

# Riyad Bank

(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial  
Statements for period ended 30 June 2025

**KPMG Professional Services Company**

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**

(Professional Simplified Joint Stock Company)

Paid-up capital SR 5,000,000

Metro Boulevard – Al-Aqiq

King Abdullah Financial District

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

**To the Shareholders of Riyadh Bank  
(A Saudi Joint Stock Company)**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Riyadh Bank (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) as at 30 June 2025, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes (collectively referred to as “the interim condensed consolidated financial statements”). Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements 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 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, 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 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 Company**



**Ebrahim Oboud Baeshen**  
Certified Public Accountant  
License No. 382



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




**Tariq Bin Mohammad Al-Fattani**  
Certified Public Accountant  
License No. 446

2 Safar 1447H  
(27 July 2025)

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**


		30 June 2025 SAR'000 (Unaudited)	31 December 2024 SAR'000 (Audited)	30 June 2024 SAR'000 (Unaudited)
	Note			
<b>ASSETS</b>				
Cash and balances with Saudi Central Bank (SAMA), net		19,601,532	22,599,973	29,388,551
Due from banks and other financial institutions, net		26,989,281	22,574,084	9,307,639
Positive fair value of derivatives	6	5,110,294	5,568,952	4,621,936
Investments, net	7 a)	72,658,115	69,668,963	61,073,429
- Investment at fair value through income statement (FVIS)		4,531,525	4,492,580	4,325,915
- Investment at amortised cost, net		45,274,266	44,151,537	35,570,682
- Investments at fair value through other comprehensive income(FVOCI)		22,852,324	21,024,846	21,176,832
Loans and advances, net	8 a)	354,549,970	320,089,491	291,051,288
Other assets		3,728,635	2,204,083	2,664,406
Investment in associates		425,883	402,419	394,683
Other real estate		725,974	753,700	701,570
Property, equipment and right of use assets, net		7,026,614	6,517,129	5,825,266
<b>Total assets</b>		<b>490,816,298</b>	<b>450,378,794</b>	<b>405,028,768</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		54,568,694	43,949,020	35,943,750
Negative fair value of derivatives	6	4,539,564	5,165,593	4,341,047
Customer deposits	9	316,810,862	306,423,391	276,008,647
Debt securities in issue and term loans	10 a)	27,614,237	13,324,453	13,303,436
Other liabilities		14,944,810	13,574,238	13,085,282
<b>Total liabilities</b>		<b>418,478,167</b>	<b>382,436,695</b>	<b>342,682,162</b>
<b>Shareholders' equity</b>				
Share capital		30,000,000	30,000,000	30,000,000
Treasury shares		(264,729)	(165,105)	(165,912)
Statutory reserve		15,283,989	15,283,989	12,953,515
Other reserves		457,783	77,216	(343,769)
Retained earnings		15,485,488	13,359,899	13,339,072
<b>Equity attributable to the shareholders of the Bank</b>		<b>60,962,531</b>	<b>58,555,999</b>	<b>55,782,906</b>
<b>Tier 1 Sukuk</b>	10 b)	<b>11,375,600</b>	<b>9,386,100</b>	<b>6,563,700</b>
<b>Total equity</b>		<b>72,338,131</b>	<b>67,942,099</b>	<b>62,346,606</b>
<b>Total liabilities and equity</b>		<b>490,816,298</b>	<b>450,378,794</b>	<b>405,028,768</b>

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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**Abdullah A. Al-Oraini**  
 Chief Financial Officer

  
**Nadir S. Al-Koraya**  
 Chief Executive Officer

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)**

	Note	For the three month period ended 30 June		For the six month period ended 30 June	
		2025	2024	2025	2024
		SAR'000	SAR'000	SAR'000	SAR'000
Special commission income		6,567,812	5,805,064	12,918,368	11,474,482
Special commission expense		3,368,160	2,708,495	6,436,234	5,327,032
<b>Net special commission income</b>		<b>3,199,652</b>	<b>3,096,569</b>	<b>6,482,134</b>	<b>6,147,450</b>
Fee and commission income		1,234,733	1,077,187	2,424,659	2,143,381
Fee and commission expense		378,833	349,823	757,580	712,694
<b>Fee and commission income, net</b>		<b>855,900</b>	<b>727,364</b>	<b>1,667,079</b>	<b>1,430,687</b>
Exchange income, net		152,943	152,513	327,590	307,257
Trading income, net		231,123	6,896	447,071	165,819
Dividend income		4,647	9,575	9,541	17,451
Gains /(losses) on disposal of non-trading investments, net		43,670	(11,952)	35,779	(9,919)
Other operating income		32,196	16,346	54,578	26,253
<b>Total operating income, net</b>		<b>4,520,131</b>	<b>3,997,311</b>	<b>9,023,772</b>	<b>8,084,998</b>
Salaries and employee-related expenses		696,451	717,911	1,430,588	1,412,757
Rent and premises-related expenses		51,605	19,879	121,584	77,101
Depreciation of property, equipment and right of use assets		174,976	127,885	363,720	315,839
Other general and administrative expenses		373,646	344,856	737,088	732,986
Other operating expenses		29,210	14,310	51,792	31,873
<b>Total operating expenses before impairment charge</b>		<b>1,325,888</b>	<b>1,224,841</b>	<b>2,704,772</b>	<b>2,570,556</b>
Impairment charge for credit losses and other financial assets, net	8 d)	311,322	147,586	682,115	585,493
Impairment (reversal)/ charge for investments, net		(1,858)	27,014	(10,928)	25,695
<b>Total operating expenses, net</b>		<b>1,635,352</b>	<b>1,399,441</b>	<b>3,375,959</b>	<b>3,181,744</b>
<b>Net operating income</b>		<b>2,884,779</b>	<b>2,597,870</b>	<b>5,647,813</b>	<b>4,903,254</b>
Share in income of associates, net		10,325	8,500	19,069	14,120
<b>Income before zakat</b>		<b>2,895,104</b>	<b>2,606,370</b>	<b>5,666,882</b>	<b>4,917,374</b>
Zakat		298,484	268,667	584,255	506,948
<b>Net income for the period</b>		<b>2,596,620</b>	<b>2,337,703</b>	<b>5,082,627</b>	<b>4,410,426</b>
<b>Basic and diluted earnings per share (in SAR)</b>	17	<b>0.82</b>	<b>0.75</b>	<b>1.61</b>	<b>1.42</b>

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.



