increase / (decrease) in operating liabilities:			
Due to SAMA, banks and other financial institutions, net		5,911,498	5,949,075
Customers' deposits		24,038,594	3,572,376
Other liabilities		1,006,478	(167,189)
Zakat paid		13,101,150	857,904
<b>Net cash generated from operating activities</b>		<b>12,615,738</b>	<b>445,072</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investment not held as FVSI		3,346,649	4,806,337
Purchase of investments not held as FVSI		(10,049,956)	(9,333,684)
Purchases of property and equipment		(168,770)	(194,797)
Proceeds from sale of property and equipment		192	201
<b>Net cash used in investing activities</b>		<b>(6,871,885)</b>	<b>(4,721,943)</b>
<b>FINANCING ACTIVITIES</b>			
Issuance of term loan		4,087,500	3,562,500
Dividend paid		(1,197,738)	(1,079,633)
Tier I Sukuk related cost		(112,385)	(112,326)
Payment of lease liability		(45,142)	(50,350)
Purchase of Treasury Shares		(60,627)	(48,444)
<b>Net cash from financing activities</b>		<b>2,671,608</b>	<b>2,271,747</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>8,415,461</b>	<b>(2,005,124)</b>
Cash and cash equivalents at the beginning of the period		3,118,898	5,797,919
<b>Cash and cash equivalents at the end of the period</b>	15	<b>11,534,359</b>	<b>3,792,795</b>
Special commission received during the period		7,688,096	5,664,094
Special commission paid during the period		4,138,168	2,112,632
<b>Supplemental non-cash information</b>			
RoU assets		42,793	36,722
Lease liability		13,505	13,533
Movement in other reserve and transfers to the interim condensed consolidated statement of income		(249,159)	17,746

The accompanying notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.

Ramzy Darwish



Chief Financial Officer

Bader AlSalloom



Chief Executive Officer

Mazin AlRomaih



Chairman of the Board

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the six months ended June 30, 2024 and 2023****1. General**

Banque Saudi Fransi (the Bank) is a Saudi Joint Stock Company established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 04, 1977). The Bank formally commenced its activities on Muharram 01, 1398H (corresponding to December 11, 1977), by taking over the branches of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration Number 1010073368 dated Safar 04, 1410H (corresponding to September 05, 1989), through its 82 branches (June 30, 2023: 82 branches) in the Kingdom of Saudi Arabia, employing 3,180 people (June 30, 2023: 3,083 people).

The objective of the Bank is to provide a full range of banking services, including Islamic products, which are approved and supervised by an independent Shariah Board. The Bank's Head Office is located at King Saud Road, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia.

The Bank is regulated by the Saudi Central Bank (SAMA).

The Bank owns a subsidiary, Saudi Fransi Capital (100% share in equity) engaged in brokerage, asset management and corporate finance business. The Bank also owns Saudi Fransi Insurance Agency (SAFIA), Saudi Fransi for Finance Leasing (rebranded from SFL to JB), Sofinco Saudi Fransi and Saudi Fransi Digital Ventures having 100% share in equity. The Bank owns 100% (95% direct ownership and 5% indirect ownership through its subsidiary) share in Sakan Real Estate Financing. These subsidiaries are incorporated in the Kingdom of Saudi Arabia.

The Bank also formed subsidiaries BSF Markets Limited & BSF Finance Limited registered in Cayman Islands having 100% share in equity. The objective of BSF Markets Limited Company is derivative trading and Repo activities. BSF Finance Limited is a special purpose vehicle established to raise capital for Banque Saudi Fransi by the issuance of debt instruments.

The Bank formed a subsidiary Sur Multi Family Office Limited registered in United Kingdom having 100% share in equity. The objective of this subsidiary is to provide a wide range of wealth management services to BSF's high net worth clients and their families.

The Bank has investment in an associate and owns 27% shareholding in Banque BEMO Saudi Fransi, incorporated in Syria.

**2. Basis of preparation**

The condensed interim consolidated financial statements of the Group as at and for the 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 pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2023.

The consolidated financial statements of the Group as at and for the year ended December 31, 2023, were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA. The condensed interim consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**3. Basis of consolidation**

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association / By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Bank shall present the amended Articles of Association / By-Laws to the shareholders in the General Assembly meeting for their ratification.

The condensed interim consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Adjustments are made wherever necessary in the financial statements of the subsidiaries to align with the Bank's condensed interim consolidated financial statements.

Subsidiaries are the entities that are controlled by the Bank. The Bank controls an entity when it is exposed, or has a right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and cease to be consolidated from the date on which the control is transferred from the Bank. The results of subsidiaries acquired or disposed during the period, if any, are consolidated in the condensed interim consolidated statement of income from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

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

**4. Material Accounting Policies and Estimates**

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

**New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the condensed interim 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, except for the adoption of new standards effective as of January 01, 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 condensed interim consolidated financial statements of the Group.

Standard, interpretation, amendments	Description	Effective date
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.	01 January 2024

**4. Material Accounting Policies and Estimates (continued)**

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
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.	01 January 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.	01 January 2024
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.	01 January 2024 subject to endorsement from SOCPA
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.	01 January 2024 subject to endorsement from SOCPA

**New standards not yet effective and not early adopted**

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
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.	01 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	01 January 2027

4. Material Accounting Policies and Estimates (continued)

Standard, interpretation, amendments	Description	Effective date
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.	01 January 2027

5. Cash and balances with Saudi Central Bank

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Cash on hand	1,345,767	1,068,081	821,064
Current account	140,741	19,690	-
Statutory deposit	9,517,440	9,470,988	9,146,506
Money market placements with SAMA	574,000	-	115,984
<b>Total</b>	<b>11,577,948</b>	<b>10,558,759</b>	<b>10,083,554</b>

