

THE SAUDI NATIONAL BANK

(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED

31 MARCH 2024

CONTENTS OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note No.		Page No.
	Independent auditors' report	
	Interim condensed consolidated statement of financial position	3
	Interim condensed consolidated statement of income	4
	Interim condensed consolidated statement of comprehensive income	5
	Interim condensed consolidated statement of changes in equity	6
	Interim condensed consolidated statement of cash flows	7
	Notes to the Interim Condensed Consolidated Financial Statements:	
1	General	8
2	Basis of preparation and summary of significant accounting policies	10
3	Cash and cash equivalents	12
4	Due from banks and other financial institutions, net	12
5	Investments, net	13
6	Financing and advances, net	16
7	Derivatives	19
8	Due to banks and other financial institutions	21
9	Customers' deposits	21
10	Debt securities issued	22
11	Credit related commitments and contingencies	23
12	Share capital	24
13	Dividend	24
14	Zakat	24
15	Tier 1 Sukuk	25
16	Basic and diluted earnings per share	25
17	Operating segments	25
18	Determination of fair value and fair value hierarchy	28
19	Related party transactions	30
20	Capital adequacy	31
21	Comparative figures	32
22	Board of directors' approval	32

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh
C.R. No. 4030276644
Tel: +966 12 221 8400
Fax: +966 12 664 4408
ey.ksa@sa.ey.com

Deloitte and Touche & Co. Chartered Accountants
Al Waha Building 3225 Prince Turki bin Abdullah Al Saud Street,
Sulaymaniyah
P.O. Box: 213, Riyadh 11411
Riyadh, Kingdom of Saudi Arabia
CR 1010600030
www.deloitte.com

Independent Auditors' Report on Review of the Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Saudi National Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Regulatory Matters

As required by the Saudi Central Bank ("SAMA"), certain capital adequacy information has been disclosed in note 20 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 20 to the relevant analysis prepared by the Bank for its submission to SAMA and found no material inconsistencies.

Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. 356

Deloitte and Touche & Co. Chartered Accountants

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

7 May 2024
(Corresponding to 28 Shawwal 1445H)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT (Amounts in SAR'000)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
ASSETS				
Cash and balances with SAMA		**60,358,558**	47,498,960	43,311,917
Due from banks and other financial institutions, net	4	**26,302,151**	34,563,457	19,976,936
Investments, net	5	**275,608,997**	269,128,954	263,635,369
Financing and advances, net	6	**625,202,345**	601,527,454	566,336,740
Positive fair value of derivatives	7	**21,192,286**	21,303,650	18,612,568
Investments in associates, net		**246,049**	246,049	257,197
Property, equipment and software, net		**11,286,348**	11,000,461	10,240,922
Goodwill		**34,006,782**	34,006,782	34,006,782
Intangible assets		**6,357,180**	6,562,248	7,177,458
Right of use assets, net		**1,041,873**	1,038,915	1,280,055
Other assets		**10,541,188**	10,204,237	11,226,766
Total assets		**1,072,143,757**	1,037,081,167	976,062,710
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions	8	**173,931,135**	211,665,630	134,568,719
Customers' deposits	9	**656,260,893**	590,051,062	610,791,014
Debt securities issued	10	**17,841,973**	13,889,142	13,644,136
Negative fair value of derivatives	7	**20,006,870**	20,145,388	17,438,563
Other liabilities		**23,480,403**	24,701,232	28,610,140
Total liabilities		**891,521,274**	860,452,454	805,052,572
EQUITY				
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK				
Share capital	12	**60,000,000**	60,000,000	44,780,000
Share premium		**63,701,800**	63,701,800	63,701,800
Treasury shares		**(2,106,192)**	(2,202,680)	(1,882,278)
Statutory reserve		**41,137,689**	41,115,165	36,036,183
Other reserves (cumulative changes in fair values)		**(4,525,997)**	(3,718,277)	(9,320,029)
Employees' share-based payments reserve		**330,672**	414,543	351,334
Retained earnings		**14,362,946**	9,157,165	26,761,477
Foreign currency translation reserve		**(8,101,773)**	(7,750,343)	(6,764,800)
Equity attributable to shareholders of the Bank		**164,799,145**	160,717,373	153,663,687
Tier 1 Sukuk	15	**15,187,500**	15,187,500	16,487,500
Equity attributable to equity holders of the Bank		**179,986,645**	175,904,873	170,151,187
Non-controlling interests		**635,838**	723,840	858,951
Total equity		**180,622,483**	176,628,713	171,010,138
Total liabilities and equity		**1,072,143,757**	1,037,081,167	976,062,710

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Ahmed A. Aldhabi
Group Chief Financial Officer

Talal A. Alkhereiji
Acting Chief Executive Officer

Saeed M. Al-Ghamdi
Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH (Amounts in SAR'000)

	Note	31 March 2024	31 March 2023
Special commission income		**13,552,470**	11,119,968
Special commission expense		**(6,641,142)**	(4,339,313)
Net special commission income		**6,911,328**	6,780,655
Fee income from banking services, net		**1,200,720**	1,036,384
Exchange income, net		**513,605**	492,920
Gain from fair value through income statement (FVIS) financial instruments, net		**453,558**	528,535
Gains/income on non-FVIS financial instruments, net		**216,705**	231,348
Other operating expenses, net		**(356,501)**	(336,252)
Total operating income		**8,939,415**	8,733,590
Salaries and employee-related expenses		**1,220,991**	1,164,454
Rent and premises related expenses		**124,204**	135,446
Depreciation/amortisation of property, equipment, software, and right of use assets		**412,126**	345,567
Amortisation of intangible assets		**205,070**	205,070
Other general and administrative expenses		**702,616**	592,893
Total operating expenses before expected credit losses		**2,665,007**	2,443,430
Impairment charge for expected credit losses, net		**654,561**	492,778
Total operating expenses		**3,319,568**	2,936,208
Income from operations, net		**5,619,847**	5,797,382
Other non-operating income/(expenses), net		**76,378**	(3,399)
Income for the period before zakat and income tax		**5,696,225**	5,793,983
Zakat and income tax expense	14	**(640,489)**	(693,158)
Net income for the period		**5,055,736**	5,100,825
Net income for the period attributable to:			
Equity holders of the Bank		**5,039,609**	5,021,540
Non-controlling interests		**16,127**	79,285
Net income for the period		**5,055,736**	5,100,825
Basic earnings per share (expressed in SAR per share)	16	**0.82**	0.81
Diluted earnings per share (expressed in SAR per share)	16	**0.82**	0.80

MN

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Ahmed A. Aldhabi
Group Chief Financial Officer

Talal A. Alkhereiji
Acting Chief Executive Officer

Saeed M. Al-Ghamdi
Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH (Amounts in SAR'000)

	31 March 2024	31 March 2023
Net income for the period	**5,055,736**	5,100,825
Other comprehensive loss		
Items that cannot be reclassified to the consolidated statement of income in subsequent periods:		
Net (losses)/gains of movement in fair value through other comprehensive income in equity instruments	**158,932**	(3,240,067)
Items that are or may be reclassified to the consolidated statement of income in subsequent periods:		
Net movement in foreign currency translation reserve losses	**(524,934)**	(303,526)
Fair value through other comprehensive income - debt instruments:		
- Net change in fair values	**(898,736)**	1,184,456
- Net amounts transferred to the consolidated statement of income	**(5,031)**	(25,940)
Cash flow hedges:		
- Effective portion of changes in fair values	**(260,617)**	247,633
- Net amounts transferred to the consolidated statement of income	**196,975**	30,604
Total other comprehensive loss	**(1,333,411)**	(2,106,840)
Total comprehensive income for the period	**3,722,325**	2,993,985
Attributable to:		
Equity holders of the Bank	**3,880,219**	3,005,838
Non-controlling interests	**(157,894)**	(11,853)
Total comprehensive income for the period	**3,722,325**	2,993,985