**Abdullah A. Al-Oraini**  
Chief Financial Officer



**Nadir S. Al-Koraya**  
Chief Executive Officer



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**

	For the three month period ended 30 June		For the six month period ended 30 June	
	2025	2024	2025	2024
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
<b>Net income for the period</b>	<b>2,596,620</b>	<b>2,337,703</b>	<b>5,082,627</b>	<b>4,410,426</b>
<b>Other comprehensive income (OCI):</b>				
<b><u>a) Items that are or may be reclassified to interim condensed consolidated statement of income in subsequent periods</u></b>				
- Fair value through other comprehensive income (FVOCI- debt instruments)				
- Net change in fair value	214,790	28,442	451,722	100,884
- Net amounts transferred to interim condensed consolidated statement of income	(14,748)	11,952	(6,857)	9,919
- Net changes in allowance for expected credit losses (ECL) of debt instruments	339	25,979	(12,983)	24,041
- Effective portion of net change in fair value of cash flow hedge	(8,590)	5,704	(94,166)	(2,305)
<b><u>b) Items that cannot be reclassified to interim condensed consolidated statement of income in subsequent periods</u></b>				
- Net change in fair value and transfers of equity instruments at fair value through other comprehensive income (FVOCI- equity instruments)	(22,999)	(91,454)	27,875	(54,463)
<b>Other comprehensive income (loss) for the period</b>	<b>168,792</b>	<b>(19,377)</b>	<b>365,591</b>	<b>78,076</b>
<b>Total comprehensive income for the period</b>	<b>2,765,412</b>	<b>2,318,326</b>	<b>5,448,218</b>	<b>4,488,502</b>

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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**Abdullah A. Al-Oraini**  
Chief Financial Officer



**Nadir S. Al-Koraya**  
Chief Executive Officer



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**

For the six month period ended 30 June 2025 &amp; 2024

<u>SAR'000</u>	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Proposed dividends	Equity attributable to the shareholders of the Bank	Tier 1 sukuk	Total equity
<b>30 June 2025</b>									
Balance at the beginning of the period	30,000,000	(165,105)	15,283,989	77,216	13,359,899	-	58,555,999	9,386,100	67,942,099
<u>Total comprehensive income</u>									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	27,875	-	-	27,875	-	27,875
- FVOCI -debt instruments	-	-	-	451,722	-	-	451,722	-	451,722
Net amount reclassified to the interim condensed consolidated statement of income for FVOCI -debt instruments	-	-	-	(6,857)	-	-	(6,857)	-	(6,857)
Net changes in allowance for expected credit on FVOCI -debt instruments	-	-	-	(12,983)	-	-	(12,983)	-	(12,983)
Net change in fair value of cash flow hedge	-	-	-	(94,166)	-	-	(94,166)	-	(94,166)
Net income for the period	-	-	-	-	5,082,627	-	5,082,627	-	5,082,627
Total comprehensive income	-	-	-	365,591	5,082,627	-	5,448,218	-	5,448,218
Tier 1 sukuk issued	-	-	-	-	-	-	-	1,989,500	1,989,500
Tier 1 sukuk costs	-	-	-	-	(261,513)	-	(261,513)	-	(261,513)
Final dividends proposed - 2024(note 16)	-	-	-	-	(2,695,525)	2,695,525	-	-	-
Final dividends paid - 2024(note 16)	-	-	-	-	-	(2,695,525)	(2,695,525)	-	(2,695,525)
Treasury shares	-	(99,624)	-	-	-	-	(99,624)	-	(99,624)
Employee share plan reserve	-	-	-	14,976	-	-	14,976	-	14,976
<b>Balance at the end of the period</b>	<b>30,000,000</b>	<b>(264,729)</b>	<b>15,283,989</b>	<b>457,783</b>	<b>15,485,488</b>	<b>-</b>	<b>60,962,531</b>	<b>11,375,600</b>	<b>72,338,131</b>
<b>30 June 2024</b>									
Balance at the beginning of the period	30,000,000	(165,912)	12,953,515	(369,203)	11,277,171	-	53,695,571	6,562,500	60,258,071
<u>Total comprehensive income</u>									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	(54,463)	-	-	(54,463)	-	(54,463)
- FVOCI -debt instruments	-	-	-	100,884	-	-	100,884	-	100,884
Net amount reclassified to the interim condensed consolidated statement of income for FVOCI -debt instruments	-	-	-	9,919	-	-	9,919	-	9,919
Net changes in allowance for expected credit losses on FVOCI -debt instruments	-	-	-	24,041	-	-	24,041	-	24,041
Net change in fair value of cash flow hedge	-	-	-	(2,305)	-	-	(2,305)	-	(2,305)
Net income for the period	-	-	-	-	4,410,426	-	4,410,426	-	4,410,426
Total comprehensive income	-	-	-	78,076	4,410,426	-	4,488,502	-	4,488,502
Disposal of FVOCI-equity instruments	-	-	-	(52,642)	52,642	-	-	-	-
Final dividends paid - 2023(note 16)	-	-	-	-	(2,246,250)	-	(2,246,250)	-	(2,246,250)
Tier 1 sukuk costs	-	-	-	-	(154,917)	-	(154,917)	1,200	(153,717)
<b>Balance at the end of the period</b>	<b>30,000,000</b>	<b>(165,912)</b>	<b>12,953,515</b>	<b>(343,769)</b>	<b>13,339,072</b>	<b>-</b>	<b>55,782,906</b>	<b>6,563,700</b>	<b>62,346,606</b>

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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**Abdullah A. Al-Oraini**  
Chief Financial Officer