6. Due from banks and other financial institutions, net

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Current accounts	6,114,077	1,637,224	969,591
Money market placements	5,630,606	2,476,846	2,825,930
	<b>11,744,683</b>	<b>4,114,070</b>	<b>3,795,521</b>
Less: impairment	(2,457)	(905)	(321)
<b>Total</b>	<b>11,742,226</b>	<b>4,113,165</b>	<b>3,795,200</b>

i) The following table shows the stage wise movement in ECL allowance for due from banks and other financial institutions:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	590	315	-	905
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net charge for the period	1,375	177	-	1,552
<b>Balance at the end of the period</b>	<b>1,965</b>	<b>492</b>	<b>-</b>	<b>2,457</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 6. Due from banks and other financial institutions, net (continued)

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01, 2023	353	1,951	-	2,304
Net charge / (reversal) for the year	237	(1,636)	-	(1,399)
Balance as at December 31, 2023	590	315	-	905

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	353	1,951	-	2,304
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net reversal for the period	(86)	(1,897)	-	(1,983)
Balance at the end of the period	267	54	-	321

ii) The following table shows the gross carrying amount of the due from banks and other financial institutions:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	4,106,233	7,837	-	4,114,070
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net change for the period	7,623,598	7,015	-	7,630,613
Write-offs	-	-	-	-
<b>Balance at the end of the period</b>	<b>11,729,831</b>	<b>14,852</b>	<b>-</b>	<b>11,744,683</b>

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	4,754,180	43,235	-	4,797,415
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net change for the year	(647,947)	(35,398)	-	(683,345)
Write-offs	-	-	-	-
Balance at the end of the year	4,106,233	7,837	-	4,114,070

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 6. Due from banks and other financial institutions, net (continued)

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01	4,754,180	43,235	-	4,797,415
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Net change for the period	(964,725)	(37,169)	-	(1,001,894)
Write-offs	-	-	-	-
Balance at the end of the period	3,789,455	6,066	-	3,795,521

## 7. Investments, net

## a) Investment securities are classified as follows:

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Investment at amortized cost - gross	27,728,879	24,656,529	28,510,714
Less: Expected credit loss (ECL)	(16,189)	(16,311)	(11,384)
Investment at amortized cost, net	27,712,690	24,640,218	28,499,330
Investments at FVOCI – Debt instruments	26,811,723	23,249,397	20,139,074
Investments at FVOCI – Equity/other investments	393,303	355,737	349,180
Total FVOCI	27,205,026	23,605,134	20,488,254
Investment at FVSI – Debt/equity instruments	588,147	221,937	189,997
<b>Total</b>	<b>55,505,863</b>	<b>48,467,289</b>	<b>49,177,581</b>

Gross Investments include Shariah based investments amounting to SAR 37,653 million (December 31, 2023: SAR 32,627 million; June 30, 2023: SAR 31,447 million).

## b) Investments held at fair value through statement of income (FVSI)

## Investments by type of securities

SAR '000	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)			June 30, 2023 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	588,147	-	588,147	168,181	53,756	221,937	168,435	19,059	187,494
Floating-rate securities	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	2,503	-	2,503
<b>Total</b>	<b>588,147</b>	<b>-</b>	<b>588,147</b>	<b>168,181</b>	<b>53,756</b>	<b>221,937</b>	<b>170,938</b>	<b>19,059</b>	<b>189,997</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 7. Investments, net (continued)

## c) Investments held at fair value through other comprehensive income (FVOCI)

## Investments by type of securities

SAR '000	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)			June 30, 2023 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	15,978,932	6,812,684	22,791,616	13,107,310	6,008,807	19,116,117	10,772,510	5,175,756	15,948,266
Floating-rate securities	2,986,474	1,033,633	4,020,107	3,322,080	811,200	4,133,280	3,381,443	809,365	4,190,808
Equities and others	383,068	10,235	393,303	345,482	10,255	355,737	338,932	10,248	349,180
<b>Total</b>	<b>19,348,474</b>	<b>7,856,552</b>	<b>27,205,026</b>	<b>16,774,872</b>	<b>6,830,262</b>	<b>23,605,134</b>	<b>14,492,885</b>	<b>5,995,369</b>	<b>20,488,254</b>

## d) Investments held at amortised cost

## Investments by type of securities

SAR '000	June 30, 2024 (Unaudited)			December 31, 2023 (Audited)			June 30, 2023 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
Fixed-rate securities	26,877,156	-	26,877,156	23,800,132	-	23,800,132	23,993,906	-	23,993,906
Floating-rate securities	835,534	-	835,534	840,086	-	840,086	4,505,424	-	4,505,424
<b>Total</b>	<b>27,712,690</b>	<b>-</b>	<b>27,712,690</b>	<b>24,640,218</b>	<b>-</b>	<b>24,640,218</b>	<b>28,499,330</b>	<b>-</b>	<b>28,499,330</b>

i) The following table shows the stage wise movement in ECL allowance for debt instruments:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	33,739	-	-	33,739
Net charge for the period	2,217	-	-	2,217
<b>Balance at the end of the period</b>	<b>35,956</b>	<b>-</b>	<b>-</b>	<b>35,956</b>

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	25,422	-	-	25,422
Net charge for the year	8,317	-	-	8,317
<b>Balance at the end of the year</b>	<b>33,739</b>	<b>-</b>	<b>-</b>	<b>33,739</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 7. Investments, net (continued)

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	25,422	-	-	25,422
Net charge for the period	2,495	-	-	2,495
Balance at the end of the period	27,917	-	-	27,917

ii) The following table shows the stage wise gross carrying value of debt instruments:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	47,905,926	-	-	47,905,926
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the period	6,634,676	-	-	6,634,676
Write-offs	-	-	-	-
<b>Balance at the end of the period</b>	<b>54,540,602</b>	-	-	<b>54,540,602</b>

