



BANK ALBILAD
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024



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Independent auditors' report on review of the interim condensed consolidated financial statements

To the shareholders of Bank Albilad (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Bank Albilad (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) as at 31 March 2024, and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-months period then ended and other explanatory notes (collectively referred to as “the interim condensed consolidated financial statements”). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with 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 International Standard on Review Engagements 2410, Review “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim 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 17 to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note 17 to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

Ernst & Young Professional Services

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27 Shawwal 1445H
(6 May 2024)

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BANK ALBILAD

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT**

		March 31, 2024 SAR'000 (Unaudited)	December 31, 2023 SAR'000 (Audited)	March 31, 2023 SAR'000 (Unaudited)
	<u>Note</u>			
ASSETS				
Cash and balances with Saudi Central Bank		8,960,800	6,983,098	7,889,160
Due from banks and other financial institutions, net		4,954,150	8,170,094	7,192,580
Investments, net	5	23,010,767	22,079,918	21,316,341
Financing, net	6	103,305,665	102,080,065	95,482,928
Other assets		1,261,738	1,634,684	1,360,226
Property, equipment and right of use assets, net		2,207,147	2,157,960	2,127,112
Total assets		<u>143,700,267</u>	<u>143,105,819</u>	<u>135,368,347</u>
LIABILITIES AND EQUITY				
Liabilities				
Due to banks, Saudi Central Bank and other financial institutions		4,029,865	4,273,908	5,749,509
Customers' deposits	7	113,740,521	112,831,245	105,482,565
Sukuk	8	3,050,309	3,051,613	3,044,412
Other liabilities		7,178,622	7,690,943	7,009,516
Total liabilities		<u>127,999,317</u>	<u>127,847,709</u>	<u>121,286,002</u>
Equity				
Share capital	14	10,000,000	10,000,000	10,000,000
Treasury shares		(173,407)	(148,493)	(53,005)
Statutory reserve		2,182,356	2,182,356	1,590,120
Other reserves		(343,973)	(166,337)	(90,783)
Retained earnings		1,013,904	3,371,429	2,121,559
Proposed issuance of bonus shares	14	2,500,000	-	-
Proposed cash dividend	15	500,000	-	500,000
Employees' share plan reserve		22,070	19,155	14,454
Total equity		<u>15,700,950</u>	<u>15,258,110</u>	<u>14,082,345</u>
Total liabilities and equity		<u>143,700,267</u>	<u>143,105,819</u>	<u>135,368,347</u>

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

	<u>For the three months period ended</u>		
	<u>Note</u>	<u>March 31, 2024</u> <u>SAR'000</u>	<u>March 31, 2023</u> <u>SAR'000</u>
INCOME:			
Income from investing and financing assets		2,060,230	1,697,717
Return on deposits and financial liabilities		<u>(1,015,501)</u>	<u>(660,281)</u>
Income from investing and financing assets, net		1,044,729	1,037,436
Fee and commission income		279,166	262,537
Fee and commission expenses		<u>(122,066)</u>	<u>(113,576)</u>
Fee and commission income, net		157,100	148,961
Exchange income, net		54,842	86,400
Dividend income		52,551	8,828
Gain on fair value through statement of income (FVSI) instruments, net		4,254	36,302
Other operating income		<u>27,874</u>	<u>17,679</u>
Total operating income		1,341,350	1,335,606
EXPENSES:			
Salaries and employee related expenses		343,555	320,781
Depreciation and amortization		65,979	73,726
Other general and administrative expenses		<u>163,379</u>	<u>188,059</u>
Operating expenses before expected credit losses		572,913	582,566
Impairment charge for expected credit losses, net		<u>51,547</u>	<u>128,851</u>
Total operating expenses		624,460	711,417
Net income for the period before zakat		716,890	624,189
Zakat for the period		73,840	64,291
Net income for the period after zakat		643,050	559,898
Basic and diluted earnings per share (SAR)	16	0.65	0.56

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		<u>For the three months period ended</u>	
	<u>Note</u>	March 31, 2024 SAR'000	March 31, 2023 SAR'000
Net income for the period after zakat		643,050	559,898
Other comprehensive (loss) / income:			
<i>Items that will not be reclassified to interim consolidated statement of income in subsequent periods</i>			
- Net changes in fair value of FVOCI equity instruments		(16,231)	79,305
- Re-measurement of employees' End of Service Benefits ("ESOB")		(9,723)	-
<i>Items that may be reclassified to interim consolidated statement of income in subsequent periods</i>			
- Net changes in fair value of FVOCI debt instruments		(172,983)	40,449
- Impairment (reversal) / charge for expected credit losses of FVOCI debt instruments		(678)	480
- Effective portion of change in the fair value of cash flow hedges	10	21,404	-
Total other comprehensive (loss) / income for the period		<u>(178,211)</u>	<u>120,234</u>
Total comprehensive income for the period		<u>464,839</u>	<u>680,132</u>