**Nadir S. Al-Koraya**  
Chief Executive Officer


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


		<b>For the six month period ended 30 June</b>	
	Note	2025 SAR'000	2024 SAR'000
<b>OPERATING ACTIVITIES</b>			
Income before zakat		5,666,882	4,917,374
<b>Adjustments to reconcile net income for the period to net cash from operating activities:</b>			
Accretion of discounts and amortisation of premium on non-FVIS instruments, net		(349,972)	(275,164)
(Gains)/ losses on disposal of non-trading investments, net		(35,779)	9,919
Gains on trading investments, net		(45,240)	(3,983)
Gains on sale of property and equipment, net		(2,232)	(105)
Dividend income		(9,541)	(17,451)
Depreciation of property, equipment and right of use assets		363,720	315,839
Share in income of associates, net		(19,069)	(14,120)
Impairment charge for credit losses and other financial assets, net	8 d)	682,115	585,493
Interest on lease liabilities		9,534	7,948
Impairment (reversal) charge for investments, net		(10,928)	25,695
		<b>6,249,490</b>	<b>5,551,445</b>
<b>Net (increase) decrease in operating assets:</b>			
Statutory deposit with SAMA		(1,243,030)	(845,854)
Positive fair value of derivatives		458,658	(953,806)
Investments at FVIS		6,295	(1,999,087)
Loans and advances, net		(35,084,387)	(17,492,329)
Other real estate		27,726	(31,100)
Other assets		(1,532,880)	(117,286)
<b>Net increase (decrease) in operating liabilities:</b>			
Due to banks and other financial institutions		10,619,674	(6,520,276)
Negative fair value of derivatives		(626,029)	912,472
Customer deposits		10,387,471	21,101,023
Other liabilities		1,854,892	1,448,263
		<b>(8,882,120)</b>	<b>1,053,465</b>
Zakat paid		<b>(1,134,760)</b>	<b>(931,647)</b>
<b>Net cash (used in) from operating activities</b>		<b>(10,016,880)</b>	<b>121,818</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments not held as FVIS instruments		13,270,096	9,053,704
Purchase of investments not held as FVIS instruments		(15,366,196)	(9,679,132)
Purchase of property and equipment		(873,205)	(696,636)
Proceeds from sale of property and equipment		2,232	22,884
<b>Net cash used in investing activities</b>		<b>(2,967,073)</b>	<b>(1,299,180)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of Tier 2 Sukuk	10 a)	(5,636,100)	-
Proceeds from issue of debt securities in issue and term loans, net	10 a)	20,368,174	-
Debt securities in issue and term loans, net, related movements		(442,289)	(69,186)
Proceeds from issue of Tier 1 sukuk	10 b)	1,989,500	-
Dividend paid		(2,690,500)	(2,232,348)
Tier 1 sukuk related costs		(261,515)	(153,717)
Payment of principal portion of lease liabilities		(69,967)	(126,002)
Purchase of treasury shares		(99,624)	-
<b>Net cash from (used in) financing activities</b>		<b>13,157,679</b>	<b>(2,581,253)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>173,726</b>	<b>(3,758,615)</b>
Cash and cash equivalents at beginning of the period		29,546,689	28,290,580
<b>Cash and cash equivalents at end of the period</b>	12	<b>29,720,415</b>	<b>24,531,965</b>
Special commission received during the period		11,458,590	11,221,806
Special commission paid during the period		9,850,202	5,388,628
<b>Supplemental non-cash information</b>			
Net changes in fair value and transfers to interim condensed consolidated statement of income		378,574	54,035
Right of use (ROU) assets		(19,238)	(88,166)
Lease liabilities		(7,884)	(95,558)

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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**Abdullah A. Al-Oraini**  
 Chief Financial Officer

  
**Nadir S. Al-Koraya**  
 Chief Executive Officer

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



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

For the six month period ended 30 June 2025 & 2024

### 1. GENERAL

Riyad Bank (the "Bank") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, formed pursuant to the Royal Decree and the Council of Ministers' Resolution No. 91 dated 1 Jumad Al-Awal 1377H (corresponding to 23 November 1957G). The Bank operates under commercial registration No. 1010001054 dated 25 Rabi Al-Thani 1377H (corresponding to 18 November 1957G) through its 333 licensed branches (30 June 2024: 334 licensed branches) in the Kingdom of Saudi Arabia, a branch in London, United Kingdom, an agency in Houston, United States, and a representative office in Singapore. The registered address of the Bank's Head Office is as follows:

Granada Oasis - A1 Tower  
Riyadh - Al Shuhada District  
P.O. Box 22622  
Riyadh 11416  
Kingdom of Saudi Arabia

The objective of the Group is to provide a full range of banking and investment services. The Bank also provides to its customers Islamic (non-interest based) banking products which are approved and supervised by an independent Shariah Board established by the Bank.

The interim condensed consolidated financial statements comprise the financial statements of Riyad Bank and its subsidiaries (the Bank and the subsidiaries are collectively referred to as "the Group"). The significant subsidiaries of Riyad Bank are given below:

Subsidiary	Ownership	Description
Riyad Capital	100%	Engaged in investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the Capital Market Authority, incorporated in the Kingdom of Saudi Arabia
Ithra Al-Riyad Real Estate Company	100%	Formed with the objective to hold, manage, sell and purchase real estate assets for owners or third parties for financing activities, incorporated in the Kingdom of Saudi Arabia
Esnad Al-Riyadh	100%	A limited liability company registered in the Kingdom of Saudi Arabia to provide human resources services to the Group, incorporated in the Kingdom of Saudi Arabia
Curzon Street Properties Limited	100%	A property holding company, incorporated in the Isle of Man
Riyad Financial Markets	100%	A netting and bankruptcy jurisdiction country, to execute derivative transactions with international counterparties on behalf of Riyad Bank, incorporated in the Cayman Islands
Jeel Digital Innovation Company	100%	Engaged in systems analysis, application and operating systems development, hosting websites, financial technology solutions and related activities, incorporated in the Kingdom of Saudi Arabia.
1957 Ventures Fund	100%	Engaged in fostering innovation by investing in building FinTech ventures and offering comprehensive support, including resources, mentorship, and strategic insights, incorporated in the Kingdom of Saudi Arabia

### 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the six months period ended 30 June 2025 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The consolidated financial statements of the Group as at and for the year ended 31 December 2024, were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), the Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and by-laws of the Bank. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2024.

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

For the six month period ended 30 June 2025 & 2024

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### 2. BASIS OF PREPARATION(continued)

The interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand except where otherwise stated. The functional currency of the Group is Saudi Arabian Riyal except where otherwise stated in the notes to the interim condensed consolidated financial statements.

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

### 3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the financial statements of the subsidiaries which are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases.

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

The Group acts as a Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

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

For the six month period ended 30 June 2025 & 2024

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new Amendments/Standards effective as of 1 January 2025

During the period, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments, given below, apply for the first time in 2025, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

<u>Standard</u>	<u>Description</u>
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.