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	44,136,307	-	-	44,136,307
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the year	3,769,619	-	-	3,769,619
Write-offs	-	-	-	-
Balance at the end of the year	47,905,926	-	-	47,905,926

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	44,136,307	-	-	44,136,307
Transfer from 12-month ECL	-	-	-	-
Transfer from lifetime ECL not credit impaired	-	-	-	-
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the period	4,513,481	-	-	4,513,481
Write-offs	-	-	-	-
Balance at the end of the period	48,649,788	-	-	48,649,788

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 8. Loans and advances, net

i) Loans and advances held at amortised cost are classified as follows:

SAR '000	June 30, 2024 (Unaudited)			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	163,153,095	679,052	34,490,309	198,322,456
Non-performing loans and advances, net	1,560,544	42,811	275,897	1,879,252
<b>Total loans and advances</b>	<b>164,713,639</b>	<b>721,863</b>	<b>34,766,206</b>	<b>200,201,708</b>
Allowance for impairment	(2,648,903)	(51,727)	(341,012)	(3,041,642)
<b>Loans and advances held at amortised cost, net</b>	<b>162,064,736</b>	<b>670,136</b>	<b>34,425,194</b>	<b>197,160,066</b>

SAR '000	December 31, 2023 (Audited)			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	147,636,954	668,238	31,809,240	180,114,432
Non-performing loans and advances, net	1,727,150	19,094	174,537	1,920,781
<b>Total loans and advances</b>	<b>149,364,104</b>	<b>687,332</b>	<b>31,983,777</b>	<b>182,035,213</b>
Allowance for impairment	(2,368,159)	(35,612)	(240,219)	(2,643,990)
<b>Loans and advances held at amortised cost, net</b>	<b>146,995,945</b>	<b>651,720</b>	<b>31,743,558</b>	<b>179,391,223</b>

SAR '000	June 30, 2023 (Unaudited)			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	140,647,961	645,334	29,814,328	171,107,623
Non-performing loans and advances, net	4,098,015	19,622	128,823	4,246,460
<b>Total loans and advances</b>	<b>144,745,976</b>	<b>664,956</b>	<b>29,943,151</b>	<b>175,354,083</b>
Allowance for impairment	(5,401,168)	(37,534)	(220,249)	(5,658,951)
<b>Loans and advances held at amortised cost, net</b>	<b>139,344,808</b>	<b>627,422</b>	<b>29,722,902</b>	<b>169,695,132</b>

Gross Loans and advances include Shariah based loans and advances amounting to SAR 142,866 million (December 31, 2023: SAR 132,705 million; June 30, 2023: SAR 123,960 million).

ii) The movement in the allowance for impairment of loans and advances to customers for the period is as follows:

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Opening loss allowance as at January 01	2,643,990	5,000,542	5,000,542
Charge for the period / year, net	646,081	1,798,293	977,384
Bad debts written off against provision	(248,429)	(4,154,845)	(318,975)
<b>Balance at the end of the period / year</b>	<b>3,041,642</b>	<b>2,643,990</b>	<b>5,658,951</b>



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 8. Loans and advances, net (continued)

iii) The following table shows the stage wise movement in ECL allowance for loans and advances:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	509,846	849,666	1,284,478	2,643,990
Transfer from 12-month ECL	(8,158)	6,843	1,315	-
Transfer from lifetime ECL not credit impaired	20,322	(39,520)	19,198	-
Transfer from Lifetime ECL credit impaired	7,759	6,110	(13,869)	-
Net charge for the period	276,220	81,361	288,500	646,081
Write-offs	-	-	(248,429)	(248,429)
<b>Balance at the end of the period</b>	<b>805,989</b>	<b>904,460</b>	<b>1,331,193</b>	<b>3,041,642</b>

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	421,205	1,799,671	2,779,666	5,000,542
Transfer from 12-month ECL	(27,475)	15,660	11,815	-
Transfer from lifetime ECL not credit impaired	36,103	(917,834)	881,731	-
Transfer from Lifetime ECL credit impaired	5,762	7,443	(13,205)	-
Net charge / (reversal) for the year	74,251	(55,274)	1,779,316	1,798,293
Write-offs	-	-	(4,154,845)	(4,154,845)
<b>Balance at the end of the year</b>	<b>509,846</b>	<b>849,666</b>	<b>1,284,478</b>	<b>2,643,990</b>

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	421,205	1,799,671	2,779,666	5,000,542
Transfer from 12-month ECL	(68,982)	11,050	57,932	-
Transfer from lifetime ECL not credit impaired	23,025	(107,750)	84,725	-
Transfer from Lifetime ECL credit impaired	6,313	2,595	(8,908)	-
Net (reversal) / charge for the period	(24,527)	312,314	689,597	977,384
Write-offs	-	-	(318,975)	(318,975)
<b>Balance at the end of the period</b>	<b>357,034</b>	<b>2,017,880</b>	<b>3,284,037</b>	<b>5,658,951</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 8. Loans and advances, net (continued)

iv) The following table shows the stage wise gross loans and advances by product:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	150,068,333	13,065,003	1,580,303	164,713,639
Credit Card	623,829	47,245	50,789	721,863
Consumer	33,958,356	487,137	320,713	34,766,206
<b>Balance at the end of the period</b>	<b>184,650,518</b>	<b>13,599,385</b>	<b>1,951,805</b>	<b>200,201,708</b>

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	135,708,078	11,917,850	1,738,176	149,364,104
Credit Card	637,900	23,226	26,206	687,332
Consumer	31,442,463	336,150	205,164	31,983,777
<b>Balance at the end of the year</b>	<b>167,788,441</b>	<b>12,277,226</b>	<b>1,969,546</b>	<b>182,035,213</b>