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED)**

	2024 (SAR' 000)								
	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Proposed issuance of bonus shares	Proposed cash dividend	Employees' share plan reserve	Total equity
Balance at the beginning of the period	10,000,000	(148,493)	2,182,356	(166,337)	3,371,429	-	-	19,155	15,258,110
Net changes in fair value of FVOCI equity instruments				(16,231)					(16,231)
Re-measurement of employees' End of Service Benefits ("ESOB")				(9,723)					(9,723)
Net changes in fair value of FVOCI debt instruments				(172,983)					(172,983)
Impairment charge for expected credit losses of FVOCI debt instruments				(678)					(678)
Effective portion of change in fair value of cash flow hedge				21,404					21,404
Total other comprehensive loss				(178,211)					(178,211)
Net income for the period after zakat					643,050				643,050
Total comprehensive income for the period				(178,211)	643,050				464,839
Realized loss from sale of FVOCI equity instruments				575	(575)				-
Movement in treasury shares		(24,914)							(24,914)
Employees' share plan reserve								2,915	2,915
Proposed cash dividend					(500,000)		500,000		-
Proposed Issuance of bonus shares					(2,500,000)	2,500,000			-
Balance at the end of the period	10,000,000	(173,407)	2,182,356	(343,973)	1,013,904	2,500,000	500,000	22,070	15,700,950

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023 (UNAUDITED)**

	2023 (SAR' 000)							
	Share capital	Treasury shares	Statutory Reserve	Other reserves	Retained earnings	Proposed cash dividend	Employees' share plan reserve	Total equity
Balance at the beginning of the period	10,000,000	(53,005)	1,590,120	(239,286)	1,589,930	500,000	11,189	13,398,948
Net changes in fair value of FVOCI equity instruments				79,305				79,305
Net changes in fair value of FVOCI debt instruments				40,449				40,449
Impairment charge for expected credit losses of FVOCI debt instruments				480				480
Total other comprehensive income				120,234				120,234
Net income for the period after zakat					559,898			559,898
Total comprehensive income for the period				120,234	559,898			680,132
Realized gain from sale of FVOCI equity instruments				28,269	(28,269)			-
Employees' share plan reserve							3,265	3,265
Balance at the end of the period	10,000,000	(53,005)	1,590,120	(90,783)	2,121,559	500,000	14,454	14,082,345

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)**

	Note	2024 SAR' 000	2023 SAR' 000
OPERATING ACTIVITIES			
Net income for the period before zakat		716,890	624,189
Adjustments to reconcile net income to net cash generated from / (used in) operating activities:			
Profit on sukuk		59,573	52,414
Gain on FVSI instruments, net		(4,254)	(36,302)
Gain on disposal of property and equipment, net		-	(277)
Interest expense on lease liability		2,983	3,699
Depreciation and amortization		65,979	73,726
Impairment charge for expected credit losses, net		51,547	128,851
Employees' share plan reserve		2,915	3,265
Net (increase) / decrease in operating assets:			
Statutory deposit with Saudi Central Bank		(184,943)	117,250
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		(243,130)	(581,235)
Investments at amortized cost maturing after ninety days from the date of acquisition		99,284	(137,496)
Financing, net		(1,277,508)	(4,431,453)
Other assets		372,946	(479,370)
Net increase / (decrease) in operating liabilities:			
Due to banks, Saudi Central Bank and other financial institutions		(244,043)	(4,871,932)
Customers' deposits		909,276	10,639,818
Other liabilities		(545,706)	(690,390)
Net cash (used in) / generated from operating activities		(218,191)	414,757
INVESTING ACTIVITIES			
Purchase of investments held as FVOCI		(1,212,307)	-
Proceeds from sale of investments held as FVOCI		15,806	161,603
Purchase of investments held as FVSI		(18,113)	(149,802)
Purchase of investments held as amortized cost		(796)	(435,106)
Purchase of property and equipment		(112,281)	(55,539)
Proceeds from sale of property and equipment		-	279
Net cash used in investing activities		(1,327,691)	(478,565)
FINANCING ACTIVITIES			
Sukuk profit paid		(60,877)	(48,454)
Movement in treasury shares		(24,914)	-
Payment of interest expense on lease liabilities		(2,983)	(3,699)
Payment of principal portion of lease liabilities		(31,659)	(44,393)
Net cash used in financing activities		(120,433)	(96,546)
Net decrease in cash and cash equivalents		(1,666,315)	(160,354)
Cash and cash equivalents at the beginning of the period		6,869,477	9,023,781
Cash and cash equivalents at the end of the period	11	5,203,162	8,863,427
Supplemental information			
Income received from investing and financing assets during the period		2,064,064	1,615,044
Return paid on deposits and financial liabilities during the period		1,084,509	499,096
Effective portion of change in fair value of cash flow hedge-gain		21,404	-