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

MN

Ahmed A. Aldhabi
Group Chief Financial Officer

Talal A. Alkhereiji
Acting Chief Executive Officer

Saeed M. Al-Ghamdi
Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH (Amounts in SAR'000)

	Note	Attributable to equity holders of the Bank													
						Other reserves									
		Share capital	Share premium	Treasury shares	Statutory reserve	Cash flow hedge reserves	FVOCI financial instruments reserve	Employees' share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total equity attributable to shareholders of the Bank	Tier 1 Sukuk	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance as at 1 January 2024		**60,000,000**	**63,701,800**	**(2,202,680)**	**41,115,165**	**(447,331)**	**(3,270,946)**	**414,543**	**9,157,165**	**(7,750,343)**	**160,717,373**	**15,187,500**	**175,904,873**	**723,840**	**176,628,713**
Net income for the period		-	-	-	-	-	-	-	**5,039,609**	-	**5,039,609**	-	**5,039,609**	**16,127**	**5,055,736**
Other comprehensive income/(loss) for the period		-	-	-	-	**(63,642)**	**(744,318)**	-	-	**(351,430)**	**(1,159,390)**	-	**(1,159,390)**	**(174,021)**	**(1,333,411)**
Total comprehensive income/(loss) for the period		-	-	-	-	**(63,642)**	**(744,318)**	-	**5,039,609**	**(351,430)**	**3,880,219**	-	**3,880,219**	**(157,894)**	**3,722,325**
Other consolidation adjustments		-	-	-	-	-	-	**(20,387)**	**35**	-	**(20,352)**	-	**(20,352)**	-	**(20,352)**
Impact arising from the application of IAS 29 at a foreign subsidiary		-	-	-	**22,524**	-	**240**	-	**398,382**	-	**421,146**	-	**421,146**	**69,892**	**491,038**
Tier 1 Sukuk issued	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tier 1 Sukuk related costs	15	-	-	-	-	-	-	-	**(187,324)**	-	**(187,324)**	-	**(187,324)**	-	**(187,324)**
Settlement of vested share based payment plan via treasury shares		-	-	**96,488**	-	-	-	**(102,578)**	**6,090**	-	-	-	-	-	-
Employees' share based payments plan reserve - charged to the interim condensed consolidated statement of income		-	-	-	-	-	-	**39,094**	-	-	**39,094**	-	**39,094**	-	**39,094**
Transfer of realized fair value gain/(loss) for FVOCI equity instruments to retained earnings		-	-	-	-	-	-	-	**(51,011)**	-	**(51,011)**	-	**(51,011)**	-	**(51,011)**
Balance as at 31 March 2024		**60,000,000**	**63,701,800**	**(2,106,192)**	**41,137,689**	**(510,973)**	**(4,015,024)**	**330,672**	**14,362,946**	**(8,101,773)**	**164,799,145**	**15,187,500**	**179,986,645**	**635,838**	**180,622,483**

	Attributable to equity holders of the Bank												
					Other reserves								
	Share capital	Share premium	Treasury shares	Statutory reserve	Cash flow hedge reserves	FVOCI financial instruments reserve	Employees' share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total equity attributable to shareholders of the Bank	Tier 1 Sukuk	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance as at 1 January 2023	44,780,000	63,701,800	(2,027,503)	36,020,442	(769,271)	(7,038,577)	409,021	21,965,712	(6,555,990)	150,485,634	15,487,500	165,973,134	804,497	166,777,631
Net income for the period	-	-	-	-	-	-	-	5,021,540	-	5,021,540	-	5,021,540	79,285	5,100,825
Other comprehensive income/(loss) for the period	-	-	-	-	278,237	(2,085,129)	-	-	(208,810)	(2,015,702)	-	(2,015,702)	(91,138)	(2,106,840)
Total comprehensive income/(loss) for the period	-	-	-	-	278,237	(2,085,129)	-	5,021,540	(208,810)	3,005,838	-	3,005,838	(11,853)	2,993,985
Other consolidation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact arising from the application of IAS 29 at a foreign subsidiary	-	-	-	15,741	-	10,325	-	326,343	-	352,409	-	352,409	66,307	418,716
Tier 1 Sukuk issued	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000	-	1,000,000
Tier 1 Sukuk related costs	-	-	-	-	-	-	-	(228,252)	-	(228,252)	-	(228,252)	-	(228,252)
Settlement of vested share based payments plan via treasury shares	-	-	145,225	-	-	-	(105,515)	(39,480)	-	230	-	230	-	230
Employees' share based payments plan reserve - charged to the interim condensed consolidated statement of income	-	-	-	-	-	-	47,828	-	-	47,828	-	47,828	-	47,828
Transfer of realized fair value gain/(loss) for FVOCI equity instruments to retained earnings	-	-	-	-	-	284,386	-	(284,386)	-	-	-	-	-	-
Balance as at 31 March 2023	44,780,000	63,701,800	(1,882,278)	36,036,183	(491,034)	(8,828,995)	351,334	26,761,477	(6,764,800)	153,663,687	16,487,500	170,151,187	858,951	171,010,138

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Ahmed A. Aldhabi
Group Chief Financial Officer

Talal A. Alkhereiji
Acting Chief Executive Officer

Saeed M. Al-Ghamdi
Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH (Amounts in SAR'000)

	Note	31 March 2024	31 March 2023
OPERATING ACTIVITIES			
Income for the period before zakat and income tax		**5,696,225**	5,793,983
Adjustments to reconcile net income to net cash from operating activities:			
Amortisation of discount on non-trading financial instruments, net		**(46,733)**	18,609
Gains on non-FVIS financial instruments, net		**(145,148)**	(166,718)
Gains on disposal of property, equipment and software, net		**3,143**	(10,507)
Loss on disposal of other repossessed assets		**18,064**	15,501
Depreciation/amortisation of property, equipment, software, and right of use assets		**412,126**	345,567
Net impairment charge for expected credit losses		**654,561**	492,778
Amortisation of intangible assets		**205,070**	205,070
Share based payments plan expense		**48,488**	47,828
Net monetary gain from the application of IAS 29-Hyperinflationary economies		**(112,789)**	(7,130)
		6,733,007	6,734,981
Net (increase)/decrease in operating assets:			
Statutory deposits with SAMA		**(1,922,446)**	(132,811)
Due from banks and other financial institutions with original maturity of more than three months, net		**(1,491,003)**	710,123
Held at fair value through income statement (FVIS) investments		**(460,427)**	(824,278)
Financing and advances, net		**(26,477,590)**	(22,288,179)
Positive fair value of derivatives		**(153,095)**	2,203,784
Other assets		**(163,529)**	(776,381)
Net increase/(decrease) in operating liabilities:			
Due to banks and other financial institutions		**(37,618,312)**	(16,346,208)
Customers' deposits		**68,348,310**	43,151,994
Negative fair value of derivatives		**(133,051)**	(1,978,850)
Other liabilities		**(879,923)**	987,261
Net cash generated from/(used in) operating activities		**5,781,941**	11,441,436
INVESTING ACTIVITIES			
Proceeds from sale and maturity of non-FVIS investments		**6,288,146**	7,268,376
Purchase of non-FVIS investments		**(13,662,519)**	(13,855,199)
Purchase of property, equipment and software		**(474,375)**	(436,875)
Proceeds from disposal of property and equipment		**42,392**	80,754
Net cash generated from/(used in) investing activities		**(7,806,356)**	(6,942,944)
FINANCING ACTIVITIES			
Debt securities issued	10	**5,178,200**	1,239,849
Debt securities payment	10	**(1,251,470)**	(555,521)
Tier 1 Sukuk issuance		**-**	1,000,000
Tier 1 Sukuk related costs		**(187,324)**	(228,252)
Net cash generated from/(used in) financing activities		**3,739,406**	1,456,076
Net increase/(decrease) in cash and cash equivalents		**1,714,991**	5,954,568
Foreign currency translation reserve - net movement in cash and cash equivalents at the beginning of the period		**(288,954)**	(96,283)
Cash and cash equivalents at the beginning of the period		**40,480,454**	20,158,433
Cash and cash equivalents at the end of the period	3	**41,906,491**	26,016,718
Special commission income received during the period		**13,673,722**	10,748,902
Special commission expense paid during the period		**6,894,744**	4,297,349
Supplemental non-cash information			
Movement in other reserves and transfers to the interim condensed consolidated statement of income		**(967,409)**	1,436,753

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Ahmed A. Aldhabi
Group Chief Financial Officer

Talal A. Alkhereiji
Acting Chief Executive Officer

Saeed M. Al-Ghamdi
Chairman

1 GENERAL

(1.1) Introduction

The Saudi National Bank is a Saudi Joint Stock Company that was formed and licensed under registration certificate authenticated by a Royal Decree on 28 Rajab 1369H (corresponding to 15 May 1950) and registered under commercial registration number 4030001588 dated 19 Safar 1418H (corresponding to 26 June 1997). The Bank is regulated by the Saudi Central Bank (SAMA).