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Overdraft & commercial loans	127,722,673	12,904,971	4,118,332	144,745,976
Credit Card	617,502	22,286	25,168	664,956
Consumer	29,555,733	245,886	141,532	29,943,151
<b>Balance at the end of the period</b>	<b>157,895,908</b>	<b>13,173,143</b>	<b>4,285,032</b>	<b>175,354,083</b>

v) The following table shows the stage wise gross carrying value of loans and advances:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	167,788,441	12,277,226	1,969,546	182,035,213
Transfer from 12-month ECL	(2,649,219)	2,519,314	129,905	-
Transfer from lifetime ECL not credit impaired	979,126	(1,158,603)	179,477	-
Transfer from Lifetime ECL credit impaired	16,378	11,198	(27,576)	-
Net change for the period	18,515,792	(49,750)	(51,118)	18,414,924
Write-offs	-	-	(248,429)	(248,429)
<b>Balance at the end of the period</b>	<b>184,650,518</b>	<b>13,599,385</b>	<b>1,951,805</b>	<b>200,201,708</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 8. Loans and advances, net (continued)

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	147,548,454	12,185,639	4,277,974	164,012,067
Transfer from 12-month ECL	(4,844,809)	4,475,694	369,115	-
Transfer from lifetime ECL not credit impaired	1,960,344	(3,689,920)	1,729,576	-
Transfer from Lifetime ECL credit impaired	80,020	18,362	(98,382)	-
Net change for the year	23,044,432	(712,549)	(153,892)	22,177,991
Write-offs	-	-	(4,154,845)	(4,154,845)
Balance at the end of the year	167,788,441	12,277,226	1,969,546	182,035,213

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	147,548,454	12,185,639	4,277,974	164,012,067
Transfer from 12-month ECL	(2,306,238)	2,206,706	99,532	-
Transfer from lifetime ECL not credit impaired	855,156	(1,169,544)	314,388	-
Transfer from Lifetime ECL credit impaired	10,447	5,285	(15,732)	-
Net change for the period	11,788,089	(54,943)	(72,155)	11,660,991
Write-offs	-	-	(318,975)	(318,975)
Balance at the end of the period	157,895,908	13,173,143	4,285,032	175,354,083

## 9. Due to Saudi Central Bank

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Current accounts	-	-	51,979
Repo	7,475,300	-	4,981,651
Deposits	1,526,393	1,070,850	1,818,739
Government grant	2,618,276	4,066,531	4,066,530
Modification impact, net	(36,782)	(71,486)	(118,001)
<b>Total</b>	<b>11,583,187</b>	<b>5,065,895</b>	<b>10,800,898</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**10. Due to banks and other financial institutions**

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Current accounts	1,480,182	466,229	1,029,032
Money market placements	2,356,308	4,389,864	6,335,616
Repos	9,437,091	9,023,282	4,600,482
<b>Total</b>	<b>13,273,581</b>	<b>13,879,375</b>	<b>11,965,130</b>

**11. Derivatives**

In the ordinary course of business, the Bank utilizes the following derivative financial instruments for both trading and hedging purposes:

**a) Swaps**

Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For currency rate swaps, fixed and floating commission payments and principal are exchanged in different currencies.

**b) Forwards and futures**

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over the counter market. Foreign currency and commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

**c) Forward rate agreements**

Forward rate agreements are individually negotiated commission rate contracts that call for a cash settlement for the difference between a contracted commission rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

**d) Options**

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

**Held for trading purposes**

Most of the Bank's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers, Banks and other financial institutions in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profiting from price differentials between markets or products. The Bank also holds structured derivatives which are fully back to back in accordance with the Bank's risk management strategy.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**11. Derivatives (continued)****Held for hedging purposes**

The Bank has adopted a comprehensive system for the measurement and the management of risk. Part of the risk management process involves managing the Bank's exposure to fluctuations in foreign exchange and commission rates to reduce its exposure to currency and commission rate risks to an acceptable level as determined by the Board of Directors in accordance with the guidelines issued by SAMA.

The Board of Directors has established the levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Board of Directors has also established the level of commission rate risk by setting commission rate sensitivity limits. Commission rate exposure in terms of the sensitivity is reviewed on a periodic basis and hedging strategies are used to reduce the exposure within the established limits.

As part of its asset and liability management the Bank uses derivatives for hedging purposes in order to adjust its own exposure to currency and commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall consolidated statement of financial position exposures. Strategic hedging does not qualify for special hedge accounting and the related derivatives are accounted for as held for trading.

The Bank uses forward foreign exchange contracts and currency rate swaps to hedge against specifically identified currency risks. In addition, the Bank uses commission rate swaps and commission rate futures to hedge against the commission rate risk arising from specifically identified fixed commission rate exposures. The Bank also uses commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument are formally documented and the transactions are accounted for as fair value or cash flow hedges.

**Cash flow hedges**

The Bank is exposed to variability in future special commission income cash flows on non-trading assets and liabilities which bear variable commission rate. The Bank uses commission rate swaps as cash flow hedges of these commission rate risks. Also, as a result of firm commitments in foreign currencies, such as its issued foreign currency debt, the Bank is exposed to foreign exchange and commission rate risks which are hedged with cross currency commission rate swaps.