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED)

1. GENERAL

a) Incorporation and operation

Bank Albilad (“the Bank”), a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, was formed and licensed pursuant to Royal Decree No. M/48 dated Ramadan 21, 1425 (corresponding to November 4, 2004) in accordance with the Counsel of Ministers’ resolution no. 258 dated Ramadan 18, 1425 (corresponding to November 1, 2004). The Bank operates under Commercial Registration No.1010208295 dated Rabi Al Awal 10, 1426 (corresponding to April 19, 2005) and the Bank provides these services through 107 banking branches (March 31, 2023: 105) in the Kingdom of Saudi Arabia.

The registered address of the Bank's head office is as follows:

Bank Albilad
P.O. Box 140
Riyadh 11411
Kingdom of Saudi Arabia

The Group’s objective is to provide full range of banking services and conduct financing and investing activities through various Islamic instruments. The activities of the Bank are conducted in compliance with the Shariah Committee resolutions and directions and within the provisions of the Bank’s By-laws and the Banking Control Law.

These interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries, “Albilad Investment Company”, “Albilad Real Estate Company” and “Enjaz Payment Services Company” (collectively referred to as “the Group”). Albilad Investment Company, Albilad Real Estate Company and Enjaz Payment Services Company are 100% owned by the Bank. All subsidiaries are incorporated in the Kingdom of Saudi Arabia.

b) Sharia Committee

The Bank has established a Sharia Committee (“the Committee”). It ascertains that all the Bank’s activities are subject to its approval and control.

BANK ALBILAD

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED)

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the three months period ended March 31, 2024, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2023.

The consolidated financial statements of the Group as at and for the year ended December 31, 2023, were prepared in compliance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and professional Accountants (SOCPA) and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand.

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

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

New standards, interpretations and amendments adopted by the Group

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Following standards, interpretations or amendments are effective from January 1, 2024 and are adopted by the Group, however, these does not have a material impact on these interim condensed consolidated financial statements:

Standard, interpretation or amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.	January 1, 2024

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED)****3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS
(continued)****New standards, interpretations and amendments adopted by the Group (continued)**

Standard, interpretation or amendments	Description	Effective date
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 1, 2024
IFRS S1, ‘General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.	January 1, 2024 subject to endorsement from SOCPA
IFRS S2, ‘Climate-related disclosures’	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which are effective from periods on or after January 1, 2025. The Group did not opt for early adoption of these pronouncements and do not expect the adoption to have a significant impact on these interim condensed consolidated financial statements of the Group.

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

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED)****4. ACCOUNTING POLICIES AND ESTIMATES**

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 for the year ended December 31, 2023.

5. INVESTMENTS, NET

	March 31, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	March 31, 2023 SAR' 000 (Unaudited)
Fair value through other comprehensive income (FVOCI)			
Equities	713,839	451,571	556,348
Sukuk	<u>6,986,365</u>	<u>6,242,024</u>	<u>6,578,593</u>
	<u>7,700,204</u>	<u>6,693,595</u>	<u>7,134,941</u>
Fair value through statement of income (FVSI)			
Mutual funds	1,014,817	994,619	922,590
Equities	<u>69,432</u>	<u>67,263</u>	<u>153,536</u>
	<u>1,084,249</u>	<u>1,061,882</u>	<u>1,076,126</u>
Amortized cost			
Sukuk	12,393,036	12,391,879	10,236,141
Bai Alajel with Saudi Central Bank	<u>1,833,278</u>	<u>1,932,562</u>	<u>2,869,133</u>
	<u>14,226,314</u>	<u>14,324,441</u>	<u>13,105,274</u>
Total	<u>23,010,767</u>	<u>22,079,918</u>	<u>21,316,341</u>

The following tables further explains changes in gross exposure for investments carried at amortized cost to help explain their significance to the changes in the loss allowance for the same portfolio:

March 31, 2024 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2024	14,344,154	-	-	14,344,154
Net change during the period	(98,558)	-	-	(98,558)
Gross exposure as at March 31, 2024	<u>14,245,596</u>	-	-	<u>14,245,596</u>
	Stage 1	Stage 2	Stage 3	
December 31, 2023 (Audited) SAR' 000	(12-month ECL)	(Lifetime ECL not credit impaired)	(Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2023	12,554,953	-	-	12,554,953
Net change during the year	1,789,201	-	-	1,789,201
Gross exposure as at December 31, 2023	<u>14,344,154</u>	-	-	<u>14,344,154</u>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED)****5. INVESTMENTS, NET (continued)**

March 31, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2023	12,554,953	-	-	12,554,953
Net change during the period	572,509	-	-	572,509
Gross exposure as at March 31, 2023	13,127,462	-	-	13,127,462

The analysis of changes in loss allowance for expected credit losses for investments carried at amortized cost, is as follows:

March 31, 2024 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2024	19,713	-	-	19,713
Net reversal for the period	(431)	-	-	(431)
Loss allowance as at March 31, 2024	19,282	-	-	19,282

December 31, 2023 (Audited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	21,160	-	-	21,160
Net reversal for the year	(1,447)	-	-	(1,447)
Loss allowance as at December 31, 2023	19,713	-	-	19,713

March 31, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	21,160	-	-	21,160
Net charge for the period	1,028	-	-	1,028
Loss allowance as at March 31, 2023	22,188	-	-	22,188

6. FINANCING, NET

	March 31, 2024 SAR'000 (Unaudited)	December 31, 2023 SAR'000 (Audited)	March 31, 2023 SAR'000 (Unaudited)
Held at amortized cost			
Commercial	53,328,769	53,179,541	49,718,015
Retail	51,432,790	50,363,424	47,217,302
Performing financing	104,761,559	103,542,965	96,935,317
Non-performing financing	1,459,413	1,432,961	1,406,242
Gross financing	106,220,972	104,975,926	98,341,559
Allowance for expected credit losses	(2,915,307)	(2,895,861)	(2,858,631)
Financing, net	103,305,665	102,080,065	95,482,928

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED)****6. FINANCING, NET (continued)**

The following tables further explains changes in gross exposure for financing portfolio to help explain their significance to the changes in the loss allowance for the same portfolio:

March 31, 2024 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2024	95,032,269	8,510,696	1,432,961	104,975,926
Transfers to stage 1	165,412	(145,529)	(19,883)	-
Transfers to stage 2	(2,581,997)	2,582,932	(935)	-
Transfers to stage 3	(17,818)	(74,533)	92,351	-
Net change for the period	758,578	531,549	(24,177)	1,265,950
Write-offs	-	-	(20,904)	(20,904)
Gross exposure as at March 31, 2024	93,356,444	11,405,115	1,459,413	106,220,972
December 31, 2023 (Audited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2023	84,596,478	8,181,923	1,246,435	94,024,836
Transfers to stage 1	1,207,274	(1,162,869)	(44,405)	-
Transfers to stage 2	(2,176,624)	2,187,421	(10,797)	-
Transfers to stage 3	(145,832)	(504,431)	650,263	-
Net change for the year	11,550,973	(191,348)	(118,654)	11,240,971
Write-offs	-	-	(289,881)	(289,881)
Gross exposure as at December 31, 2023	95,032,269	8,510,696	1,432,961	104,975,926
March 31, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2023	84,596,478	8,181,923	1,246,435	94,024,836
Transfers to stage 1	143,207	(127,908)	(15,299)	-
Transfers to stage 2	(2,015,714)	2,027,869	(12,155)	-
Transfers to stage 3	(8,259)	(78,175)	86,434	-
Net change for the period	3,166,694	1,049,202	215,625	4,431,521
Write-offs	-	-	(114,798)	(114,798)
Gross exposure as at March 31, 2023	85,882,406	11,052,911	1,406,242	98,341,559

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The analysis of changes in loss allowance for expected credit losses:

March 31, 2024 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2024	344,385	1,456,571	1,094,905	2,895,861
Transfers to stage 1	1,275	(1,112)	(163)	-
Transfers to stage 2	(60,876)	61,133	(257)	-
Transfers to stage 3	(12,602)	(55,238)	67,840	-
Net charge / (reversal) for the period	45,858	17,881	(23,389)	40,350
Write-offs	-	-	(20,904)	(20,904)
Loss allowance as at March 31, 2024	318,040	1,479,235	1,118,032	2,915,307
December 31, 2023 (Audited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	451,548	1,500,744	893,339	2,845,631
Transfers to stage 1	50,807	(50,467)	(340)	-
Transfers to stage 2	(182,476)	185,384	(2,908)	-
Transfers to stage 3	(106,593)	(348,036)	454,629	-
Net charge for the year	131,099	168,946	40,066	340,111
Write-offs	-	-	(289,881)	(289,881)
Loss allowance as at December 31, 2023	344,385	1,456,571	1,094,905	2,895,861
March 31, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	451,548	1,500,744	893,339	2,845,631
Transfers to stage 1	2,559	(2,453)	(106)	-
Transfers to stage 2	(78,873)	79,324	(451)	-
Transfers to stage 3	(30,310)	(76,871)	107,181	-
Net (reversal) / charge for the period	(52,955)	(5,215)	185,968	127,798
Write-offs	-	-	(114,798)	(114,798)
Loss allowance as at March 31, 2023	291,969	1,495,529	1,071,133	2,858,631

