



BANK ALBILAD

(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

Independent auditors' review report on 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 30 June 2024, and the related interim consolidated statements of income and comprehensive income for the three months and six months periods ended 30 June 2024, and the related interim consolidated statements of changes in equity and cash flows for the six - 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 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.

Ernst & Young Professional Services



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(8 August 2024)

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BANK ALBILAD

(A Saudi Joint Stock Company)

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

		June 30, 2024 SAR'000 (Unaudited)	December 31, 2023 SAR'000 (Audited)	June 30, 2023 SAR'000 (Unaudited)
	<u>Note</u>			
ASSETS				
Cash and balances with Saudi Central Bank		8,114,425	6,983,098	7,741,833
Due from banks and other financial institutions, net		6,487,515	8,170,094	3,214,576
Investments, net	5	22,890,668	22,079,918	22,420,506
Financing, net	6	104,309,834	102,080,065	98,853,772
Other assets		1,243,967	1,634,684	1,049,621
Property, equipment and right of use assets, net		2,244,099	2,157,960	2,124,028
Total assets		<u>145,290,508</u>	<u>143,105,819</u>	<u>135,404,336</u>
LIABILITIES AND EQUITY				
Liabilities				
Due to banks, Saudi Central Bank and other financial institutions		4,321,420	4,273,908	5,225,838
Customers' deposits	7	114,529,961	112,831,245	106,286,921
Sukuk	8	3,050,601	3,051,613	3,046,233
Other liabilities		7,582,779	7,690,943	6,674,529
Total liabilities		<u>129,484,761</u>	<u>127,847,709</u>	<u>121,233,521</u>
Equity				
Share capital	14	12,500,000	10,000,000	10,000,000
Treasury shares		(218,505)	(148,493)	(53,005)
Statutory reserve		2,182,356	2,182,356	1,590,120
Other reserves		(387,000)	(166,337)	(104,657)
Retained earnings		1,697,208	3,371,429	2,720,639
Employees' share plan reserve		31,688	19,155	17,718
Total equity		<u>15,805,747</u>	<u>15,258,110</u>	<u>14,170,815</u>
Total liabilities and equity		<u>145,290,508</u>	<u>143,105,819</u>	<u>135,404,336</u>

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

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INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

		<u>For the three months</u> <u>period ended</u>		<u>For the six months period</u> <u>ended</u>	
		June	June	June	June
		30, 2024	30, 2023	30, 2024	30, 2023
	<u>Note</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
INCOME:					
Income from investing and financing assets		2,104,692	1,840,268	4,164,922	3,537,985
Return on deposits and financial liabilities		(1,019,918)	(824,177)	(2,035,419)	(1,484,458)
Income from investing and financing assets, net		1,084,774	1,016,091	2,129,503	2,053,527
Fee and commission income		278,458	284,997	557,624	547,535
Fee and commission expenses		(123,210)	(117,885)	(245,276)	(231,462)
Fee and commission income, net		155,248	167,112	312,348	316,073
Exchange income, net		71,678	64,840	126,520	151,240
Dividend income		24,025	17,718	76,576	26,546
Gain on fair value through statement of income (FVSI) instruments, net		24,252	14,082	28,506	50,384
Other operating income		47,764	14,202	75,638	31,881
Total operating income		1,407,741	1,294,045	2,749,091	2,629,651
EXPENSES:					
Salaries and employee related expenses		357,048	324,341	700,603	645,122
Depreciation and amortization		67,544	71,455	133,523	145,181
Other general and administrative expenses		153,090	169,687	316,469	357,746
Operating expenses before expected credit losses		577,682	565,483	1,150,595	1,148,049
Impairment charge for expected credit losses, net		82,181	75,387	133,728	204,238
Total operating expenses		659,863	640,870	1,284,323	1,352,287
Net income for the period before zakat		747,878	653,175	1,464,768	1,277,364
Zakat for the period		77,031	67,277	150,871	131,568
Net income for the period after zakat		670,847	585,898	1,313,897	1,145,796
Basic and diluted earnings per share (SAR)	16	0.54	0.47	1.06	0.92