The tables below show the positive and negative fair values of derivative financial instruments held, together with their notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period / year, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

SAR '000	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
<b>Held for trading:</b>									
Commission rate swaps	5,834,509	5,623,022	240,811,818	5,003,368	4,896,728	226,574,092	5,995,653	5,738,251	219,398,262
Commission rate futures and options	139,041	139,041	11,427,278	137,000	137,000	14,150,831	207,186	207,186	15,757,955
Forward foreign exchange contracts & currency swaps	71,303	75,196	28,685,146	123,405	32,134	18,807,236	91,336	41,797	16,868,629
Currency options	1,477	1,477	1,943,367	11,850	11,850	1,896,012	15,001	15,001	2,755,574
Others	20,950	20,950	729,673	17,752	17,752	833,428	24,121	24,121	709,076
<b>Held as fair value hedges:</b>									
Commission rate swaps	-	309,195	11,000,000	4,021	117,017	8,375,000	-	167,406	6,000,000
<b>Held as cash flow hedges:</b>									
Commission rate swaps	139,995	933,543	32,359,500	361,428	772,851	36,186,500	36,772	1,240,858	32,959,000
<b>Total</b>	<b>6,207,275</b>	<b>7,102,424</b>	<b>326,956,782</b>	<b>5,658,824</b>	<b>5,985,332</b>	<b>306,823,099</b>	<b>6,370,069</b>	<b>7,434,620</b>	<b>294,448,496</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 12. Customers' deposits

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Demand	78,938,225	76,411,540	91,246,382
Saving	894,849	878,229	949,319
Time	111,336,753	90,199,493	64,505,326
Other	5,077,750	4,719,721	4,463,669
<b>Total</b>	<b>196,247,577</b>	<b>172,208,983</b>	<b>161,164,696</b>

Time deposits include Shariah based deposits amounting to SAR 59,999 million (December 31, 2023: SAR 38,812 million; June 30, 2023: SAR 26,596 million).

## 13. Debt securities and term loans

During 2022 the Bank has established a USD 4 Billion Euro Medium term Note (MTN) Programme. The issuer under the programme is BSF Finance Limited, operating as a special purpose entity for the guarantor Banque Saudi Fransi. In 2023 the Bank established a USD 4 Billion Trust Certificate Issuance Programme. The issuer under the programme is BSF Sukuk Company, which operates as a special purpose entity for the guarantor Banque Saudi Fransi. During Q1 2024 the Bank has established a SAR 8 Billion Tier 1 Sukuk Programme, the issuer under the programme is Banque Saudi Fransi.

Debt Securities and term loans issued by the Bank under its various programs during 2024 include:

Issue Date	Type	Market	Tenure	Currency	Value	Term	Maturity
Jan 25 2024	Sukuk	London stock exchange	5 years	USD	700 Million	5.00% Semi Annual	Jan 25 2029
Feb 29 2024	Bond	Private placement	7 years	USD	30 Million	SOFR + 155 bps Quarterly	Feb 28 2031
Mar 26 2024	Term loan facility	Syndicated facility - International FI Lenders	3 Years	USD	250 Million	SOFR + 90 bps Quarterly	Mar 26 2027
Apr 30 2024	Bond	Private placement	7 years	USD	20 Million	SOFR + 145 bps Quarterly	Apr 30 2031
May 01 2024	Bond	Private placement	7 years	USD	20 Million	SOFR + 145 bps Quarterly	May 01 2031
May 09 2024	Bond	Private placement	5 years	USD	50 Million	SOFR + 120 bps Quarterly	May 09 2029
May 16 2024	Bond	Private placement	5 years	USD	20 Million	SOFR + 116 bps Quarterly	May 16 2029

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 14. Commitments and contingencies

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

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
Letters of credit	9,878,377	8,351,739	9,134,529
Letters of guarantee	48,733,873	46,634,872	44,079,917
Acceptances	2,522,189	4,825,739	3,446,496
Irrevocable commitments to extend credit	14,780,144	10,918,887	12,110,010
<b>Total</b>	<b>75,914,583</b>	<b>70,731,237</b>	<b>68,770,952</b>

i) The following table shows the stage wise movement in ECL allowance for commitments and contingencies:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	14,639	6,637	174,825	196,101
Transfer from 12-month ECL	(466)	466	-	-
Transfer from lifetime ECL not credit impaired	218	(218)	-	-
Net charge / (reversal) for the period	1,285	2,884	(26,966)	(22,797)
Write-offs	-	-	-	-
<b>Balance at the end of the period</b>	<b>15,676</b>	<b>9,769</b>	<b>147,859</b>	<b>173,304</b>

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	14,057	12,457	251,120	277,634
Transfer from 12-month ECL	(155)	155	-	-
Transfer from lifetime ECL not credit impaired	4,632	(4,871)	239	-
Transfer from lifetime ECL credit impaired	203	-	(203)	-
Net reversal for the year	(4,098)	(1,104)	(76,331)	(81,533)
Write-offs	-	-	-	-
<b>Balance as at December 31, 2023</b>	<b>14,639</b>	<b>6,637</b>	<b>174,825</b>	<b>196,101</b>

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	14,057	12,457	251,120	277,634
Transfer from 12-month ECL	(47)	47	-	-
Transfer from lifetime ECL not credit impaired	819	(916)	97	-
Net charge / (reversal) for the period	4,116	(4,725)	(75,463)	(76,072)
Write-offs	-	-	-	-
<b>Balance at the end of the period</b>	<b>18,945</b>	<b>6,863</b>	<b>175,754</b>	<b>201,562</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 14. Commitments and contingencies (continued)

- ii) The following table shows the CCF (credit conversion factor) adjusted credit exposure amount of off statement of financial position items:

SAR '000	June 30, 2024 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	37,806,408	1,594,543	574,953	39,975,904
Transfer from 12-month ECL	(737,190)	730,261	6,929	-
Transfer from lifetime ECL not credit impaired	167,319	(170,071)	2,752	-
Transfer from Lifetime ECL credit impaired	-	-	-	-
Net change for the period	1,957,656	(162,732)	(79,755)	1,715,169
Write-offs	-	-	-	-
<b>Balance at the end of the period</b>	<b>39,194,193</b>	<b>1,992,001</b>	<b>504,879</b>	<b>41,691,073</b>