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Customers' deposits comprise of the following:

	March 31, 2024 SAR'000 (Unaudited)	December 31, 2023 SAR'000 (Audited)	March 31, 2023 SAR'000 (Unaudited)
Demand	42,203,613	42,878,418	43,729,527
Direct investment	33,794,032	36,641,769	35,606,660
Albilad account (Mudarabah)	34,922,553	30,410,877	23,327,760
Others	2,820,323	2,900,181	2,818,618
Total	113,740,521	112,831,245	105,482,565

8. SUKUK

On April 15, 2021, the Bank issued 3,000 Tier 2 Sukuk Certificates (Sukuk) of SR 1 million each which are payable quarterly each year until April 15, 2031. The Bank has a call option which can be exercised on or after April 15, 2026 as per the terms mentioned in the related offering circular. The expected profit distribution on the sukuk is the base rate for three months in addition to a profit margin of 1.65%. The Bank has not defaulted on any of payments (profit / principal) due during the current and prior period.

9. COMMITMENTS AND CONTINGENCIES

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

	March 31, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	March 31, 2023 SAR' 000 (Unaudited)
Letters of credit	1,785,835	2,151,601	1,980,388
Letters of guarantee	15,137,424	14,636,202	12,354,074
Acceptances	467,436	723,129	980,739
Irrevocable commitments to extend credit	1,416,105	1,380,747	618,781
Total	18,806,800	18,891,679	15,933,982

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The following tables further explains changes in gross exposure for commitments and contingencies:

March 31, 2024 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2024	17,400,550	1,252,202	238,927	18,891,679
Transfers to stage 1	25,060	(25,060)	-	-
Transfers to stage 2	(1,129,142)	1,129,142	-	-
Transfers to stage 3	-	(20,223)	20,223	-
Net change for the period	(216,868)	131,989	-	(84,879)
Gross exposure as at March 31, 2024	16,079,600	2,468,050	259,150	18,806,800
December 31, 2023 (Audited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2023	12,954,374	1,242,085	294,651	14,491,110
Transfers to stage 1	33,851	(33,851)	-	-
Transfers to stage 2	(412,886)	412,886	-	-
Net change for the year	4,825,211	(368,918)	(55,724)	4,400,569
Gross exposure as at December 31, 2023	17,400,550	1,252,202	238,927	18,891,679
March 31, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2023	12,954,374	1,242,085	294,651	14,491,110
Transfers to stage 1	27,156	(27,156)	-	-
Transfers to stage 2	(544,451)	544,451	-	-
Net change for the period	1,532,245	(57,810)	(31,563)	1,442,872
Gross exposure as at March 31, 2023	13,969,324	1,701,570	263,088	15,933,982

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The analysis of changes in loss allowance for expected credit losses:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
March 31, 2024 (Unaudited) SAR' 000				
Loss allowance as at January 1, 2024	58,018	12,600	65,329	135,947
Transfers to stage 2	(516)	516	-	-
Transfers to stage 3	-	(10,294)	10,294	-
Net charge / (reversal) for the period	4,792	6,931	(164)	11,559
Loss allowance as at March 31, 2024	62,294	9,753	75,459	147,506
December 31, 2023 (Audited) SAR' 000				
Loss allowance as at January 1, 2023	50,526	6,161	96,873	153,560
Transfers to stage 1	5	(5)	-	-
Transfers to stage 2	(4,169)	4,169	-	-
Net charge / (reversal) for the year	11,656	2,275	(31,544)	(17,613)
Loss allowance as at December 31, 2023	58,018	12,600	65,329	135,947
March 31, 2023 (Unaudited) SAR' 000				
Loss allowance as at January 1, 2023	50,526	6,161	96,873	153,560
Transfers to stage 1	22	(22)	-	-
Transfers to stage 2	(867)	867	-	-
Net charge / (reversal) for the period	18,539	800	(19,408)	(69)
Loss allowance as at March 31, 2023	68,220	7,806	77,465	153,491