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	<u>Note</u>	<u>For the three months</u> <u>period ended</u>		<u>For the six months</u> <u>period ended</u>	
		June	June	June 30,	June
		30, 2024	30, 2023	2024	30, 2023
		<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Net income for the period after zakat		670,847	585,898	1,313,897	1,145,796
Other comprehensive (loss) / income:					
Items that will not be reclassified to interim consolidated statement of income in subsequent periods					
- Net changes in fair value of FVOCI - equity instruments		(5,051)	44,397	(21,282)	123,702
- Re-measurement of employees' End of Service Benefits ("EOSB")		1,360	3,358	(8,363)	3,358
Items that may be reclassified to interim consolidated statement of income in subsequent periods					
- Net changes in fair value of FVOCI - debt instruments		(8,180)	(48,449)	(181,163)	(8,000)
- Impairment reversal for expected credit losses of FVOCI debt instruments		711	2	33	482
- Effective portion of change in the fair value of cash flow hedges	10	(19,410)	-	1,994	-
Total other comprehensive (loss) / income		<u>(30,570)</u>	<u>(692)</u>	<u>(208,781)</u>	<u>119,542</u>
Total comprehensive income for the period		<u>640,277</u>	<u>585,206</u>	<u>1,105,116</u>	<u>1,265,338</u>

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

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**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 (UNAUDITED)**

	2024 (SAR' 000)					
	Share capital	Treasury shares	Statutory Reserve	Other reserves	Retained earnings	Employees' share plan reserve
Balance at the beginning of the period	10,000,000	(148,493)	2,182,356	(166,337)	3,371,429	19,155
Net changes in fair value of FVOCI equity instruments				(21,282)		
Re-measurement of employees' End of Service Benefits ("EOSB")				(8,363)		
Net changes in fair value of FVOCI debt instruments				(181,163)		
Impairment charge for expected credit losses of FVOCI debt instruments				33		
Effective portion of change in fair value of cash flow hedge				1,994		
Net income recognized directly in shareholders' equity				(208,781)		
Net income for the period after zakat					1,313,897	
Total comprehensive income for the period				(208,781)	1,313,897	
Realized gain from sale of FVOCI equity instruments				(11,882)	11,882	
Movement in treasury shares		(70,012)				
Employees' share plan reserve						12,533
Dividends paid					(500,000)	
Issuance of bonus shares	2,500,000				(2,500,000)	
Balance at the end of the period	12,500,000	(218,505)	2,182,356	(387,000)	1,697,208	31,688

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**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 (UNAUDITED)**

	2023 (SAR' 000)							
	Share capital	Treasury shares	Statutory Reserve	Other reserves	Retained earnings	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				123,702				123,702
Re-measurement of employees' End of Service Benefits ("EOSB")				3,358				3,358
Net changes in fair value of FVOCI debt instruments				(8,000)				(8,000)
Impairment charge for expected credit losses of FVOCI debt instruments				482				482
Total other comprehensive income				119,542				119,542
Net income for the period after zakat					1,145,796			1,145,796
Total comprehensive income for the period				119,542	1,145,796			1,265,338
Realized loss from sale of FVOCI equity instruments				15,087	(15,087)			-
Employees' share plan reserve							6,529	6,529
Cash dividend						(500,000)		(500,000)
Balance at the end of the period	10,000,000	(53,005)	1,590,120	(104,657)	2,720,639	-	17,718	14,170,815