SAR '000	December 31, 2023 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	31,938,575	2,325,850	556,680	34,821,105
Transfer from 12-month ECL	(497,634)	489,472	8,162	-
Transfer from lifetime ECL not credit impaired	712,292	(914,607)	202,315	-
Transfer from Lifetime ECL credit impaired	767	7,047	(7,814)	-
Net change for the year	5,652,408	(313,219)	(184,390)	5,154,799
Write-offs	-	-	-	-
<b>Balance at the end of the year</b>	<b>37,806,408</b>	<b>1,594,543</b>	<b>574,953</b>	<b>39,975,904</b>

SAR '000	June 30, 2023 (Unaudited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	31,938,575	2,325,850	556,680	34,821,105
Transfer from 12-month ECL	(147,461)	123,913	23,548	-
Transfer from lifetime ECL not credit impaired	360,325	(436,381)	76,056	-
Transfer from Lifetime ECL credit impaired	3,504	5,303	(8,807)	-
Net change for the period	3,056,293	(203,329)	(112,110)	2,740,854
Write-offs	-	-	-	-
<b>Balance at the end of the period</b>	<b>35,211,236</b>	<b>1,815,356</b>	<b>535,367</b>	<b>37,561,959</b>

The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings filed against the Bank as disclosed at December 31, 2023.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**15. Cash and cash equivalents**

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

<b>SAR '000</b>	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>	<b>June 30, 2023 (Unaudited)</b>
Cash and balances with Saudi Central Bank excluding statutory deposit (note 5)	<b>2,060,508</b>	1,087,771	937,048
Due from banks and other financial institutions maturing within three months from the date of acquisition	<b>9,473,851</b>	2,031,127	2,855,747
<b>Total</b>	<b>11,534,359</b>	3,118,898	3,792,795

**16. Tier 1 Sukuk**

During 2020, the Bank through a Shariah compliant arrangement issued Tier 1 Sukuk (the "Sukuk"), amounting to SAR 5 billion. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank.

These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuks in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement.

The applicable profit rate is 4.5% per annum from date of issue up to 2025 and is subjected to reset every 5 years. The applicable profit on the Sukuks is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

**17. Zakat**

In March 2019, Zakat, Tax and Customs Authority ("ZATCA") issued new zakat regulations through Ministerial Decree No. 2215 dated Rajab 07, 1440H corresponding to March 14, 2019, which provides the new basis for the calculation of Zakat for companies engaged in financing activities and licensed by SAMA. The new Zakat regulations are issued pursuant to the Zakat Implementing Regulations and are applicable for the periods from January 01, 2019.

The Bank submitted its zakat return for the year ended December 31, 2023, and obtained the unrestricted zakat certificate. The assessments in respect to the Bank's zakat returns for the financial years up to 2018 have been finalized. The assessments for the financial years 2019 to 2022 are under the review of ZATCA.

Zakat for the period ended June 30, 2024 amounted to approximately SAR 263 million (June 30, 2023: SAR 243 million). The provision of Zakat is estimated based on the results of operations of the Bank for the six months period ended and the consolidated financial position at June 30, 2024.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**18. Fair values of financial 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 either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

**Valuation models**

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Bank uses widely recognized valuation models for determining the fair value of common and simpler financial instruments.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction. Fair values aim also to reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty where appropriate.

**Valuation Framework**

The Bank has an established control framework with respect to the measurement of fair values. This framework includes a Market Risk Department, which is independent of Front Office management and reports to the Chief Risk Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements.

**Determination of fair value and fair value hierarchy**

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

Level 1: Quoted prices in active markets for the same instrument (i.e. without modification or repackaging)

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

Level 3: Valuation techniques for which any significant input is not based on observable market data.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 18. Fair values of financial assets and liabilities (continued)

Derivative products valued using a valuation technique with market observable inputs are mainly commission rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and commission rate curves. Other investments in level 2 are valued based on market observable date including broker rates etc.

SAR '000	Carrying Value	Level 1	Level 2	Level 3	Total
<b>June 30, 2024 (Unaudited)</b>					
<b>Financial assets</b>					
Derivative financial instruments positive fair value	6,207,275	-	6,207,275	-	6,207,275
Financial investments designated at FVSI	588,147	36,940	551,207	-	588,147
Financial investments at FVOCI	27,205,026	16,653,315	10,311,624	240,087	27,205,026
<b>Total</b>	<b>34,000,448</b>	<b>16,690,255</b>	<b>17,070,106</b>	<b>240,087</b>	<b>34,000,448</b>
<b>Financial Liabilities</b>					
Derivative financial instruments negative fair value	7,102,424	-	7,102,424	-	7,102,424
<b>Total</b>	<b>7,102,424</b>	<b>-</b>	<b>7,102,424</b>	<b>-</b>	<b>7,102,424</b>

SAR '000	Carrying Value	Level 1	Level 2	Level 3	Total
<b>December 31, 2023 (Audited)</b>					
<b>Financial assets</b>					
Derivative financial instruments positive fair value	5,658,824	-	5,658,824	-	5,658,824
Financial investments designated at FVSI	221,937	72,877	149,060	-	221,937
Financial investments at FVOCI	23,605,134	14,668,660	8,726,057	210,417	23,605,134
<b>Total</b>	<b>29,485,895</b>	<b>14,741,537</b>	<b>14,533,941</b>	<b>210,417</b>	<b>29,485,895</b>
<b>Financial Liabilities</b>					
Derivative financial instruments negative fair value	5,985,332	-	5,985,332	-	5,985,332
<b>Total</b>	<b>5,985,332</b>	<b>-</b>	<b>5,985,332</b>	<b>-</b>	<b>5,985,332</b>