#### New /Amended Standards not yet effective and not early adopted.

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

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

For the six month period ended 30 June 2025 & 2024

### 5. MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as at and for the year ended 31 December 2024.

### 6. DERIVATIVES

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

	30 June 2025 (Unaudited)			31 December 2024 (Audited)			30 June 2024 (Unaudited)		
	Positive fair value SAR'000	Negative fair value SAR'000	Notional amount SAR'000	Positive fair value SAR'000	Negative fair value SAR'000	Notional amount SAR'000	Positive fair value SAR'000	Negative fair value SAR'000	Notional amount SAR'000
<b>Held for trading:</b>									
Special commission rate swaps	4,910,246	(4,357,960)	292,372,014	5,372,222	(4,864,104)	268,796,411	4,481,776	(4,148,748)	199,754,794
Forward foreign exchange contracts	156,918	(99,195)	16,664,164	136,489	(202,044)	30,812,814	40,913	(49,881)	17,680,986
Currency options	806	(2,259)	467,468	522	-	441,194	1,189	-	860,194
Commodity swaps	30,000	(29,518)	1,652,773	30,757	(30,210)	1,231,424	37,006	(35,960)	1,022,532
<b>Held as fair value hedges:</b>									
Special commission rate swaps	12,324	-	787,584	28,962	-	1,595,940	61,052	-	1,593,476
<b>Held as cash flow hedges:</b>									
Special commission rate swaps	-	(50,632)	1,518,333	-	(69,235)	1,375,000	-	(106,458)	1,375,000
<b>Total</b>	<b>5,110,294</b>	<b>(4,539,564)</b>	<b>313,462,336</b>	<b>5,568,952</b>	<b>(5,165,593)</b>	<b>304,252,783</b>	<b>4,621,936</b>	<b>(4,341,047)</b>	<b>222,286,982</b>

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

For the six month period ended 30 June 2025 & 2024

### 7. INVESTMENTS, NET

#### a) Investments by type of securities

SAR'000	Domestic			International			Total		
	30 June 2025	31 December 2024	30 June 2024	30 June 2025	31 December 2024	30 June 2024	30 June 2025	31 December 2024	30 June 2024
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
<b>i) Investment at FVIS</b>									
Mutual Funds	4,531,525	4,492,580	4,325,915	-	-	-	4,531,525	4,492,580	4,325,915
<b>Total</b>	<b>4,531,525</b>	<b>4,492,580</b>	<b>4,325,915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,531,525</b>	<b>4,492,580</b>	<b>4,325,915</b>
<b>ii) Investment at amortised cost, net</b>									
Fixed rate securities	42,518,953	41,392,621	32,812,002	104,584	105,806	103,875	42,623,537	41,498,427	32,915,877
Floating rate securities	2,650,729	2,653,110	2,654,805	-	-	-	2,650,729	2,653,110	2,654,805
<b>Total</b>	<b>45,169,682</b>	<b>44,045,731</b>	<b>35,466,807</b>	<b>104,584</b>	<b>105,806</b>	<b>103,875</b>	<b>45,274,266</b>	<b>44,151,537</b>	<b>35,570,682</b>
<b>iii) Investments at FVOCI, net</b>									
Fixed rate securities	-	-	-	20,966,803	18,852,456	19,733,514	20,966,803	18,852,456	19,733,514
Floating rate securities	-	-	-	297,620	627,771	54,254	297,620	627,771	54,254
Equities	453,744	432,952	316,650	1,134,157	1,111,667	1,072,414	1,587,901	1,544,619	1,389,064
<b>Total</b>	<b>453,744</b>	<b>432,952</b>	<b>316,650</b>	<b>22,398,580</b>	<b>20,591,894</b>	<b>20,860,182</b>	<b>22,852,324</b>	<b>21,024,846</b>	<b>21,176,832</b>
<b>Total</b>	<b>50,154,951</b>	<b>48,971,263</b>	<b>40,109,372</b>	<b>22,503,164</b>	<b>20,697,700</b>	<b>20,964,057</b>	<b>72,658,115</b>	<b>69,668,963</b>	<b>61,073,429</b>

Above investments include sukuks amounting to SAR 29.5 billion as at 30 June 2025 (31 December 2024: SAR 25.2 billion and 30 June 2024 : SAR 26.3 billion).

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

For the six month period ended 30 June 2025 & 2024

### 7. INVESTMENTS, NET (continued)

b) An analysis of changes in loss allowance is as follows:

#### Debt instruments carried at amortised cost (SAR'000)

	<u>Stage 1</u> <u>12-month</u> <u>ECL</u>	<u>Stage 2</u> <u>lifetime ECL -</u> <u>not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime ECL -</u> <u>credit</u> <u>impaired</u>	<u>Total</u>
Balance at 1 January 2025	2,853	611	-	3,464
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net other movements*	2,058	(3)	-	2,055
Balance as at 30 June 2025	4,911	608	-	5,519
Balance at 1 January 2024	1,769	1,064	-	2,833
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net other movements*	1,809	(155)	-	1,654
Balance as at 30 June 2024	3,578	909	-	4,487

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

	<u>Stage 1</u> <u>12-month</u> <u>ECL</u>	<u>Stage 2</u> <u>lifetime ECL -</u> <u>not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime ECL -</u> <u>credit</u> <u>impaired</u>	<u>Total</u>
Balance at 1 January 2025	32,147	70,941	380,886	483,974
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(876)	876	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(1,602)	1,602	-
Net other movements*	(3,675)	(11,609)	2,301	(12,983)
Balance as at 30 June 2025	27,596	58,606	384,789	470,991
Balance at 1 January 2024	38,198	77,085	357,704	472,987
Transfer from Stage 2 & Stage 3 to Stage 1	3,705	(3,705)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(1,609)	1,609	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(6,582)	6,582	-
Net other movements*	3,039	10,864	10,138	24,041
Balance as at 30 June 2024	43,333	79,271	374,424	497,028

\* Includes remeasurement

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

For the six month period ended 30 June 2025 & 2024

### 7. INVESTMENTS, NET

c) An analysis of changes in gross carrying amount is as follows:

#### Debt instruments carried at amortised cost (SAR'000)

	<u>Stage 1</u> <u>12-month ECL</u>	<u>Stage 2</u> <u>lifetime ECL</u> <u>- not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime ECL -</u> <u>credit impaired</u>	<u>Total</u>
Balance at 1 January 2025	44,049,664	105,337	-	44,155,001
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Other movements*	1,125,006	(222)	-	1,124,784
Balance as at 30 June 2025	45,174,670	105,115	-	45,279,785

Balance at 1 January 2024	34,515,854	105,183	-	34,621,037
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Other movements*	1,003,231	(49,099)	-	954,132
Balance as at 30 June 2024	35,519,085	56,084	-	35,575,169

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

	<u>Stage 1</u> <u>12-month ECL</u>	<u>Stage 2</u> <u>lifetime ECL</u> <u>- not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime ECL -</u> <u>credit impaired</u>	<u>Total</u>
Balance at 1 January 2025	17,235,352	1,398,462	846,413	19,480,227
Transfer from Stage 2 & Stage 3 to Stage 1	9,380	(9,380)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(150,133)	150,133	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Other movements*	1,853,394	(78,654)	9,456	1,784,196
Balance as at 30 June 2025	18,947,993	1,460,561	855,869	21,264,423