The objective of the Group is to provide a full range of banking and investment management services. The Group also provides non-special commission based banking products in compliance with Shariah rules, which are approved and supervised by an independent Shariah Board established by the Bank.

The Bank operates through its 474 branches (31 December 2023: 470 branches), 19 retail service centers (31 December 2023: 19 centers) and 96 QuickPay remittance centers (31 December 2023: 96 centers) in the Kingdom of Saudi Arabia and four overseas branches in the Kingdom of Bahrain, United Arab Emirates, Qatar and the Republic of Singapore. The Board of Directors in their meeting dated 23 November 2015 resolved to close the Bank's branch operations domiciled in Beirut, Lebanon. The required regulatory approvals have been received and the legal formalities in respect of the closure of the branch are in progress.

The Bank's Head Office is located at the following address:

The Saudi National Bank Tower
King Abdullah Financial District
King Fahd Road,
3208 Al Aqeeq District,
Riyadh 13519 - 6676,
Kingdom of Saudi Arabia

The interim condensed consolidated financial statements comprise of the interim condensed consolidated financial statements of The Saudi National Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group").

1 GENERAL (continued)

(1.2) Group's subsidiaries

The details of the Group's significant subsidiaries are as follows:

Name of subsidiary	Ownership % 31 March 2024	Ownership % 31 December 2023	Ownership % 31 March 2023	Functional currency	Description
SNB Capital Company (SNBC)	**100.00%**	100.00%	100.00%	Saudi Arabian Riyal	A Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia to manage the Bank's investment services and asset management activities.
SNB Capital Dubai Inc.	**100.00%**	100.00%	100.00%	US Dollar	An exempt company with limited liability incorporated in Cayman Islands to source, structure and invest in private equity and real estate development opportunities across emerging markets.
SNB Capital Real Estate Investment Company (REIC)	**100.00%**	100.00%	100.00%	Saudi Arabian Riyal	The Company is a special purpose entity registered in the Kingdom of Saudi Arabia. The primary objective of REIC is to hold and register the real estate assets on behalf of real estate funds managed by SNB Capital Company.
Türkiye Finans Katılım Bankası A.Ş. (TFKB)	**67.03%**	67.03%	67.03%	Turkish Lira	A participation bank registered in Turkey that collects funds through current accounts, profit sharing accounts and lends funds to consumer and corporate customers, through finance leases and profit/loss sharing partnerships. TFKB fully owns the issued share capital of TF Varlık Kiralama AŞ, (TFVK) and TFKB Varlik Kiralama A.Ş., which are special purpose entities (SPEs) established in connection with issuance of sukuks by TFKB.
Real Estate Development Company (REDCO)	**100.00%**	100.00%	100.00%	Saudi Arabian Riyal	A Limited Liability Company registered in the Kingdom of Saudi Arabia. REDCO is engaged in keeping and managing title deeds and collateralised real estate properties on behalf of the Bank.
SNB Markets Limited	**100.00%**	100.00%	100.00%	US Dollar	A Limited Liability Company registered in Cayman Islands, engaged in trading in derivatives and repos/reverse repos on behalf of the Bank.
Eastgate MENA Direct Equity L.P.	**100.00%**	100.00%	100.00%	US Dollar	A private equity fund domiciled in Cayman Islands and managed by SNB Capital Dubai Inc. The Fund's investment objective is to generate returns via investments in Sharia compliant direct private equity opportunities in high growth businesses in countries within the Middle East and North Africa (MENA).
AlAhli Outsourcing Company	**100.00%**	100.00%	100.00%	Saudi Arabian Riyal	A Limited Liability Company registered in the Kingdom of Saudi Arabia, engaged in recruitment services within the Kingdom of Saudi Arabia.
Samba Bank Limited, (SBL) Pakistan	**84.51%**	84.51%	84.51%	Pakistani Rupee	A subsidiary incorporated as a banking company in Pakistan and is engaged in commercial banking and related services, and is listed on the Pakistan Stock Exchange.
Samba Real Estate Company	**100.00%**	100.00%	100.00%	Saudi Arabian Riyal	A Limited Liability Company registered in the Kingdom of Saudi Arabia, engaged in managing real estate projects on behalf of the Bank.
SNB Global Limited	**100.00%**	100.00%	100.00%	US Dollar	A Limited Liability Company registered in Cayman Islands, engaged in managing certain treasury related transactions.
SNB Funding Limited	**100.00%**	100.00%	100.00%	US Dollar	A Limited Liability Company under the laws of Cayman Islands established with the main objective of generating liquidity for the Bank through issuance of bonds.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

(2.1) Basis of Preparation

The interim condensed consolidated financial statements of the Group as at and for the period ended on 31 March 2024 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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

The consolidated financial statements of the Group as at and for the year ended 31 December 2023, were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

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 and the functional currency of the Bank 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.

(2.2) Basis of consolidation

The interim condensed consolidated financial statements comprise the interim condensed consolidated financial statements of The Saudi National Bank and its subsidiaries (see note 1.2). The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

(a) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three of the following criteria must be met:

i) the Group has power over an entity;
ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

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 off during the period, if any, are included in the interim condensed consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

(b) Non-controlling interests

Non-controlling interests represent the portion of net income and net assets of subsidiaries not owned, directly or indirectly, by the Bank in its subsidiaries and are presented separately in the interim condensed consolidated statement of income and within equity in the interim condensed consolidated statement of financial position, separately from the Bank's equity. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(c) Associates

Associates are enterprises over which the Group exercises significant influence. Investments in associates are initially recognised at cost and subsequently accounted for under the equity method of accounting and are carried in the interim condensed consolidated statement of financial position at the lower of the equity-accounted or the recoverable amount.

Equity-accounted value represents the cost plus post-acquisition changes in the Group's share of net assets of the associate (share of the results, reserves and accumulated gains/losses based on latest available financial statements) less impairment, if any.

The previously recognised impairment loss in respect of investment in associate can be reversed through the interim condensed consolidated statement of income, such that the carrying amount of the investment in the interim condensed consolidated statement of financial position remains at the lower of the equity-accounted (before provision for impairment) or the recoverable amount. On derecognition the difference between the carrying amount of investment in associate and the fair value of the consideration received is recognised in the interim condensed consolidated statement of income.

(d) Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the interim condensed consolidated financial statements.

(2.3) Material accounting policies, estimates and assumptions

(a) Material accounting policies, estimates and assumptions

The accounting policies, estimates and assumptions adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024, which is explained in note 2.4 below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(b) Hyperinflationary economy

Turkey has been considered as a hyperinflationary economy since the second quarter of 2022. TFKB uses the index published by the Turkish Statistical Institute to arrive at the below conversion factors that represents the ratio of hyperinflated balances to historical cost:

Date	Index	Conversion factor
31 March 2024	2,139.47	1.0000
31 December 2023	1,859.38	1.1506

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(2.4) New standards, interpretations and amendments adopted by the Group

The following standards, interpretations or amendments are effective and are adopted by the Group but do not have an impact on the interim condensed consolidated financial statements of the Group.