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

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

March 31, 2024 SAR in '000'	Positive fair value	Negative fair value	Notional amount Total	Effective portion of change in the fair value of cash flow hedges	Ineffective portion of change in the fair value of cash flow hedges
Held for trading:					
Profit rate swaps	29,037	(27,028)	1,366,945	-	-
Forward foreign exchange contracts	5,048	(3,597)	1,946,402	-	-
Held as cash flow hedges:					
Profit rate swaps	16,772	-	1,000,000	21,404	-
Total	50,857	(30,625)	4,313,347	21,404	-

December 31, 2023 SAR in '000'	Positive fair value	Negative fair value	Notional amount Total	Effective portion of change in the fair value of cash flow hedges	Ineffective portion of change in the fair value of cash flow hedges
Held for trading:					
Profit rate swaps	23,658	(21,519)	1,241,836	-	-
Forward foreign exchange contracts	1,456	(215)	1,587,385	-	-
Held as cash flow hedges:					
Profit rate swaps	-	(4,632)	1,000,000	(4,632)	-
Total	25,114	(26,366)	3,829,221	(4,632)	-

March 31, 2023 SAR in '000'	Positive fair value	Negative fair value	Notional amount Total	Effective portion of change in the fair value of cash flow hedges	Ineffective portion of change in the fair value of cash flow hedges
Held for trading:					
Profit rate swaps	29,487	(26,648)	1,335,090	-	-
Forward foreign exchange contracts	2,041	(327)	1,201,343	-	-
Total	31,528	(26,975)	2,536,433	-	-

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

	March 31, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	March 31, 2023 SAR' 000 (Unaudited)
Cash and balances with Saudi Central Bank (excluding statutory deposit)	3,328,098	1,535,339	2,993,534
Due from banks and other financial institutions (maturing within ninety days from acquisition)	1,875,064	5,334,138	5,869,893
Total	5,203,162	6,869,477	8,863,427

12. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

- In the 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.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed consolidated financial statements.

Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

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.

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

SAR' 000	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
March 31, 2024 (unaudited)					
Financial assets measured at fair value					
Held as FVSI mutual funds	1,014,817	77,431	937,386	-	1,014,817
Held as FVSI equity instruments	69,432	69,432	-	-	69,432
Held as FVOCI equity instruments	713,839	562,291	-	151,548	713,839
Held as FVOCI debt instruments	6,986,365	6,372,186	614,179	-	6,986,365
Financial assets not measured at fair value					
Due from banks and other financial institutions, net	4,954,150	-	-	4,954,150	4,954,150
Investments held at amortized cost	14,226,314	8,827,265	4,281,140	-	13,108,405
Financing, net	103,305,665	-	-	103,513,980	103,513,980
Fair value					
SAR' 000	Carrying value	Level 1	Level 2	Level 3	Total
December 31, 2023 (audited)					
Financial assets measured at fair value					
Held as FVSI mutual funds	994,619	76,946	917,673	-	994,619
Held as FVSI equity instruments	67,263	67,263	-	-	67,263
Held as FVOCI equity instruments	451,571	300,041	-	151,530	451,571
Held as FVOCI debt instruments	6,242,024	5,631,950	610,074	-	6,242,024
Financial assets not measured at fair value					
Due from banks and other financial institutions, net	8,170,094	-	-	8,170,094	8,170,094
Investments held at amortized cost	14,324,441	9,075,916	4,411,371	-	13,487,287
Financing, net	102,080,065	-	-	102,241,157	102,241,157
Fair value					
SAR' 000	Carrying value	Level 1	Level 2	Level 3	Total
March 31, 2023 (unaudited)					
Financial assets measured at fair value					
Held as FVSI mutual funds	922,590	325,686	596,904	-	922,590
Held as FVSI equity instruments	153,536	153,536	-	-	153,536
Held as FVOCI equity instruments	556,348	399,118	-	157,230	556,348
Held as FVOCI debt instruments	6,578,593	635,673	5,942,920	-	6,578,593
Financial assets not measured at fair value					
Due from banks and other financial institutions, net	7,192,580	-	-	7,192,580	7,192,580
Investments held at amortized cost	13,105,274	4,093,528	-	9,011,746	13,105,274
Financing, net	95,482,928	-	-	95,204,369	95,204,369

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SAR' 000	<u>Carrying value</u>	Fair value			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
March 31, 2024 (unaudited)					
Financial liabilities not measured at fair value					
Due to banks, Saudi Central Bank and other financial institutions	4,029,865	-	-	4,029,865	4,029,865
Customers' deposits	113,740,521	-	-	113,740,521	113,740,521
Sukuk	3,050,309	-	-	3,050,309	3,050,309