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 AND 2023 (UNAUDITED)**

	Note	2024 SAR' 000	2023 SAR' 000
OPERATING ACTIVITIES			
Net income for the period before zakat		1,464,768	1,277,364
Adjustments to reconcile net income to net cash generated (used in) / from operating activities:			
Profit on sukuk		119,322	107,413
Gain on FVSI financial instruments, net		(28,506)	(50,384)
Gain on disposal of property and equipment, net		(167)	(277)
Interest expense on lease liability		5,837	7,239
Depreciation and amortization		133,523	145,181
Impairment charge for expected credit losses, net		133,728	204,238
Employees' share plan reserve		12,533	6,529
Net (increase) / decrease in operating assets:			
Statutory deposit with Saudi Central Bank		(133,185)	(50,979)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		(31,946)	(940,305)
Investments at amortized cost maturing after ninety days from the date of acquisition		1,120,646	(172,336)
Financing, net		(2,368,629)	(7,871,212)
Other assets		390,717	(168,765)
Net increase / (decrease) in operating liabilities:			
Due to banks, Saudi Central Bank and other financial institutions		47,512	(5,395,603)
Customers' deposits		1,698,716	11,444,174
Other liabilities		(216,639)	(1,080,294)
Net cash generated from / (used in) operating activities		2,348,230	(2,538,017)
INVESTING ACTIVITIES			
Purchase of investments held as FVOCI		(1,293,908)	(211,000)
Proceeds from sale of investments held as FVOCI		193,473	174,785
Proceeds / (Purchase) of investments held as FVSI		15,862	(241,548)
Purchase of investments held as amortized cost		(1,015,596)	(1,211,307)
Purchase of property and equipment		(211,321)	(114,303)
Proceeds from sale of property and equipment		167	279
Net cash used in investing activities		(2,311,323)	(1,603,094)
FINANCING ACTIVITIES			
Sukuk profit paid		(120,334)	(101,632)
Movement in treasury shares		(70,012)	-
Dividends paid		(500,000)	(500,000)
Payment of interest expense on lease liabilities		(5,837)	(7,239)
Payment of principal portion of lease liabilities		(57,107)	(63,002)
Net cash used in financing activities		(753,290)	(671,873)
Net change in cash and cash equivalents		(716,383)	(4,812,984)
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	6,153,094	4,210,797
Supplemental information			
Income received from investing and financing assets during the period		4,211,275	3,105,410
Return paid on deposits and financial liabilities during the period		2,103,497	1,268,283
Effective portion of change in fair value of cash flow hedge-gain		1,994	-

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 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, 1425H (corresponding to November 4, 2004) in accordance with the Counsel of Ministers’ resolution no. 258 dated Ramadan 18, 1425H (corresponding to November 1, 2004). The Bank operates under Commercial Registration No.1010208295 dated Rabi Al Awal 10, 1426H (corresponding to April 19, 2005) and the Bank provides these services through 107 banking branches (June 30, 2023: 105) in the Kingdom of Saudi Arabia.

The registered address of the Bank's head office is 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.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the six months period ended June 30, 2024, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The interim condensed consolidated financial statements do not include all 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 accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed 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 Riyal except where otherwise stated in the notes to the financial information.

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.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 (UNAUDITED)****2. BASIS OF PREPARATION (continued)**

In preparing these interim condensed consolidated financial statements, significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation were consistent with those that were applied to the consolidated financial statements for the year ended December 31, 2023, except as disclosed below note 3.

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, except for the adoption of new standards effective as of January 1, 2024.

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. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group:

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
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

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 (UNAUDITED)****3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS
(continued)****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
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 (UNAUDITED)****4. MATERIAL ACCOUNTING POLICIES AND ESTIMATES**

The material 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

	June 30, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	June 30, 2023 SAR' 000 (Unaudited)
Fair value through other comprehensive income (FVOCI)			
Equities	604,595	451,571	801,109
Sukuk	6,987,023	6,242,024	6,527,600
	7,591,618	6,693,595	7,328,709
Fair value through statement of income (FVSI)			
Mutual funds and other investments	1,006,393	994,619	953,178
Equities	68,133	67,263	228,776
	1,074,526	1,061,882	1,181,954
Amortized cost			
Sukuk	13,412,608	12,391,879	11,005,870
Bai Alajel with Saudi Central Bank	811,916	1,932,562	2,903,973
	14,224,524	14,324,441	13,909,843
Total	22,890,668	22,079,918	22,420,506

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:

June 30, 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	(104,831)	-	-	(104,831)
Gross exposure as at June 30, 2024	14,239,323	-	-	14,239,323
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	12,554,953	-	-	12,554,953
Net change during the year	1,789,201	-	-	1,789,201
Gross exposure as at December 31, 2023	14,344,154	-	-	14,344,154

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 (UNAUDITED)****5. INVESTMENTS, NET (continued)**

June 30, 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	1,377,539	-	-	1,377,539
Gross exposure as at June 30, 2023	13,932,492	-	-	13,932,492

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

June 30, 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	(4,914)	-	-	(4,914)
Loss allowance as at June 30, 2024	14,799	-	-	14,799

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

June 30, 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	1,489	-	-	1,489
Loss allowance as at June 30, 2023	22,649	-	-	22,649