Standards, amendments, interpretations	Description	Effective date
Amendment to IFRS 16, lease liability in a sale and leaseback	Lease liability in a sale and leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments 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.	1 January 2024
Amendments to IAS 7 and IFRS 7 on supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

(2.5) Accounting standards issued but not yet effective

The International Accounting Standards Board (IASB) has issued the following standards and amendments which will become effective on or after 1 January 2025. the Group has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

Standards, amendments, interpretations	Description	Effective date
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.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
IFRS 18 - presentation and disclosure in financial statements	This standard sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure the entity provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	1 January 2027

3 CASH AND CASH EQUIVALENTS

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Cash and balances with SAMA - excluding statutory deposit	**23,674,072**	12,811,542	9,196,331
Due from banks and other financial institutions with original maturity of three months or less	**18,232,419**	27,668,912	16,820,387
Total	**41,906,491**	40,480,454	26,016,718

The amount of Cash and cash equivalents compliant with Shariah is SAR 47,682 million (31 December 2023: SAR 43,313 million and 31 March 2023: SAR 42,251 million)

4 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Current accounts	**15,211,683**	17,165,429	13,404,793
Money market placements	**10,839,616**	10,574,821	6,566,098
Reverse repos	**252,269**	6,824,575	7,046
Expected credit loss allowance	**(1,417)**	(1,368)	(1,001)
Total	**26,302,151**	34,563,457	19,976,936

The amount of due from banks and other financial institutions, net compliant with Shariah is SAR 20,997 million (31 December 2023: SAR 29,931 million and 31 March 2023: SAR 14,936 million)

5 INVESTMENTS, NET

(5.1) Investments are classified as follows:

	31 March 2024 (Unaudited)		
	Domestic	International	Total
Fixed rate securities	**1,345,802**	**1,430,424**	**2,776,226**
Floating rate securities	**-**	**-**	**-**
Equity instruments	**811,749**	**539,003**	**1,350,752**
Mutual funds, hedge funds and others	**1,552,710**	**16,830,008**	**18,382,718**
Held at FVIS	**3,710,261**	**18,799,435**	**22,509,696**
Fixed rate securities	**27,824,398**	**46,314,031**	**74,138,429**
Floating rate securities	**2,066,178**	**10,186,248**	**12,252,426**
Equity instruments	**4,325,870**	**2,872,713**	**7,198,583**
Held at FVOCI, net	**34,216,446**	**59,372,992**	**93,589,438**
Fixed rate securities	**110,868,156**	**18,026,968**	**128,895,124**
Floating rate securities	**27,995,258**	**2,632,129**	**30,627,387**
Expected credit loss allowance	**(5,604)**	**(7,044)**	**(12,648)**
Held at amortised cost, net	**138,857,810**	**20,652,053**	**159,509,863**
Investments, net	**176,784,517**	**98,824,480**	**275,608,997**

	31 December 2023 (Audited)		
	Domestic	International	Total
Fixed rate securities	1,313,218	2,881,698	4,194,916
Floating rate securities	-	22,523	22,523
Equity instruments	671,449	171,490	842,939
Mutual funds, hedge funds and others	1,335,890	15,653,000	16,988,890
Held at FVIS	3,320,557	18,728,711	22,049,268
Fixed rate securities	25,344,772	40,529,378	65,874,150
Floating rate securities	4,447,358	11,592,646	16,040,004
Equity instruments	4,682,629	2,755,291	7,437,920
Held at FVOCI, net	34,474,759	54,877,315	89,352,074
Fixed rate securities	112,253,453	17,141,830	129,395,283
Floating rate securities	25,798,662	2,557,193	28,355,855
Expected credit loss allowance	(5,269)	(18,257)	(23,526)
Held at amortised cost, net	138,046,846	19,680,766	157,727,612
Investments, net	175,842,162	93,286,792	269,128,954

5 INVESTMENTS, NET (continued)

(5.1) Investments are classified as follows (continued):

	31 March 2023 (Unaudited)		
	Domestic	International	Total
Fixed rate securities	1,134,324	1,023,911	2,158,235
Floating rate securities	-	-	-
Equity instruments	667,000	330,043	997,043
Mutual funds, hedge funds and others	1,356,194	13,684,972	15,041,166
Held at FVIS	3,157,518	15,038,926	18,196,444
Fixed rate securities	27,882,237	37,516,907	65,399,144
Floating rate securities	1,811,141	11,451,321	13,262,462
Equity instruments	4,939,975	2,081,104	7,021,079
Held at FVOCI, net	34,633,353	51,049,332	85,682,685
Fixed rate securities	103,960,588	15,630,632	119,591,220
Floating rate securities	37,555,993	2,641,560	40,197,553
Expected credit loss allowance	(4,504)	(28,029)	(32,533)
Held at amortised cost, net	141,512,077	18,244,163	159,756,240
Investments, net	179,302,948	84,332,421	263,635,369

a) Investments held at amortised cost, net include investments amounting to SAR 876 million (31 December 2023: SAR 1,730 million and 31 March 2023: SAR 3,124 million) which are held under a fair value hedge relationship. As at 31 March 2024, the fair value of these investments amounted to SAR 773 million (31 December 2023: SAR 1,606 million and 31 March 2023: SAR 3,023 million).

b) Investments, net include debt securities that are issued by the Ministry of Finance of the Kingdom of Saudi Arabia amounting to SAR 154,511 million (31 December 2023: SAR 153,729 million and 31 March 2023: SAR 152,067 million).

c) Dividend income recognized during the three-month period ended 31 March 2024 for FVOCI investments amounting to SAR 72 million (31 December 2023: SAR 366 million and 31 March 2023: SAR 65 million).

d) Total investments include Shariah based investments amounting to SAR 154,334 million (31 December 2023: SAR 153,994 million and 31 March 2023: SAR 150,057 million).

5 INVESTMENTS, NET (continued)

(5.2) An analysis of changes in expected credit loss allowance for debt instruments carried at amortized cost and FVOCI, is as follows:

	31 March 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2024	**66,703**	**2,310**	**-**	**69,013**
Net ECL charge/(reversal)	**1,135**	**(690)**	**-**	**445**
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Foreign currency translation and other adjustments	**(832)**	-	-	**(832)**
Balance as at 31 March 2024	**67,006**	**1,620**	**-**	**68,626**

	31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2023	28,789	26,487	-	55,276
Net ECL charge/(reversal)	39,040	(24,190)	-	14,850
Transfer to stage 1	251	(251)	-	-
Transfer to stage 2	(264)	264	-	-
Transfer to stage 3	-	-	-	-
Foreign currency translation and other adjustments	(1,113)	-	-	(1,113)
Balance as at 31 December 2023	66,703	2,310	-	69,013

	31 March 2023 (Unaudited)			
	Stage 1	Stage 2	Stage 3	
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2023	28,789	26,487	-	55,276
Net ECL charge/(reversal)	(1,912)	(25)	-	(1,937)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Foreign currency translation and other adjustments	(301)	-	-	(301)
Balance as at 31 March 2023	26,576	26,462	-	53,038

6 FINANCING AND ADVANCES, NET

(6.1) Financing and advances, net

	31 March 2024 (Unaudited)				
	Consumer & credit card	Corporate	International	Others*	Total
Performing financing and advances	**329,497,528**	**241,304,505**	**16,609,557**	**38,771,289**	**626,182,879**
Non-performing financing and advances	**1,749,977**	**4,957,297**	**375,896**	**-**	**7,083,170**
Total financing and advances	**331,247,505**	**246,261,802**	**16,985,453**	**38,771,289**	**633,266,049**
Allowance for financing losses (ECL allowance)	**(2,693,628)**	**(7,974,654)**	**(477,501)**	**(75,492)**	**(11,221,275)**
Purchased or originated credit impaired	**-**	**3,157,571**	**-**	**-**	**3,157,571**
Financing and advances, net	**328,553,877**	**241,444,719**	**16,507,952**	**38,695,797**	**625,202,345**