Balance at January 1, 2024	16,849,562	1,892,537	794,897	19,536,996
Transfer from Stage 2 & Stage 3 to Stage 1	368,036	(368,036)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(169,828)	169,828	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(70,280)	70,280	-
Other movements*	449,157	(165,844)	(32,541)	250,772
Balance as at 30 June 2024	17,496,927	1,458,205	832,636	19,787,768

\* Includes remeasurement

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

For the six month period ended 30 June 2025 & 2024

### 8. LOANS AND ADVANCES, NET

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

These comprise the following:

<u>30 June 2025 (Unaudited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
<u>SAR'000</u>						
Performing loans and advances	7,898,560	1,624,928	97,617,073	247,359,280	1,496,657	355,996,498
Non-performing loans and advances	216,393	71,767	1,213,029	2,577,990	2,644	4,081,823
Total loans and advances	8,114,953	1,696,695	98,830,102	249,937,270	1,499,301	360,078,321
Allowance for impairment	(788,156)	(84,842)	(1,509,114)	(3,143,813)	(2,426)	(5,528,351)
Loans and advances, net	7,326,797	1,611,853	97,320,988	246,793,457	1,496,875	354,549,970
<u>31 December 2024 (Audited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
<u>SAR'000</u>						
Performing loans and advances	6,094,029	1,726,609	94,476,642	217,284,176	2,636,059	322,217,515
Non-performing loans and advances	84,882	73,259	1,184,031	1,829,052	2,300	3,173,524
Total loans and advances	6,178,911	1,799,868	95,660,673	219,113,228	2,638,359	325,391,039
Allowance for impairment	(497,903)	(84,617)	(1,425,880)	(3,290,604)	(2,544)	(5,301,548)
Loans and advances, net	5,681,008	1,715,251	94,234,793	215,822,624	2,635,815	320,089,491
<u>30 June 2024 (Unaudited)</u>	Overdraft	Credit Cards	Consumer Loans*	Commercial Loans	Others	Total
<u>SAR'000</u>						
Performing loans and advances	6,224,252	1,649,514	93,723,528	189,081,358	1,957,206	292,635,858
Non-performing loans and advances	57,569	60,883	1,206,331	2,182,661	1,750	3,509,194
Total loans and advances	6,281,821	1,710,397	94,929,859	191,264,019	1,958,956	296,145,052
Allowance for impairment	(230,217)	(66,572)	(1,166,351)	(3,629,014)	(1,610)	(5,093,764)
Loans and advances, net	6,051,604	1,643,825	93,763,508	187,635,005	1,957,346	291,051,288

Loans and advances, net, include non-conventional banking products of SAR 227.9 billion as at 30 June 2025 (31 December 2024: SAR 208.3 billion and 30 June 2024: SAR 194.7 billion).

#### b) An analysis of changes in loss allowance for total loans and advances is, as follows:

##### ECL on total loans and advances (SAR'000)

(Unaudited)	<u>Stage 1</u> <u>12-month</u> <u>ECL</u>	<u>Stage 2</u> <u>lifetime ECL -</u> <u>not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime ECL -</u> <u>credit impaired</u>	<u>Total</u>
Balance at 1 January 2025	982,176	2,296,954	2,022,418	5,301,548
Transfer from Stage 2 & Stage 3 to Stage 1	107,575	(52,684)	(54,891)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(38,930)	83,111	(44,181)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(11,171)	(870,742)	881,913	-
Net re-measurement of loss allowance	(190,380)	138,865	827,405	775,890
Write-offs**	-	-	(549,087)	(549,087)
Balance as at 30 June 2025	849,270	1,595,504	3,083,577	5,528,351
	<u>Stage 1</u> <u>12-month</u> <u>ECL</u>	<u>Stage 2</u> <u>lifetime ECL -</u> <u>not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime ECL -</u> <u>credit impaired</u>	<u>Total</u>
Balance at 1 January 2024	811,401	2,085,676	2,025,242	4,922,319
Transfer from Stage 2 & Stage 3 to Stage 1	112,325	(43,792)	(68,533)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(19,283)	50,477	(31,194)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(3,037)	(122,073)	125,110	-
Net re-measurement of loss allowance**	(120,636)	288,164	738,793	906,321
Write-offs**	-	-	(734,876)	(734,876)
Balance as at 30 June 2024	780,770	2,258,452	2,054,542	5,093,764

\* Includes consumer mortgage loans

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



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

For the six month period ended 30 June 2025 & 2024

### 8. LOANS AND ADVANCES, NET (continued)

#### c) An analysis of changes in gross carrying amount of loans and advances

##### Total loans and advances (SAR'000)

	<u>Stage 1</u> <u>12-month ECL</u>	<u>Stage 2</u> <u>lifetime ECL -</u> <u>not credit</u> <u>impaired</u>	<u>Stage 3</u> <u>lifetime ECL -</u> <u>credit impaired</u>	<u>Total</u>
Balance at 1 January 2025	307,845,048	13,522,245	4,023,746	325,391,039
Transfer from Stage 2 & Stage 3 to Stage 1	1,318,072	(1,143,053)	(175,019)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(4,655,557)	4,789,508	(133,951)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(476,065)	(1,922,273)	2,398,338	-
Net other movements*	35,715,208	(297,655)	27,866	35,445,419
Write-off**	-	-	(758,137)	(758,137)
Balance as at 30 June 2025	<u>339,746,706</u>	<u>14,948,772</u>	<u>5,382,843</u>	<u>360,078,321</u>
Balance at 1 January 2024	258,856,541	16,131,359	4,332,665	279,320,565
Transfer from Stage 2 & Stage 3 to Stage 1	1,695,159	(1,535,801)	(159,358)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(3,597,220)	3,683,916	(86,696)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(374,216)	(901,179)	1,275,395	-
Net other movements*	18,169,523	(263,154)	(154,512)	17,751,857
Write-offs**	-	-	(927,370)	(927,370)
Balance as at 30 June 2024	<u>274,749,787</u>	<u>17,115,141</u>	<u>4,280,124</u>	<u>296,145,052</u>

\*Includes new loans generated, loans repaid and other movements

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

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

For the six month period ended 30 June 2025 & 2024

### 8. LOANS AND ADVANCES, NET (continued)

- d) Impairment charges for credit losses and other financial assets, net as reflected in the interim condensed consolidated statement of income are detailed as follows:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
SAR'000				
Impairment charge for credit losses, net	292,340	403,337	623,908	839,287
Impairment charge(reversal) for other financial assets, net	18,982	(255,751)	58,207	(253,794)
<b>Total</b>	<b>311,322</b>	<b>147,586</b>	<b>682,115</b>	<b>585,493</b>

### 9. CUSTOMER DEPOSITS

Customer deposits comprise the following:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
SAR'000			
Demand	138,199,762	153,052,165	134,160,182
Saving	1,417,053	1,305,481	1,417,452
Time	165,980,112	138,269,399	118,222,905
Others	11,213,935	13,796,346	22,208,108
<b>Total</b>	<b>316,810,862</b>	<b>306,423,391</b>	<b>276,008,647</b>

Customer time deposits include non-conventional banking deposits of SAR 53,577 million as at 30 June 2025 (31 December 2024: SAR 53,005 million and 30 June 2024: SAR 36,525 million).