6. FINANCING, NET

	June 30, 2024 SAR'000 (Unaudited)	December 31, 2023 SAR'000 (Audited)	June 30, 2023 SAR'000 (Unaudited)
Commercial	53,450,158	53,179,541	52,006,343
Retail	52,254,422	50,363,424	48,222,337
Performing financing	105,704,580	103,542,965	100,228,680
Non-performing financing	1,351,878	1,432,961	1,515,042
Gross financing	107,056,458	104,975,926	101,743,722
Allowance for expected credit losses	(2,746,624)	(2,895,861)	(2,889,950)
Financing, net	104,309,834	102,080,065	98,853,772

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

June 30, 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 amount as at January 1, 2024	95,032,269	8,510,696	1,432,961	104,975,926
Transfers to stage 1	139,456	(107,792)	(31,664)	-
Transfers to stage 2	(2,847,915)	2,850,744	(2,829)	-
Transfers to stage 3	(60,147)	(184,359)	244,506	-
Net change for the period	1,557,212	814,416	(8,624)	2,363,004
Write-offs	-	-	(282,472)	(282,472)
Gross exposure amount as at June 30, 2024	93,820,875	11,883,705	1,351,878	107,056,458

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 amount 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 amount as at December 31, 2023	95,032,269	8,510,696	1,432,961	104,975,926

June 30, 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 amount as at January 1, 2023	84,596,478	8,181,923	1,246,435	94,024,836
Transfers to stage 1	314,410	(280,077)	(34,333)	-
Transfers to stage 2	(2,125,907)	2,139,786	(13,879)	-
Transfers to stage 3	(64,439)	(197,482)	261,921	-
Net change for the period	6,539,112	1,124,876	197,681	7,861,669
Write-offs	-	-	(142,783)	(142,783)
Gross exposure amount as at June 30, 2023	89,259,654	10,969,026	1,515,042	101,743,722

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

June 30, 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	728	(567)	(161)	-
Transfers to stage 2	(137,931)	138,382	(451)	-
Transfers to stage 3	(41,775)	(111,611)	153,386	-
Net charge / (reversal) for the period	107,111	31,038	(4,914)	133,235
Write-offs	-	-	(282,472)	(282,472)
Loss allowance as at June 30, 2024	272,518	1,513,813	960,293	2,746,624

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

June 30, 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 12-month ECL	2,316	(2,023)	(293)	-
Transfers to lifetime ECL not credit impaired	(107,774)	109,327	(1,553)	-
Transfers to lifetime ECL credit impaired	(39,814)	(151,410)	191,224	-
Net (reversal) / charge for the period	(2,947)	29,505	160,544	187,102
Write-offs	-	-	(142,783)	(142,783)
Loss allowance as at June 30, 2023	303,329	1,486,143	1,100,478	2,889,950

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Customers' deposits are comprised of the following:

	June 30, 2024 SAR'000 (Unaudited)	December 31, 2023 SAR'000 (Audited)	June 30, 2023 SAR'000 (Unaudited)
Demand deposits and call accounts	76,674,835	73,289,295	66,649,722
Direct investment	34,389,399	36,641,769	36,598,864
Others	3,465,727	2,900,181	3,038,335
Total	114,529,961	112,831,245	106,286,921

8. SUKUK

On April 15, 2021, the Bank issued 3,000 Tier 2 Sukuk Certificates (Sukuk) of SAR 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:

	June 30, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	June 30, 2023 SAR' 000 (Unaudited)
Letters of guarantee	15,202,647	14,636,202	13,702,774
Letters of credit	2,202,630	2,151,601	1,747,645
Acceptances	528,960	723,129	886,580
Irrevocable commitments to extend credit	2,178,565	1,380,747	631,526
Total	20,112,802	18,891,679	16,968,525

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

June 30, 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 amount as at January 1, 2024	17,400,550	1,252,202	238,927	18,891,679
Transfers to stage 1	50,128	(50,128)	-	-
Transfers to stage 2	(716,254)	716,254	-	-
Transfers to stage 3	-	(21,111)	21,111	-
Net change for the period	545,147	691,298	(15,322)	1,221,123
Gross exposure amount as at June 30, 2024	17,279,571	2,588,515	244,716	20,112,802

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 amount 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 amount as at December 31, 2023	17,400,550	1,252,202	238,927	18,891,679