	31 December 2023 (Audited)				
	Consumer & credit card	Corporate	International	Others*	Total
Performing financing and advances	321,462,169	231,538,918	16,053,679	32,201,306	601,256,072
Non-performing financing and advances	1,716,279	5,224,182	419,010	-	7,359,471
Total financing and advances	323,178,448	236,763,100	16,472,689	32,201,306	608,615,543
Allowance for financing losses (ECL allowance)	(2,597,246)	(7,095,129)	(510,772)	(72,157)	(10,275,304)
Purchased or originated credit impaired	-	3,187,215	-	-	3,187,215
Financing and advances, net	320,581,202	232,855,186	15,961,917	32,129,149	601,527,454

	31 March 2023 (Unaudited)				
	Consumer & credit card	Corporate	International	Others*	Total
Performing financing and advances	303,674,688	218,768,581	19,053,913	24,641,770	566,138,952
Non-performing financing and advances	1,300,776	5,932,199	565,439	-	7,798,414
Total financing and advances	304,975,464	224,700,780	19,619,352	24,641,770	573,937,366
Allowance for financing losses (ECL allowance)	(2,327,848)	(7,358,133)	(823,733)	(79,398)	(10,589,112)
Purchased or originated credit impaired	15,393	2,973,093	-	-	2,988,486
Financing and advances, net	302,663,009	220,315,740	18,795,619	24,562,372	566,336,740

*Others include financing and advances related to financial institutions.

Financing and advances, net, include financing products in compliance with Shariah rules mainly Murabaha, Tawarooq and Ijara amounting to SAR 525,386 million (31 December 2023: SAR 512,355 million and 31 March 2023: SAR 482,906 million).

6 FINANCING AND ADVANCES, NET (continued)

(6.2) An analysis of changes in gross carrying amounts is as follows:

	31 March 2024 (Unaudited)			
	Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
Balance as at 1 January 2024	**572,801,910**	**28,210,842**	**7,602,791**	**608,615,543**
Net increase/(decrease) during the year	**26,871,456**	**(76,221)**	**(328,422)**	**26,466,813**
Transfer to stage 1	**2,828,080**	**(2,739,028)**	**(89,052)**	-
Transfer to stage 2	**(2,304,413)**	**2,363,873**	**(59,460)**	-
Transfer to stage 3	**(156,409)**	**(640,696)**	**797,105**	-
Foreign exchange losses and other movements	**(1,264,310)**	**(83,829)**	**(17,332)**	**(1,365,471)**
Bad debts written off	-	-	**(450,836)**	**(450,836)**
Balance as at 31 March 2024	**598,776,314**	**27,034,941**	**7,454,794**	**633,266,049**

	31 December 2023 (Audited)			
	Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
Balance as at 1 January 2023	519,489,592	25,154,679	9,117,529	553,761,800
Net increase/(decrease) during the year	63,125,384	1,411,783	688,844	65,226,011
Transfer to stage 1	1,696,852	(1,538,098)	(158,754)	-
Transfer to stage 2	(4,875,066)	4,939,156	(64,090)	-
Transfer to stage 3	(879,568)	(1,254,423)	2,133,991	-
Foreign exchange losses and other movements	(5,755,284)	(502,255)	(183,085)	(6,440,624)
Bad debts written off	-	-	(3,931,644)	(3,931,644)
Balance as at 31 December 2023	572,801,910	28,210,842	7,602,791	608,615,543

	31 March 2023 (Unaudited)			
	Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
Balance as at 1 January 2023	519,489,592	25,154,679	9,117,529	553,761,800
Net increase/(decrease) during the year	24,607,162	1,488,679	583,679	26,679,520
Transfer to stage 1	2,763,088	(2,653,744)	(109,344)	-
Transfer to stage 2	(1,139,206)	1,686,353	(547,147)	-
Transfer to stage 3	(108,725)	(187,499)	296,224	-
Foreign exchange losses and other movements	(4,761,166)	(126,746)	(18,279)	(4,906,191)
Bad debts written off	-	-	(1,597,763)	(1,597,763)
Balance as at 31 March 2023	540,850,745	25,361,722	7,724,899	573,937,366

6 FINANCING AND ADVANCES, NET (continued)

(6.3) Movement in loss allowance for financing and advances at amortised cost for the period is as follows:

	31 March 2024 (Unaudited)			
	Expected credit loss allowance			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
Balance as at 1 January 2024	**1,920,617**	**3,189,822**	**5,164,865**	**10,275,304**
Net impairment (reversal)/charge	**883,607**	**236,410**	**304,683**	**1,424,700**
Transfer to stage 1	**222,744**	**(175,235)**	**(47,509)**	**-**
Transfer to stage 2	**(44,298)**	**73,965**	**(29,667)**	**-**
Transfer to stage 3	**(170)**	**(116,025)**	**116,195**	**-**
Bad debts written off	**-**	**-**	**(450,836)**	**(450,836)**
Foreign exchange losses	**(2,698)**	**(11,947)**	**(21,060)**	**(35,705)**
Other movements	**7,812**	**-**	**-**	**7,812**
Balance as at 31 March 2024	**2,987,614**	**3,196,990**	**5,036,671**	**11,221,275**

	31 December 2023 (Audited)			
	Expected credit loss allowance			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
Balance as at 1 January 2023	1,821,973	3,268,956	6,316,935	11,407,864
Net impairment (reversal)/charge	(252,869)	749,205	2,708,394	3,204,730
Transfer to stage 1	672,857	(514,103)	(158,754)	-
Transfer to stage 2	(274,799)	337,232	(62,433)	-
Transfer to stage 3	(822)	(496,177)	496,999	-
Bad debts written off	-	-	(3,931,644)	(3,931,644)
Foreign exchange losses	(45,723)	(80,246)	(204,632)	(330,601)
Other movements	-	(75,045)	-	(75,045)
Balance as at 31 December 2023	1,920,617	3,189,822	5,164,865	10,275,304

	31 March 2023 (Unaudited)			
	Expected credit loss allowance			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
Balance as at 1 January 2023	1,821,973	3,268,956	6,316,935	11,407,864
Net impairment (reversal)/charge	(42,060)	707	855,974	814,621
Transfer to stage 1	3,071	(3,071)	-	-
Transfer to stage 2	(11,620)	11,620	-	-
Transfer to stage 3	(419)	(29,248)	29,667	-
Bad debts written off	-	-	(1,597,763)	(1,597,763)
Foreign exchange losses	(3,785)	(11,266)	(20,971)	(36,022)
Other movements	-	412	-	412
Balance as at 31 March 2023	1,767,160	3,238,110	5,583,842	10,589,112

7 DERIVATIVES

In the ordinary course of business, the Group utilises 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 special commission rate swaps, counterparties generally exchange fixed and floating rate special commission payments in a single currency without exchanging principal. For currency swaps, fixed special commission payments and principal are exchanged in different currencies. For cross-currency special commission rate swaps, principal and fixed and floating special commission payments 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 special 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 special commission rate contracts that call for a cash settlement for the difference between a contracted special commission rate and the market rate on a specified future date, based 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 a 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.

(e) Structured derivative products

Structured derivative products provide financial solutions to the customers of the Group to manage their risks in respect of foreign exchange, special commission rate and commodity exposures and enhance yields by allowing deployment of excess liquidity within specific risk and return profiles. The majority of the Group's structured derivative transactions are entered on a back-to-back basis with various counterparties.

(7.1) Derivatives held for trading purposes

Most of the Group’s derivative trading activities are related to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks 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 profiting from price differentials between markets or products.

(7.2) Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of various risk. Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange and special commission rates and to manage its exposure to currency and special commission rate risks to acceptable levels as determined by the Board of Directors and within the guidelines issued by SAMA.