### 10. DEBT SECURITIES IN ISSUE AND TERM LOANS AND TIER 1 SUKUK

#### a) DEBT SECURITIES IN ISSUE AND TERM LOANS

During January 2025, the Bank obtained the necessary approvals from SAMA for exercising its call option on its USD 1.5 billion (SAR 5.6 billion) fixed rate Tier 2 due at 2030. The Sukuk redeemed at face value (100% of issue price) at the end of year five period on February 25, 2025.

During period ended 30 June 2025, the Bank issued certificate of deposits(CD) amounting to SAR 11.4 billion, under its CD Programme and syndicated term loans amounting to SAR 7.1 billion. Borrowings under Trade loan amounted to SAR 1.5 billion.

#### b) TIER 1 SUKUK

During January 2025, the Bank successfully completed the issuance of SAR denominated additional Tier 1 capital-eligible sukuk amounting to SAR 2 billion. The Sukuk carry a special commission rate of 6% and are classified as perpetual securities with no fixed or contractual maturity.

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

For the six month period ended 30 June 2025 & 2024

### 11. COMMITMENTS AND CONTINGENCIES

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

	30 June 2025	31 December 2024	30 June 2024
SAR'000	(Unaudited)	(Audited)	(Unaudited)
Letters of credit	8,743,070	10,077,081	8,874,236
Letters of guarantee	124,064,720	121,359,197	109,243,063
Acceptances	3,987,789	5,139,590	3,537,720
Irrevocable commitments to extend credit	42,323,601	43,116,547	34,999,751
<b>Total</b>	<b>179,119,180</b>	<b>179,692,415</b>	<b>156,654,770</b>

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

SAR'000	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2025	60,634	10,276	479,343	550,253
Transfer from Stage 2 & Stage 3 to Stage 1	3,176	(3,176)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(252)	361	(109)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(1)	(5)	6	-
Net re-measurement of loss allowance	15,392	(1,072)	(7,585)	6,735
Transfer to write-off reserves	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>78,949</b>	<b>6,384</b>	<b>471,655</b>	<b>556,988</b>
Balance at January 1, 2024	50,764	9,992	145,424	206,180
Transfer from Stage 2 & Stage 3 to Stage 1	5,216	(5,216)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(115)	133	(18)	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(34)	34	-
Net re-measurement of loss allowance	(5,110)	2,950	111,581	109,421
Transfer to write-off reserves	-	-	(10,414)	(10,414)
<b>Balance as at 30 June 2024</b>	<b>50,755</b>	<b>7,825</b>	<b>246,607</b>	<b>305,187</b>

Other liabilities as at 30 June 2025, include write-off reserves amounting to SAR 164.3 million (31 December 2024: SAR 173.5 million and 30 June 2024: SAR 183.9 million).

c) Legal proceedings

The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as disclosed in December 31, 2024 annual consolidated financial statements.

### 12. CASH AND CASH EQUIVALENTS

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

	30 June 2025	31 December 2024	30 June 2024
	(Unaudited)	(Audited)	(Unaudited)
SAR'000	SAR'000	SAR'000	SAR'000
Cash and balances with SAMA excluding statutory deposit	2,731,134	6,972,605	15,224,326
Due from banks and other financial institutions maturing within three months from date of acquisition	26,989,281	22,574,084	9,307,639
<b>Total</b>	<b>29,720,415</b>	<b>29,546,689</b>	<b>24,531,965</b>

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

For the six month period ended 30 June 2025 & 2024

### 13. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

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

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

Following are the financial instruments carried at fair value in the interim condensed consolidated financial statements.

#### Fair value and fair value hierarchy

**30 June 2025**

	Level 1	Level 2	Level 3	Total
<b>SAR'000 (Unaudited)</b>				
<b>Financial assets measured at fair value</b>				
- Positive fair value of derivatives	-	5,110,294	-	5,110,294
- Investments held at FVIS	4,531,525	-	-	4,531,525
Mutual Funds	4,531,525	-	-	4,531,525
- Investments held at FVOCI	22,296,554	-	555,770	22,852,324
Fixed rate securities	20,966,803	-	-	20,966,803
Floating rate securities	297,620	-	-	297,620
Equities	1,032,131	-	555,770	1,587,901
- Negative fair value of derivatives	-	4,539,564	-	4,539,564

**31 December 2024**

	Level 1	Level 2	Level 3	Total
<b>SAR'000 (Audited)</b>				
<b>Financial assets measured at fair value</b>				
- Positive fair value of derivatives	-	5,568,952	-	5,568,952
- Investments held at FVIS	4,492,580	-	-	4,492,580
Mutual Funds	4,492,580	-	-	4,492,580
- Investments held at FVOCI	20,520,644	-	504,202	21,024,846
Fixed rate securities	18,852,456	-	-	18,852,456
Floating rate securities	627,771	-	-	627,771
Equities	1,040,417	-	504,202	1,544,619
<b>Financial liabilities measured at fair value</b>				
- Negative fair value of derivatives	-	5,165,593	-	5,165,593

**30 June 2024**

	Level 1	Level 2	Level 3	Total
<b>SAR'000 (Unaudited)</b>				
<b>Financial assets measured at fair value</b>				
- Positive fair value of derivatives	-	4,621,936	-	4,621,936
- Investments held at FVIS	4,325,915	-	-	4,325,915
Mutual Funds	4,325,915	-	-	4,325,915
- Investments held at FVOCI	20,690,407	-	486,425	21,176,832
Fixed rate securities	19,733,514	-	-	19,733,514
Floating rate securities	54,254	-	-	54,254
Equities	902,639	-	486,425	1,389,064
<b>Financial liabilities measured at fair value</b>				
- Negative fair value of derivatives	-	4,341,047	-	4,341,047

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

For the six month period ended 30 June 2025 & 2024

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

	For the six months period ended 30 June 2025 (Unaudited) SAR'000	For the year ended 31 December 2024 (Audited) SAR'000	For the six months period ended 30 June 2024 (Unaudited) SAR'000
<b>Reconciliation of movement in Level 3</b>			
Opening balance	504,202	680,767	680,767
Total gains or losses, net:			
- recognised in other comprehensive income	31,425	(47,271)	33,425
Other movements	2,587	10,282	-
Purchases	17,813	107,021	-
Sales/ redemptions	(257)	(246,597)	(227,767)
<b>Closing balance</b>	<b>555,770</b>	<b>504,202</b>	<b>486,425</b>

There were no transfers between the fair value hierarchy levels during the current or prior period.