SAR' 000	<u>Carrying value</u>	Fair value			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
December 31, 2023 (audited)					
Financial liabilities not measured at fair value					
Due to banks, Saudi Central Bank and other financial institutions	4,273,908	-	-	4,273,908	4,273,908
Customers' deposits	112,831,245	-	-	112,831,245	112,831,245
Sukuk	3,051,613	-	-	3,051,613	3,051,613

SAR' 000	<u>Carrying value</u>	Fair value			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
March 31, 2023 (unaudited)					
Financial liabilities not measured at fair value					
Due to banks, Saudi Central Bank and other financial institutions	5,749,509	-	-	5,749,509	5,749,509
Customers' deposits	105,482,565	-	-	105,482,565	105,482,565
Sukuk	3,044,412	-	-	3,044,412	3,044,412

The fair values of financial instruments which are not measured at fair value in these interim condensed consolidated financial statements are not significantly different from the carrying values included in these interim condensed consolidated financial statements.

Cash and balances with Saudi central banks, due from banks and other financial institutions with maturity of less than 90 days and other short-term receivable are assumed to have fair values that reasonably approximate their corresponding carrying values due to their short-term nature.

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The fair values of profit bearing customer deposits, due from and due to banks, Saudi Central Bank and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements, since either the current market profit rates for similar financial instruments are not significantly different from the contracted rates, or for the short duration of certain financial instruments particularly due from banks and other financial institutions and due to banks, Saudi Central Bank and other financial institutions or a combination of both. An active market for these instruments is not available and the Group intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

Valuation technique and significant unobservable inputs for level 2

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
FVSI investments	Fair value is determined based on the investee fund's most recent reported net assets value.	None	Not applicable
FVOCI equity instruments	Fair value is determined based on the latest financial statements	None	Not applicable

Financing classified as level 3 have been valued using expected cash flows discounted at relevant SIBOR.

During the current period, no financial assets / liabilities have been transferred between level 1 and / or level 2 fair value hierarchy.

Reconciliation of level 3 fair values held as FVOCI

	March 31, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	March 31, 2023 SAR' 000 (Unaudited)
Balance at the beginning of the period	151,530	104,123	104,123
Gain / (loss) included in OCI			
Net changes in fair value (unrealised)	18	47,407	53,107
Balance at the end of the period	151,548	151,530	157,230

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Operating segments based on customer groups are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Assets and Liabilities Committee (“ALCO”) in order to allocate resources to the segments and to assess its performance. The Group’s main business is conducted in the Kingdom of Saudi Arabia.

There has been no change to the basis of segmentation or the measurements basis for the segment profit or loss since December 31, 2023.

For management purposes, the Group is divided into the following four operating segments:

Retail banking

Services and products to individuals, including deposits, financing, remittances and currency exchange.

Corporate banking

Services and products to corporate customers including deposits, financing and trade services.

Treasury

Money market and treasury services.

Investment banking and brokerage

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

Transactions between the above operating segments are under the terms and conditions of the approved Fund Transfer Pricing (FTP) system. The support segments and Head Office expenses are allocated to other operating segments, based on an approved criteria.

The Group’s total operating income and expenses, and net income before zakat, for the three months periods then ended, for each segment are as follows:

	March 31, 2024 (Unaudited)				Total
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	
SAR’000					
Income from investing and financing assets, net	411,096	399,461	199,186	34,986	1,044,729
Fee, commission and other income, net	106,493	49,551	82,213	58,364	296,621
Total operating income	517,589	449,012	281,399	93,350	1,341,350
Impairment charge for expected credit losses, net	27,533	24,287	(865)	592	51,547
Depreciation and amortization	55,400	8,297	1,893	389	65,979
Total operating expenses	448,207	110,288	27,145	38,820	624,460
Net income for the period before zakat	69,382	338,724	254,254	54,530	716,890

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	March 31, 2023 (Unaudited)				Total
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	
SAR'000					
Income from investing and financing assets, net	485,561	369,373	154,951	27,551	1,037,436
Fee, commission and other income, net	124,971	37,932	95,497	39,770	298,170
Total operating income	610,532	407,305	250,448	67,321	1,335,606
Impairment (reversal) / charge for expected credit losses, net	(41,715)	188,836	(18,451)	181	128,851
Depreciation and amortization	62,256	9,364	1,356	750	73,726
Total operating expenses	394,152	274,729	10,065	32,471	711,417
Net income for the period before zakat	216,380	132,576	240,383	34,850	624,189