7 DERIVATIVES (continued)

(7.2) Derivatives held for hedging purposes (continued)

The Board of Directors has established levels of acceptable risks by setting limits on counterparty, currency and commission rate exposures and related sensitivities. Outstanding positions are monitored on a daily basis and hedging strategies are initiated when considered appropriate to ensure that positions are managed within the established limits. The Board of Directors has established the acceptable level of special commission rate risk by setting limits on special commission rate gaps for stipulated periods. Special commission rate gaps arising out of rate sensitive assets and liabilities are reviewed on a periodic basis and appropriate hedging strategies are initiated to reduce sensitivities arising from special commission rate gaps as and when required.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to manage its own exposure to currency and special commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall statement of financial position exposures. Strategic hedging does not qualify for special hedge accounting and the related derivatives such as special commission rate swaps, special commission rate options and futures, forward foreign exchange contracts and currency options are accounted for as held for trading.

Amongst various hedging methodologies, the Group uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission rate exposures. The Group also uses special commission rate swaps to hedge against the cash flow variability 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 either as fair value or cash flow hedges.

The table below show the positive and negative fair values of derivative financial instruments, together with the 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.

	31 March 2024 (Unaudited)			31 December 2023 (Audited)			31 March 2023 (Unaudited)		
	Positive fair value	**Negative fair value**	**Notional amount**	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Held for trading:									
Special commission rate instruments	**18,175,022**	**(16,613,932)**	**622,274,772**	20,252,784	(18,855,152)	619,082,348	16,858,308	(15,947,611)	603,118,064
Forward/future foreign exchange contracts	**2,215,813**	**(2,198,853)**	**105,658,028**	359,367	(242,094)	67,846,571	531,174	(258,885)	221,831,356
Options	**66,007**	**(10,526)**	**2,993,397**	9,247	(11,867)	2,643,666	112,636	(61,217)	4,581,717
Held as fair value hedges:									
Special commission rate instruments	**546,756**	**(536,430)**	**13,183,302**	498,266	(434,142)	17,237,464	779,310	(455,947)	20,791,088
Held as cash flow hedges:									
Special commission rate instruments and cross currency swaps	**188,688**	**(647,129)**	**11,583,662**	183,986	(602,133)	10,577,655	331,140	(714,903)	20,465,565
Total	**21,192,286**	**(20,006,870)**	**755,693,161**	21,303,650	(20,145,388)	717,387,704	18,612,568	(17,438,563)	870,787,790

The amount of positive fair value of derivatives compliant with Shariah is SAR 1,837 million (31 December 2023: SAR 1,618 million and 31 March 2023: SAR 1,655 million) while the amount of negative fair value of derivatives compliant with Shariah is SAR 1,211 million (31 December 2023: SAR 1,048 million and 31 March 2023: SAR 941 million)

8 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Current accounts	**4,696,748**	2,829,623	5,047,841
Money market deposits	**107,316,211**	81,973,645	73,045,175
Repos	**61,918,176**	126,862,362	56,475,703
Total	**173,931,135**	211,665,630	134,568,719

The amount of due to banks and other financial institutions compliant with Shariah is SAR 40,430 million (31 December 2023: SAR 50,071 million and 31 March 2023: SAR 35,301 million)

9 CUSTOMERS' DEPOSITS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Current and call accounts	**500,886,049**	447,507,213	469,162,286
Time	**129,511,012**	120,018,607	120,036,762
Others	**25,863,832**	22,525,242	21,591,966
Total	**656,260,893**	590,051,062	610,791,014

Customers' deposits include Shariah based deposits amounting to SAR 440,188 million (31 December 2023: SAR 440,015 million; 31 March 2023: SAR 425,366 million).

9 CUSTOMERS' DEPOSITS (continued)

International segment of customers' deposits included in customers' deposits comprises:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Current and call accounts	**7,519,901**	7,576,570	8,576,049
Time	**15,439,632**	16,070,675	15,664,016
Others	**1,684,364**	1,753,364	1,965,724
Total	**24,643,897**	25,400,609	26,205,789

10 DEBT SECURITIES ISSUED

As at the reporting date, debt securities issued comprise non-convertible sukuks issued by the Group, carrying profit at fixed and floating rates, with maturities up to 2033. Below is the movement of debt securities:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Balance at beginning of the period/year	**13,889,142**	12,987,176	12,987,176
Debt securities issued	**5,178,200**	2,382,867	1,239,849
Debt securities payment	**(1,251,470)**	(1,916,733)	(555,521)
Foreign currency translation and other adjustments	**26,101**	435,832	(27,368)
Balance at end of the period/year	**17,841,973**	13,889,142	13,644,136

The amount of debt securities issued compliant with Shariah is SAR 7,543 million (31 December 2023: SAR 3,962 million and 31 March 2023: SAR 3,801 million)

11 CREDIT RELATED COMMITMENTS AND CONTINGENCIES

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Letters of credit	**17,377,065**	19,295,122	23,493,494
Guarantees	**68,130,912**	63,113,403	58,718,136
Acceptances	**7,416,127**	6,472,576	6,974,311
Irrevocable commitments to extend credit	**17,487,716**	18,714,356	16,069,024
Total	**110,411,820**	107,595,457	105,254,965

(11.2) The analysis of changes in expected credit losses on commitments and contingencies is as follows:

	31 March 2024 (Unaudited)				
	Stage 1	Stage 2	Stage 3		
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	POCI	Total
Balance as at 1 January 2024	**158,581**	**46,639**	**273,982**	**3,480,286**	**3,959,488**
Net re-measurement of loss allowance	**1,209**	**(12,394)**	**25,765**	**-**	**14,580**
Transfer to stage 1	**1,638**	**(1,397)**	**(241)**	**-**	**-**
Transfer to stage 2	**(976)**	**976**	**-**	**-**	**-**
Transfer to stage 3	**(8)**	**(25)**	**33**	**-**	**-**
Foreign currency translation and other adjustments	**(790)**	**(167)**	**(1,994)**	**-**	**(2,951)**
Balance as at 31 March 2024	**159,654**	**33,632**	**297,545**	**3,480,286**	**3,971,117**

	31 December 2023 (Audited)				
	Stage 1	Stage 2	Stage 3		
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	POCI	Total
Balance as at 1 January 2023	180,147	40,979	323,473	3,733,918	4,278,517
Net re-measurement of loss allowance	(19,109)	7,103	(43,660)	(253,632)	(309,298)
Transfer to stage 1	637	(317)	(320)	-	-
Transfer to stage 2	(1,158)	1,158	-	-	-
Transfer to stage 3	(388)	(2,072)	2,460	-	-
Foreign currency translation and other adjustments	(1,548)	(212)	(7,971)	-	(9,731)
Balance as at 31 December 2023	158,581	46,639	273,982	3,480,286	3,959,488

11 CREDIT RELATED COMMITMENTS AND CONTINGENCIES (continued)

(11.2) The analysis of changes in expected credit losses on commitments and contingencies is as follows (continued):

	31 March 2023 (Unaudited)				
	Stage 1	Stage 2	Stage 3		
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	POCI	Total
Balance as at 1 January 2023	180,147	40,979	323,473	3,733,918	4,278,517
Net re-measurement of loss allowance	(9,475)	(11,515)	(36,057)	(46,400)	(103,447)
Transfer to stage 1	345	(336)	(9)	-	-
Transfer to stage 2	(282)	304	(22)	-	-
Transfer to stage 3	(138)	(164)	302	-	-
Foreign currency translation and other adjustments	(109)	(15)	(564)	-	(688)
Balance as at 31 March 2023	170,488	29,253	287,123	3,687,518	4,174,382

12 SHARE CAPITAL

The authorized, issued and fully paid share capital of the Bank consists of 6,000 million shares of SAR 10 each (31 December 2023: 6,000 million shares and 31 March 2023: 4,478 million shares of SAR 10 each). The capital of the Bank excluding treasury shares consists of 5,945 million shares of SAR 10 each (31 December 2023: 5,942 million shares and 31 March 2023: 4,440 million shares of SAR 10 each).