Although the Group believes that its estimates of fair value of Level 3 securities are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. Level 3 consists of local and international unquoted equity securities. The Group uses net assets valuation and price to book value method based on most recent available audited financial statements to fair value these investments. Other methodology that could be used to value the securities is discounted cash flow model based on expected dividend yield for which no data is available. Therefore potential impact of using reasonably possible alternative assumptions for the valuation techniques is not quantified.

The fair values of on-balance sheet financial instruments, except for loans and advances and investments held at amortised cost are not significantly different from the carrying values included in the interim condensed consolidated financial statements. The fair values of customer deposits, debt securities in issue and term loan, cash and balances with SAMA, due from and due to banks and other financial institutions, other assets and other liabilities which are carried at amortised cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements, since the current market special commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks and other financial institutions, other assets and other liabilities.

The management uses discounted cash flow method, using the current yield curve adjusted for credit risk spreads to arrive at the fair value of loans and advances, which are categorised within level 3 of fair value hierarchy. The estimated fair values of loans and advances was SAR 361.4 billion (carrying value: SAR 360.1 billion), as at 30 June 2025 (31 December 2024: SAR 324.2 billion, carrying value: SAR 325.4 billion and 30 June 2024: SAR 291.4 billion (carrying value: SAR 296.1 billion)).

The estimated fair values of investments held at amortised cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds. The estimated fair values of these investments was SAR 42.7 billion as at 30 June 2025 (carrying value: SAR 45.3 billion), (31 December 2024: SAR 40.7 billion, carrying value: SAR 44.1 billion and 30 June 2024: SAR 30.6 billion (carrying value: SAR 35.6 billion)).

### 14. OPERATING SEGMENTS

The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The operating segments are managed separately based on the Group's management and internal reporting structure. The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch, a representative office and an agency. However, the total assets, liabilities, commitments and results of operations of this branch, the representative office and the agency are not material to the Group's overall interim condensed consolidated financial statements and as a result have not been separately disclosed. The transactions between the Group's operating segments are recorded as per the Group's transfer pricing system. There are no other material items of income or expenses between the operating segments.

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

For the six month period ended 30 June 2025 & 2024

### 14. OPERATING SEGMENTS (continued)

The Group's reportable segments under IFRS 8 are as follows:

#### Retail banking

Deposits, credit and investment products for individuals.

#### Investment banking and brokerage

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

#### Corporate banking

Principally handling corporate customers' current accounts, deposits and providing loans, overdrafts and other credit facilities and includes small to medium sized businesses.

#### Treasury and investment

Principally providing money market, trading and treasury services, derivative products as well as the management of the Group's investment portfolios.

The Group's total assets and liabilities at 30 June 2025 and 2024 and its net total operating income, total operating expenses and income before zakat for the six months periods then ended, by operating segments, are as follows:

#### 30 June 2025

SAR'000 (Unaudited)	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investment	Total
Total assets	117,108,292	3,879,311	269,149,067	100,679,628	490,816,298
Total liabilities	124,329,595	482,019	210,190,366	83,476,187	418,478,167
Operating income from external customers	2,110,585	506,509	4,984,396	1,422,282	9,023,772
Inter segment income/(expense)	411,029	-	(236,109)	(174,920)	-
Total operating income, net of which	2,521,614	506,509	4,748,287	1,247,362	9,023,772
- Net special commission income	2,412,146	206,527	3,444,915	418,546	6,482,134
- Fee and commission income, net	145,643	276,399	1,226,976	18,061	1,667,079
Total operating expenses, net of which	1,894,447	165,090	1,180,614	135,808	3,375,959
- Depreciation of property, equipment & right of use assets	251,015	14,685	84,275	13,745	363,720
- Impairment charge for credit losses and other financial assets, net	306,363	-	369,177	6,575	682,115
- Impairment reversal for investments, net	-	-	-	(10,928)	(10,928)
Share in profits of associates, net	-	-	-	19,069	19,069
Income for the period before zakat	627,167	341,419	3,567,673	1,130,623	5,666,882

#### 30 June 2024

SAR'000 (Unaudited)	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investment	Total
Total assets	111,024,125	7,551,149	199,201,403	87,252,091	405,028,768
Total liabilities	121,348,253	414,598	177,109,623	43,809,688	342,682,162
Operating income from external customers	1,996,163	392,884	4,624,598	1,071,353	8,084,998
Inter segment income/(expense)	392,392	57,948	(295,411)	(154,929)	-
Total operating income, net of which	2,388,555	450,832	4,329,187	916,424	8,084,998
- Net special commission income	2,189,563	154,036	3,376,173	427,678	6,147,450
- Fee and commission income, net	225,330	276,535	913,550	15,272	1,430,687
Total operating expenses, net of which	1,845,609	153,066	1,031,456	151,613	3,181,744
- Depreciation of property, equipment & right of use assets	218,609	15,580	69,431	12,219	315,839
- Impairment charge for credit losses and other financial assets, net	323,536	-	262,571	(614)	585,493
- Impairment charge for investment, net	-	-	-	25,695	25,695
Share in losses of associates, net	-	-	-	14,120	14,120
Income for the period before zakat	542,946	297,766	3,297,731	778,931	4,917,374

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****For the six month period ended 30 June 2025 & 2024**

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**15. FINANCIAL RISK MANAGEMENT****Credit risk**

Credit exposures arise principally in lending activities (for both conventional and non-conventional banking products) that lead to loans and advances, and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The Group uses internal credit rating tools to assess credit standing of its counterparties and assigns credit ratings accordingly. Also the Group uses the external ratings, of the major rating agency, where applicable.