The Group's total assets and liabilities at March 31, 2024 and 2023 and December 31, 2023, for each segment are as follows:

	March 31, 2024 (Unaudited)				Total
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	
SAR'000					
Total assets	62,756,495	51,852,995	28,048,270	1,042,507	143,700,267
Total liabilities	66,270,583	32,234,474	29,414,975	79,285	127,999,317

	December 31, 2023 (Audited)				Total
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	
SAR'000					
Total assets	59,606,734	52,043,297	30,430,092	1,025,696	143,105,819
Total liabilities	66,161,722	30,250,481	31,334,756	100,750	127,847,709

	March 31, 2023 (Unaudited)				Total
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	
SAR'000					
Total assets	57,319,060	48,375,464	28,659,043	1,014,780	135,368,347
Total liabilities	60,137,709	23,948,579	37,112,496	87,218	121,286,002

14. SHARE CAPITAL AND BONUS SHARES

The authorized, issued and fully paid share capital of the Bank consists of 1,000 million shares of SAR 10 each (March 31, 2023: 1,000 million shares of SAR 10 each).

The Board of Directors in its meeting held on Rajab 23, 1445 corresponding to February 4, 2024 recommended to the Extra-ordinary General Assembly an issuance of bonus shares of one share for every four shares held, which will increase the Bank's capital from SAR 10,000 million to SAR 12,500 million. The increase will be done through capitalisation of SAR 2,500 million from the retained earnings. The number of shares outstanding after the bonus issuance will increase from 1,000 million shares to 1,250 million shares. The increase has been approved in the Extraordinary General Assembly meeting held on Shawwal 20, 1445 corresponding to April 29, 2024.

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15. PROPOSED CASH DIVIDEND

The Board of Directors' recommended to distribute cash dividends of SAR 500 million to shareholders for the year 2023 in the meeting held on Rajab 23, 1445 corresponding to February 4, 2024. The dividend distribution has been approved in the Extraordinary General Assembly meeting held on Shawwal 20, 1445 corresponding to April 29, 2024.

16. BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share for the three months period ended March 31, 2024 and 2023 is calculated by dividing the net income for the period attributable to the equity holders by the weighted average number of outstanding shares as of March 31, 2024: 993 million shares (March 31, 2023: 993 million shares - restated) after accounting for treasury shares.

17. CAPITAL ADEQUACY

The Group's objectives when managing capital are to comply with the capital requirements set by Saudi Central Bank; 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 the Group's management. Saudi Central Bank requires holding the minimum level of the regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted asset at or above the agreed minimum of 8%.

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

The following table summarizes the Group's Pillar-I Risk Weighted Assets, Tier I and Tier II Capital and Capital Adequacy Ratios:

	March 31, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	March 31, 2023 SAR' 000 (Unaudited)
Credit Risk RWA	101,741,022	102,026,814	96,056,336
Operational Risk RWA	6,479,677	6,066,316	6,066,316
Market Risk RWA	4,097,185	2,007,432	3,614,647
Total Pillar-I RWA	112,317,884	110,100,562	105,737,299
Tier I Capital	15,700,950	15,281,887	14,106,122
Tier II Capital	4,269,679	4,273,911	4,200,704
Total Tier I & II Capital	19,970,629	19,555,798	18,306,826
Capital Adequacy Ratio %			
Common Equity Tier I ratio	13.98%	13.88%	13.34%
Tier I ratio	13.98%	13.88%	13.34%
Tier I + Tier II ratio	17.78%	17.76%	17.31%

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18. MORTGAGE SUPPORT PROGRAM FROM REAL ESTATE DEVELOPMENT FUND (“REDF”)

On November 11, 2023, the Bank signed an agreement with REDF. As part of the agreement, the Bank received a compensation to support residential mortgage finance to certain eligible customers at a below market rate and within a specified period.

In accordance with the requirements of IFRS 9, the program will result in a fair value loss being booked on origination of the subsidized mortgage facilities on day one due to the below-market rate.

The Bank’s management has determined that the compensation amount received from REDF qualifies as a government grant under IAS 20, that will be recognized as income on a systematic basis to off-set the fair value losses arising over the course of the program. As origination of such mortgages under the program being granted, the pro-rata compensation received from REDF has been classified under “other liabilities”.

During the period ended March 31, 2024, management has not recognized any government grant gains nor fair value loss in the interim consolidated statement of income, due to materiality considerations.

19. BOARD OF DIRECTORS’ APPROVAL

These interim condensed consolidated financial statements were authorised for issue by the Bank’s Board of Directors on Shawwal 20, 1445 corresponding to April 29, 2024.