On 12 January 2023, corresponding to 19 Jumad al-thani 1444H, the Board of Directors of the Bank recommended to an Extraordinary General Shareholders Assembly an increase of 34% of the Bank's existing capital through bonus shares with approximately 1 bonus share for every 3 shares owned. Subsequently, the Extraordinary General Assembly of the Bank resolved on 7 May 2023 (corresponding to 17 Shawwal 1444H) to increase the share capital from SAR 44,780 million to SAR 60,000 million by transferring an amount of SAR 15,220 million from the "Retained Earnings" account to “Share Capital” account.

13 DIVIDEND

The details of dividends paid to the Bank's shareholders are as follows:

Distribution Date	Amount (SAR per share)	Total Payout Net of Zakat (SAR '000)	Type	Status
May 2024	0.90	5,400,000	Final	To be paid
May 2023	0.60	2,686,800	Final	Paid
Aug 2023	0.85	5,100,000	Interim	Paid

14 ZAKAT

The Bank and it's Saudi subsidiaries are subject to zakat in accordance with regulations of the Zakat, Tax and Customs Authority (“ZATCA”). The Bank’s foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Zakat expense is charged to the consolidated statement of income. The Bank calculated zakat accruals for the period ended 31 March 2024 based on applicable zakat rules for financial institutions. The Bank submitted its zakat return for the year ended 31 December 2023, and obtained the unrestricted zakat certificate. The financial years 2019 through 2023 are under the review of ZATCA, the assessments in respect to the Bank’s zakat returns for the financial years up to 2018 have been finalized.

15 TIER 1 SUKUK

During the period ended March 2023, one of the subsidiaries of the Group issued Tier 1 Sukuk, amounting to SAR 1 billion (SAR-denominated) through a Shariah Compliant arrangement (the arrangement). These arrangements were approved by the regulatory authorities, the Board of Directors of the Bank and Board of Directors of the subsidiary.

In addtion ,during the period ended June 2023, The Bank exercised the call option on its existing Tier 1 Sukuk (the Sukuk) amounting to SAR 1.3 billion.

These Sukuk 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 Group classified under equity. However, the Group shall have the exclusive right to redeem or call the Sukuk in a specific period of time, subject to the terms and conditions stipulated in the Sukuk agreement.

The applicable profit rate on the Sukuk is payable on each periodic distribution date, except upon the occurrence of a non payment event or non-payment election by the Group whereby the Group 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.

16 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share for the periods ended 31 March 2024 and 31 March 2023 is calculated by dividing the net income attributable to common equity holders of the Bank (adjusted for Tier 1 Sukuk related costs) for the periods by the weighted average number of shares outstanding to give a retroactive effect of the change in the number of shares increased as a result of the bonus share issued during the period.

Diluted earnings per share for the periods ended 31 March 2024 and 31 March 2023 is calculated by dividing the fully diluted net income attributable to equity holders of the Bank (adjusted for Tier 1 Sukuk related costs) for the periods by the weighted average number of outstanding shares to give a retroactive effect of change in the number of shares increased as a result of the bonus share issue during the period. The diluted earnings per share are adjusted for the impact of the employees' share based payment plan.

17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's management.

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

Retail	Provides banking services, including lending and current accounts in addition to products in compliance with Shariah rules which are supervised by the independent Shariah Board, to individuals and private banking customers.
Wholesale	Provides banking services including all conventional credit-related products as well as financing products in compliance with Shariah rules to small sized businesses, medium and large establishments and companies. Wholesale also provides full range of treasury and correspondent banking products and services, including money market and foreign exchange, in addition to carrying out investment and trading activities (local and international) and managing liquidity risk, market risk and credit risk.
Capital Market	Provides wealth management, asset management, investment banking and shares brokerage services (local, regional and international).
International	Comprises banking services provided outside Saudi Arabia. TFKB and SBL are included within this segment.

Transactions between the operating segments are recorded as per the Bank and its subsidiaries' transfer pricing system, and the support and Head Office expenses are allocated to segments using activity-based costing.

17 OPERATING SEGMENTS (continued)

The segmental information for the Group's total operating income, expenses, and net income for the period, are as follows:

	31 March 2024 (Unaudited)				
	Retail	**Wholesale**	**Capital Market**	**International**	**Total**
Total operating income from external customers	**4,560,831**	**3,188,814**	**762,532**	**427,238**	**8,939,415**
Intersegment operating income/(expense)	**(425,998)**	**468,562**	**(42,564)**	**-**	**-**
Total operating income	**4,134,833**	**3,657,376**	**719,968**	**427,238**	**8,939,415**
of which:					
- Net special commission income	**4,108,886**	**2,465,434**	**118,317**	**218,691**	**6,911,328**
- Fee income from banking services, net	**190,771**	**320,181**	**511,092**	**178,676**	**1,200,720**
Total operating expenses before expected credit losses	**1,625,919**	**504,996**	**177,987**	**356,105**	**2,665,007**
of which:					
- Depreciation/amortisation of property, equipment, software and right of use assets	**254,714**	**73,899**	**11,210**	**72,303**	**412,126**
- Amortisation of intangible assets	**136,967**	**46,283**	**21,820**	**-**	**205,070**
Net impairment charge for expected credit losses	**153,513**	**494,743**	**-**	**6,305**	**654,561**
Total operating expenses	**1,779,432**	**999,739**	**177,987**	**362,410**	**3,319,568**
Other non-operating income/(expenses), net	**(13,090)**	**(16,868)**	**(2,733)**	**109,069**	**76,378**
Income for the period before zakat and income tax	**2,342,311**	**2,640,769**	**539,248**	**173,897**	**5,696,225**

	31 March 2023 (Unaudited)				
	Retail	Wholesale	Capital Market	International	Total
Total operating income from external customers	3,981,358	3,522,586	455,057	774,589	8,733,590
Intersegment operating income/(expense)	(113,126)	150,145	(37,019)	-	-
Total operating income	3,868,232	3,672,731	418,038	774,589	8,733,590
of which:					
- Net special commission income	3,739,012	2,574,216	73,808	393,619	6,780,655
- Fee income from banking services, net	275,041	259,421	288,830	213,092	1,036,384
Total operating expenses before expected credit losses	1,586,749	419,562	134,106	303,013	2,443,430
of which:					
- Depreciation/amortisation of property, equipment, software and right of use assets	227,736	56,388	7,157	54,286	345,567
- Amortisation of intangible assets	136,967	46,283	21,820	-	205,070
Net impairment charge for expected credit losses	175,755	223,328	1,503	92,192	492,778
Total operating expenses	1,762,504	642,890	135,609	395,205	2,936,208
Other non-operating income/(expenses), net	(15,004)	(28,735)	-	40,340	(3,399)
Income for the period before zakat and income tax	2,090,724	3,001,106	282,429	419,724	5,793,983

17 OPERATING SEGMENTS (continued)

The segmental information for the Group's total assets and liabilities as at 31 March 2024 and 2023 and 31 December 2023 are as follows:

	31 March 2024 (Unaudited)				
	Retail	**Wholesale**	**Capital Market**	**International**	**Total**
Total assets	**418,384,666**	**603,927,905**	**18,558,035**	**31,273,151**	**1,072,143,757**
Total liabilities	**382,776,192**	**475,647,276**	**5,428,500**	**27,669,306**	**891,521,274**
- Customers' deposits	**372,521,795**	**259,071,186**	**24,015**	**24,643,897**	**656,260,893**

	31 December 2023 (Audited)				
	Retail	Wholesale	Capital Market	International	Total
Total assets	406,082,382	583,693,083	15,759,536	31,546,166	1,037,081,167
Total liabilities	358,220,373	470,319,353	4,172,656	27,740,072	860,452,454
- Customers' deposits	347,346,781	217,260,018	43,654	25,400,609	590,051,062

	31 March 2023 (Unaudited)				
	Retail	Wholesale	Capital Market	International	Total
Total assets	387,482,327	539,727,622	14,622,443	34,230,318	976,062,710
Total liabilities	368,435,071	402,807,619	3,747,992	30,061,890	805,052,572
- Customers' deposits	355,042,666	229,522,090	20,469	26,205,789	610,791,014