SAR '000	Carrying Value	Level 1	Level 2	Level 3	Total
<b>June 30, 2023 (Unaudited)</b>					
<b>Financial assets</b>					
Derivative financial instruments positive fair value	6,370,069	-	6,370,069	-	6,370,069
Financial investments designated at FVSI	189,997	129,842	60,155	-	189,997
Financial investments at FVOCI	20,488,254	14,773,819	5,509,231	205,204	20,488,254
<b>Total</b>	<b>27,048,320</b>	<b>14,903,661</b>	<b>11,939,455</b>	<b>205,204</b>	<b>27,048,320</b>
<b>Financial Liabilities</b>					
Derivative financial instruments negative fair value	7,434,620	-	7,434,620	-	7,434,620
<b>Total</b>	<b>7,434,620</b>	<b>-</b>	<b>7,434,620</b>	<b>-</b>	<b>7,434,620</b>

During the period there have been no transfers in between level 1, level 2 and level 3.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**18. Fair values of financial assets and liabilities (continued)**

The fair values of investments held at amortized cost are SAR 26,664 million (December 31, 2023: SAR 23,988 million and June 30, 2023: SAR 27,721 million) against carrying value of SAR 27,713 million (December 31, 2023: SAR 24,640 million and June 30, 2023: SAR 28,499 million). The fair values of commission bearing customers' deposits, debt securities, due from and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the condensed interim consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of due from and due to banks and other financial institutions. An active market for these instruments is not available and the Bank intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

The estimated fair values of investments held at amortized cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds. Consequently, differences can arise between carrying values and fair value estimates. The fair values of derivatives are based on the quoted market prices when available or by using the appropriate valuation technique. The Bank uses the discounted cash flow method using current yield curve to arrive at the fair value of loans and advances after adjusting internal credit spread which is SAR 197,265 (December 31, 2023: SAR 179,455 million and June 30, 2023: SAR 171,603 million). The carrying values of those loans and advances are SAR 197,160 million (December 31, 2023: SAR 179,391 million and June 30, 2023: SAR 169,695 million).

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
<b>Balance at the beginning of the period / year</b>	<b>210,417</b>	210,353	210,353
Additions during the period / year	<b>23,249</b>	6,247	-
Change in value	<b>6,421</b>	(6,183)	(5,149)
<b>Balance at the end of period / year</b>	<b>240,087</b>	210,417	205,204

**19. Segment information**

Operating segments are identified on the basis of internal reports about components of the Bank that are regularly reviewed by the Bank's Board of Directors in its function as chief decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between operating segments are approved by the management as per agreed terms and are reported according to the Bank's internal transfer pricing policy. These terms are in line with normal commercial terms and conditions. The revenue from external parties report to the Board is measured in a manner consistent with that in the condensed interim consolidated statement of income.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2023.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**19. Segment information (continued)**

The Bank is organised into the following main operating segments:

**Retail banking** – incorporates private and small establishment customers' demand accounts, overdrafts, loans, saving accounts, deposits, credit and debit cards, consumer loans, certain forex products and auto leasing.

**Corporate banking** – incorporates corporate and medium establishment customers' demand accounts, deposits, overdrafts, loans and other credit facilities and derivative products.

**Treasury** – incorporates treasury services, trading activities, investment securities, money market, Bank's funding operations and derivative products.

**Investment banking and brokerage** – Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities, retail investments products, corporate finance and international and local shares brokerage services and insurance.

The Bank's total assets and liabilities, together with total operating income, total operating expenses and net income before zakat for the six months then ended, by operating segments, are as follows:

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
<b><u>June 30, 2024 (Unaudited)</u></b>					
Total assets	49,258,953	151,369,671	85,703,537	2,494,315	288,826,476
Loans and advances, net	46,877,099	148,546,971	-	1,735,996	197,160,066
Total liabilities	62,178,414	136,168,455	47,519,606	1,150,672	247,017,147
Customers' deposits	61,261,952	134,985,625	-	-	196,247,577
Total operating income	2,056,067	2,458,675	(106,891)	265,787	4,673,638
Total operating expenses before impairment charge	858,343	410,423	176,946	136,465	1,582,177
Impairment charges for financial assets & others, net	143,333	403,945	2,410	-	549,688
Net income for the period before zakat	1,054,391	1,644,307	(286,247)	129,322	2,541,773
Net special commission income	1,978,093	2,160,999	(364,693)	84,040	3,858,439
Fee and commission income, net	49,242	295,553	-	166,740	511,535
Exchange income, net	28,732	2,124	162,448	-	193,304
Trading income, net	-	-	84,103	3,917	88,020
Inter-segment revenue	1,634,350	1,053,035	(2,687,385)	-	-
Depreciation and amortization	87,468	29,254	13,829	3,447	133,998

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
<b><u>December 31, 2023 (Audited)</u></b>					
Total assets	44,030,393	136,408,923	70,830,279	2,113,254	253,382,849
Total liabilities	70,428,713	104,477,499	36,594,817	760,599	212,261,628

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 19. Segment information (continued)

SAR '000	Retail banking	Corporate banking	Treasury	Investment banking & brokerage	Total
<u>June 30, 2023 (Unaudited)</u>					
Total assets	40,064,135	131,880,033	71,613,338	2,160,704	245,718,210
Loans and advances, net	38,790,648	129,435,678	-	1,468,806	169,695,132
Total liabilities	76,658,481	88,503,710	38,456,842	2,403,122	206,022,155
Customers' deposits	74,963,641	86,201,055	-	-	161,164,696
Total operating income	1,686,900	2,072,068	702,411	204,042	4,665,421
Total operating expenses before impairment charge	805,564	366,556	169,489	94,193	1,435,802
Impairment charge / (reversal) for financial assets & others, net	(81,439)	928,358	(10,381)	-	836,538
Net income for the period before zakat	962,775	777,154	543,303	109,849	2,393,081
Net special commission income	1,590,740	1,813,342	427,263	68,124	3,899,469
Fee and commission income, net	64,389	256,149	-	125,749	446,287
Exchange income, net	27,615	2,392	193,908	-	223,915
Trading income, net	-	-	78,105	1,143	79,248
Inter-segment revenue	1,210,081	425,201	(1,635,282)	-	-
Depreciation and amortization	76,636	21,798	12,636	2,154	113,224

## 20. Share capital and Earnings per share

The authorised, issued and fully paid share capital of the Bank consists of 1,205 million shares of SAR 10 each (December 31, 2023: 1,205 million shares of SAR 10 each and June 30, 2023: 1,205 million shares of SAR 10 each).