The Group attempts to control credit risk by deploying various credit risk management techniques and processes, such as, application Risk Acceptance Criteria (RAC's) as credit risk screening tools, appropriate credit structuring, credit review process, post-disbursal monitoring of credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

The Group's credit risk for derivatives, represents the potential cost to replace the derivative contracts if counterparties fail to fulfil their obligation, and to control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Concentration risk refers to the risk from an uneven distribution of counterparties in credit or in other business relationship or from concentration in business sectors or economic sectors or geographical regions. Accordingly, concentration risk in the credit portfolios comes into existence through a skewed distribution of financing to (a) individual borrower (name concentration) (b) industry /service sector (sector concentration) and (c) geographical regions (regional concentration). Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting any particular category of concentration.

The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate. The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Management monitors the market value of collateral recurrently, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. The Group regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

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

For the six month period ended 30 June 2025 & 2024

### 16. DIVIDENDS

Final dividends of SAR 2,696 million (2023: SAR 2,246 million) at SAR 0.90 per share (2023: SAR 0.75 per share), for the year 2024, were approved by the Extraordinary General Assembly meeting on 13 April 2025 and the distribution date for the dividend was 24 April 2025

### 17. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three month period ended 30 June 2025 are calculated on a weighted average basis by dividing the net income adjusted for Tier 1 sukuk costs for the period, by 2,993 million shares ( three month period ended 30 June 2024 : 2,995 million shares), after excluding treasury shares.

Basic and diluted earnings per share for the six month period ended 30 June 2025 are calculated on a weighted average basis by dividing the net income adjusted for Tier 1 sukuk costs for the period, by 2,994 million shares ( six month period ended 30 June 2024 : 2,995 million shares), after excluding treasury shares.

The Extraordinary General Assembly Meeting on 13 April 2025, approved the Employee Stock Incentive program for which 7.5 million shares were to be purchased as treasury shares for the purpose of allocating them to the Employee Stock Incentive Plan. The Bank initiated the purchases during the current quarter and 3.47 million Treasury shares were purchased, taking the total treasury shares to 8.47 million, as at 30 June 2025.

### 18. CAPITAL ADEQUACY

The Group's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base.

Capital adequacy and the use of regulatory capital are monitored regularly by management. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted asset at or above Basel prescribed minimum.

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

The following table summarizes the Bank's Pillar-1 Risk Weighted Assets, Tier 1 and Tier 2 capital and capital adequacy ratios.

	30 June 2025 (Unaudited) SAR Millions	31 December 2024 (Audited) SAR Millions	30 June 2024 (Unaudited) SAR Millions
<b>Risk weighted assets</b>			
Credit risk weighted assets	422,514	381,892	346,461
Operational risk weighted assets	17,583	15,712	15,712
Market risk weighted assets	15,433	15,359	10,050
Total Pillar-I Risk Weighted Assets	455,530	412,963	372,223
<b>Eligible capital</b>			
Common equity Tier 1 (CET 1) Capital	60,866	58,359	55,547
Total Tier I Capital	72,242	67,745	62,111
Tier II Capital	4,632	10,480	10,566
Total Tier I and II Capital	76,874	78,225	72,677
CET 1 Ratio %	13.4%	14.1%	14.9%
Tier I Capital Adequacy Ratio %	15.9%	16.4%	16.7%
Total Capital Adequacy Ratio %	16.9%	18.9%	19.5%



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

For the six month period ended 30 June 2025 & 2024

### 19. RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. Related party transactions are governed by the limits set by the Banking Control Law and regulations issued by SAMA. The balances at 30 June 2025 and 2024, resulting from such transactions are as follows:

	30 June 2025	30 June 2024
	<u>SAR'000</u>	<u>SAR'000</u>
	(Unaudited)	(Unaudited)
<b>a) Major Shareholders</b>		
Loans and advances	865,000	235,000
Customer deposits	50,908,153	22,875,318
Derivatives asset (at fair value)	(1,176)	(4,060)
Commitments and contingencies (irrevocable)	375,000	1,015,000
<b>b) Bank's Board of Directors and Senior Executives:</b>		
Loans and advances	378,787	635,725
Customer deposits	589,121	568,085
Commitments and contingencies (irrevocable)	2,523,841	1,130,228
Executive end of service	36,585	36,319
<b>c) Associates</b>		
Loans and advances	216,915	137,116
Customer deposits	83,416	83,239
Commitments and contingencies (irrevocable)	225,613	373,795
<b>Group's mutual funds:</b>		
Customer deposits	463,000	-

Key management personnel are those persons, including a non-executive director, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

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

For the six month period ended 30 June 2025 & 2024

### 19. RELATED PARTY TRANSACTIONS (continued)

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

	30 June 2025	30 June 2024
	<u>SAR'000</u>	<u>SAR'000</u>
	(Unaudited)	(Unaudited)
<b>a) Major Shareholders</b>		
Special commission income	30,225	8,351
Special commission expense	1,138,893	500,241
Fees from banking services, net	565	125
Directors and committees remuneration and expenses	-	-
Executive remuneration and bonus	-	-
Executive end of service	-	-
Other expenses	99,995	111,818
<b>b) Bank's Board of Directors and Senior Executives:</b>		
Special commission income	16,484	23,693
Special commission expense	11,094	13,277
Fees from banking services, net	2,411	767
Directors and committees remuneration and expenses	638	1,416
Executive remuneration and bonus	59,681	79,272
Executive end of service	4,260	6,187
Other expenses	-	-
<b>c) Associates and funds managed by the group</b>		
Special commission income	7,135	2,839
Special commission expense	6,265	3,240
Fees from banking services, net	149,831	131,448
Directors and committees remuneration and expenses	-	-
Executive remuneration and bonus	-	-
Executive end of service	-	-
Other expenses	-	-

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

For the six month period ended 30 June 2025 & 2024

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### 20. EVENTS AFTER THE REPORTING PERIOD

- a) During July 2025, the Bank announced the completion of the offer of its U.S. dollar denominated tier 2 trust certificates under its international trust certificate issuance programme. These Tier 2 capital-eligible sukuk amounting to USD 1.25 billion ( SAR 4.69 billion) carry special commission rate of 6.209% and have maturity of 10 years, callable after 5 years.
- b) During July 2025, interim dividends of SAR 2,543 million at SAR 0.85 per share (2024: SAR 2,396 million at SAR 0.80 per share) were declared by the Bank with 17 August 2025 as the distribution date.

### 21. BOARD OF DIRECTORS APPROVAL

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 25 Muharram 1447H (corresponding to 20 July 2025).