18 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

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 takes place either:

- In the accessible principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

Fair value information of the Group's financial instruments is analysed below:

a. Fair value information for financial instruments at fair value and investments held at amortized cost - fair value hedged

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

Level 1: quoted market prices in active markets for identical assets or liabilities;

Level 2: quoted prices in active markets for similar assets and liabilities or 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.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The following table shows an analysis of financial instruments recorded by level of the fair value hierarchy:

	31 March 2024 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Derivative financial instruments	**-**	**21,192,286**	**-**	**21,192,286**
Financial assets held at FVIS	**2,410,941**	**8,349,509**	**11,749,246**	**22,509,696**
Financial assets held at FVOCI	**65,289,636**	**27,331,086**	**968,716**	**93,589,438**
Investments held at amortised cost, net				
- Fair value hedged	**-**	**773,099**	**-**	**773,099**
Total	**67,700,577**	**57,645,980**	**12,717,962**	**138,064,519**
Financial liabilities				
Derivative financial instruments	**-**	**20,006,870**	**-**	**20,006,870**
Total	**-**	**20,006,870**	**-**	**20,006,870**

	31 December 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	21,303,650	-	21,303,650
Financial assets held at FVIS	2,672,472	8,756,870	10,619,926	22,049,268
Financial assets held at FVOCI	59,709,932	28,855,249	786,893	89,352,074
Investments held at amortised cost, net				
- Fair value hedged	-	1,606,345	-	1,606,345
Total	62,382,404	60,522,114	11,406,819	134,311,337
Financial liabilities				
Derivative financial instruments	-	20,145,388	-	20,145,388
Total	-	20,145,388	-	20,145,388

18 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

a. Fair value information for financial instruments at fair value and investments held at amortized cost - fair value hedged (continued)

	31 March 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	18,612,568	-	18,612,568
Financial assets held at FVIS	1,030,491	7,838,205	9,327,748	18,196,444
Financial assets held at FVOCI	55,503,386	30,019,926	159,373	85,682,685
Investments held at amortised cost, net				
- Fair value hedged	-	3,023,465	-	3,023,465
Total	56,533,877	59,494,164	9,487,121	125,515,162
Financial liabilities				
Derivative financial instruments	-	17,438,563	-	17,438,563
Total	-	17,438,563	-	17,438,563

b. Fair value information for financial instruments not measured at fair value

The fair value of the Group's financing and advances as at 31 March 2024 on a business as usual basis applying the guidance of IFRS 13, "Fair Value Measurement", was 2.1% lower than the corresponding book value (31 December 2023: 2.3% lower than the corresponding book value and 31 March 2023: 3.1% lower than the corresponding book value).

The fair values of due from banks and other financial institutions, due to banks and other financial institutions, customers' deposits and debt securities issued at 31 March 2024, 31 December 2023 and 31 March 2023 are not materially different from their respective carrying values included in the interim condensed 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 counterparty at the time of their respective maturities.

c. Valuation technique and significant unobservable inputs for financial instruments at fair value

The Group uses various valuation techniques for determination of fair values for financial instruments classified under Levels 2 and 3 of the fair value hierarchy. These techniques and the significant unobservable inputs used therein are analysed below:

The Group utilises fund manager reports (and appropriate discounts or haircuts where required) for the determination of fair values of private equity funds and hedge funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under Level 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

For the valuation of unquoted debt securities and derivative financial instruments, the Group obtains fair value estimates from reputable third party valuers, who use techniques such as discounted cash flows and option pricing models.

d. Transfer between Level 1 and Level 2 of the fair value hierarchy

There were no transfers between Level 1 and Level 2 during the period ended 31 March 2024 (31 December 2023: Nil and 31 March 2023: Nil).

e. Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Movement of Level 3 is as follows:			
Balance at beginning of the period/year	**11,406,819**	9,011,782	9,011,784
Total gains/(losses), realised and unrealised	**170,065**	9,486	47,549
Purchases	**1,340,242**	3,090,145	746,416
Sales/Maturities	**(199,164)**	(704,594)	(318,628)
Balance at end of the period/year	**12,717,962**	11,406,819	9,487,121

19 RELATED PARTY TRANSACTIONS

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

(19.1) The balances as at March 31 resulting from such transactions included in the interim condensed consolidated financial statements are as follows:

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Major shareholder and their affiliates with significant influence:		
Customers' deposits	**25,076,607**	26,296,020
Financing and advances	**32,038,320**	21,684,560
Commitments and contingencies	**7,141,906**	3,782,328
Directors, key management personnel and other companies:		
Financing and advances	**19,145,153**	13,448,192
Customers' deposits	**1,187,044**	1,988,719
Commitments and contingencies	**1,190,940**	1,213,571
End of service benefit	**53,627**	38,880
Bank's mutual funds and employees' post-employment benefit plan:		
Customers' deposits	**138**	566

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

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Major shareholder and their affiliates with significant influence:		
Special commission income	**504,901**	321,824
Special commission expense	**822,193**	481,450
Directors, key management personnel and other Companies:		
Special commission income	**841,475**	524,240
Special commission expense	**288,770**	167,286
Fees and commission income and expense, net	**14,034**	99,076
End of service benefit obligation	**385,400**	324,102
Bank's mutual funds:		
Special commission expense	**15**	18

(19.3) The total amount of compensation paid to directors and key management personnel during the year is as follows:

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Short-term employee benefits	**60,622**	43,648
Directors' remuneration	**873**	472
Other long-term benefits	**86,257**	80,645
Share-based payments	**23,773**	26,739

20 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:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Risk Weighted Assets			
Credit risk	**673,233,981**	646,191,640	637,635,395
Operational risk	**39,309,946**	37,283,015	37,283,015
Market risk	**19,095,038**	20,381,430	30,946,397
Total Pillar-1 - Risk Weighted Assets	**731,638,965**	703,856,085	705,864,807
Common Equity Tier 1 Capital (CET1)	**125,822,867**	121,992,919	114,575,644
Core capital (Tier 1)	**140,243,558**	136,385,218	131,063,144
Supplementary capital (Tier 2)	**6,375,437**	5,351,740	5,109,100
Core and supplementary capital (Tier 1 and Tier 2)	**146,618,995**	141,736,958	136,172,244
Capital Adequacy Ratio (Pillar 1)			
Common Equity Tier 1 Capital (CET1) Ratio	**17.2%**	17.3%	16.2%
Core capital (Tier 1)	**19.2%**	19.4%	18.6%
Core and supplementary capital (Tier 1 and Tier 2)	**20.0%**	20.1%	19.3%

Tier 1 capital of the Group comprises share capital, statutory reserve, other reserves, proposed dividend, retained earnings, Tier 1 eligible debt securities, foreign currency translation reserve and non-controlling interests less treasury shares, goodwill, intangible assets and other prescribed deductions. Tier 2 capital comprises of prescribed amounts of eligible portfolio (collective) provisions less prescribed deductions.

The Group uses the Standardized approach of Basel IV to calculate the Risk-Weighted Assets and required regulatory capital for Pillar -1 (including Credit Risk, Market Risk and Operational Risk). The Group's Risk Management is responsible for ensuring that minimum required Regulatory Capital calculated is compliant with Basel IV requirements. Quarterly prudential returns are submitted to SAMA showing the Capital Adequacy Ratio.

21 COMPARATIVE FIGURES

Certain insignificant prior period figures have been reclassified to conform to current period presentation.

22 BOARD OF DIRECTORS' APPROVAL

The interim condensed consolidated financial statements were approved by the Board of Directors on 29 Apr 2024 (corresponding to 20 Shawwal 1445H).

MN

Ahmed A. Aldhabi
Group Chief Financial Officer

Talal A. Alkhereiji
Acting Chief Executive Officer

Saeed M. Al-Ghamdi
Chairman