Basic and diluted earnings per share for the periods ended June 30, 2024 and 2023 are calculated on a weighted average basis by dividing the net income adjusted for Tier I Sukuk costs for the period by 1,205 million shares after excluding treasury shares consisting of 8.1 million shares as of June 30, 2024 (December 31, 2023: 7.6 million shares and June 30, 2023: 5.9 million shares).

The final net dividend of SAR 1.00 net per share for the year 2023 has been approved by the shareholders at the Annual General Assembly Meeting held on May 22, 2024.

The Board of Directors of the Bank approved to distribute interim cash dividend of SAR 1,199 million being SAR 1.00 per share for the six months period ended June 30, 2024 (2023: SAR 1,140 million at SAR 0.95 per share).

## 21. Related party balances

In the ordinary course of its activities, the Bank transacts business with related parties. In the opinion of the management and the Board, the related party transactions are carried out on group's internal pricing framework. The related party transactions are governed by limits set by the Banking Control Law and Regulations issued by SAMA. The balances with related parties have been defined as per regulatory guidelines which also include relationships with entities with common directorships or common key management personal.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

## 21. Related party balances (continued)

The balances as at June 30, 2024, December 31, 2023 and June 30, 2023 resulting from such transactions included in the consolidated financial statements are as follows:

SAR '000	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	June 30, 2023 (Unaudited)
<b>Associates</b>			
Investments	9,695	9,695	9,695
Due to banks and other financial institutions	8,621	8,462	8,314
<b>Directors, senior management, shariah members and their affiliates (key management personal)</b>			
Loans and advances	7,595,272	7,442,827	10,249,151
Investments	833,454	1,021,721	995,352
Due from banks and other financial institutions	895,625	395,625	-
Other assets	53,093	25,736	37,959
Customers' deposits	10,100,433	10,020,831	9,998,788
Due to banks and other financial institutions	-	2,822,190	3,900,000
Other liabilities	1,208	4,550	1,384
Derivatives at fair value, net	(109,053)	(13,772)	(75,332)
Commitments and contingencies	3,109,336	3,055,299	3,937,640
<b>Major shareholders' and their affiliates</b>			
Loans and advances	1,750,223	671,978	2,551,655
Customers' deposits	3,272,453	6,284,014	5,430,010
Derivatives at fair value, net	195	-	338

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

SAR '000	For the six months ended	
	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
<b>Special commission income</b>		
-Directors, senior management, shariah members and their affiliates (key management personal)	415,455	326,345
-Major shareholders' and their affiliates	38,073	83,288
Total Special commission income	453,528	409,633
<b>Special commission expense</b>		
-Directors, senior management, shariah members and their affiliates (key management personal)	132,483	88,867
Major shareholders' and their affiliates	142,750	62,446
-Associates	165	162
Total Special commission expense	275,398	151,475
Fees, commission income and others, net	42,014	42,345
Directors' fees	4,737	4,730
Other general and administrative expenses	51,982	45,640

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024 and 2023

**22. Capital Adequacy**

The Bank's objectives when managing capital are, to comply with the capital requirements set by SAMA; to safeguard the Bank's ability to continue as a going concern; and to maintain a strong capital base. Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management.

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

SAMA requires holding the minimum level of the regulatory capital of and maintaining a ratio of total regulatory capital to the risk-weighted asset (RWA) at or above the agreed minimum level.

The numbers are presented as per Basel IV regulation issued by SAMA (circular number 44047144) effective from January 01, 2023.

Bank's total risk weighted assets and total Tier I & Tier I + Tier II Capital are as follows:

<b>SAR '000</b>	<b>June 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>	<b>June 30, 2023 (Unaudited)</b>
Credit Risk RWA	<b>234,755,789</b>	212,627,655	206,782,194
Operational Risk RWA	<b>9,175,141</b>	7,594,969	7,545,292
Market Risk RWA	<b>2,756,746</b>	2,800,566	2,949,124
<b>Total RWA</b>	<b>246,687,676</b>	223,023,190	217,276,610
Common Equity Tier I Capital	<b>37,848,756</b>	37,204,728	36,292,242
Additional Tier I Capital	<b>5,000,000</b>	5,000,000	5,000,000
Tier I Capital	<b>42,848,756</b>	42,204,728	41,292,242
Tier II Capital	<b>1,752,941</b>	1,363,733	2,145,295
<b>Total Tier I &amp; II Capital</b>	<b>44,601,697</b>	43,568,461	43,437,537
Capital Adequacy Ratio %			
Common Equity Tier I ratio	<b>15.34%</b>	16.68%	16.70%
Tier I ratio	<b>17.37%</b>	18.92%	19.00%
Tier I + Tier II ratio	<b>18.08%</b>	19.54%	19.99%

**23. Comparative figures**

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

**24. Board of Directors Approval**

The condensed interim consolidated financial statements were authorised for issue by the Board of Directors on July 25, 2024 corresponding to Muharram 19, 1446H.