June 30, 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 amount as at January 1, 2023	12,954,374	1,242,085	294,651	14,491,110
Transfers to stage 1	16,586	(16,586)	-	-
Transfers to stage 2	(1,679,707)	1,679,707	-	-
Net change for the period	2,639,534	(128,756)	(33,363)	2,477,415
Gross exposure amount as at June 30, 2023	13,930,787	2,776,450	261,288	16,968,525

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

June 30, 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	58,018	12,600	65,329	135,947
Transfers to stage 1	948	(948)	-	-
Transfers to stage 2	(549)	549	-	-
Transfers to stage 3	-	(10,315)	10,315	-
Net (reversal) / charge for the period	(11,959)	20,826	(3,242)	5,625
Loss allowance as at June 30, 2024	46,458	22,712	72,402	141,572

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	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

June 30, 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	50,526	6,161	96,873	153,560
Transfers to stage 1	18	(18)	-	-
Transfers to stage 2	(2,392)	2,392	-	-
Net charge / (reversal) for the period	22,062	6,996	(19,534)	9,524
Loss allowance as at June 30, 2023	70,214	15,531	77,339	163,084

- 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.

June 30, 2024 (Unaudited) 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	30,104	(29,378)	1,311,639	-	-
Forward foreign exchange contracts	3,103	(1,571)	1,954,507	-	-
Held as cash flow hedges:					
Profit rate swaps	-	(1,429)	300,000	1,994	-
Total	33,207	(32,378)	3,566,146	1,994	-

December 31, 2023 (Audited) 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)	-

June 30, 2023 (Unaudited) 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	39,372	(36,614)	1,279,783	-	-
Forward foreign exchange contracts	2,969	(1,995)	1,380,462	-	-
Total	42,341	(38,609)	2,660,245	-	-

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

	June 30, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	June 30, 2023 SAR' 000 (Unaudited)
Cash and balances with Saudi Central Bank (excluding statutory deposit)	2,533,481	1,535,339	2,677,978
Due from banks and other financial institutions (maturing within ninety days from acquisition)	3,619,613	5,334,138	1,532,819
Total	6,153,094	6,869,477	4,210,797

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:

- i- In the accessible principal market for the asset or liability; or
- ii- 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:

	<u>Carrying value</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
SAR' 000					
June 30, 2024 (unaudited)					
Financial assets measured at fair value					
Held as FVSI mutual funds	1,006,393	88,562	917,831	-	1,006,393
Held as FVSI equity instruments	68,133	68,133	-	-	68,133
Held as FVOCI equity instruments	604,595	443,655	-	160,940	604,595
Held as FVOCI debt instruments	6,987,023	6,597,858	389,165	-	6,987,023
Financial assets not measured at fair value					
Due from banks and other financial institutions, net	6,487,515	-	-	6,487,515	6,487,515
Investments held at amortized cost	14,224,524	9,860,179	3,270,929	-	13,131,108
Financing, net	104,309,834	-	-	104,539,580	104,539,580
		<u>Fair value</u>			
SAR' 000	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
		<u>Fair value</u>			
SAR' 000	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2023 (unaudited)					
Financial assets measured at fair value					
Held as FVSI mutual funds	953,178	330,909	622,269	-	953,178
Held as FVSI equity instruments	228,776	228,776	-	-	228,776
Held as FVOCI equity instruments	801,109	649,579	-	151,530	801,109
Held as FVOCI debt instruments	6,527,600	6,061,097	466,503	-	6,527,600
Financial assets not measured at fair value					
Due from banks and other financial institutions, net	3,214,576	-	-	3,214,576	3,214,576
Investments held at amortized cost	13,909,843	4,230,161	-	9,679,682	13,909,843
Financing, net	98,853,772	-	-	99,198,312	99,198,312

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SAR' 000	<u>Carrying value</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
June 30, 2024 (unaudited)					
Financial liabilities not measured at fair value					
Due to banks, Saudi Central Bank and other financial institutions	4,321,420	-	-	4,321,420	4,321,420
Customers' deposits	114,529,961	-	-	114,529,961	114,529,961
Sukuk	3,050,601	-	-	3,050,601	3,050,601

SAR' 000	<u>Carrying value</u>	<u>Fair value</u>			<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>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
June 30, 2023 (unaudited)					
Financial liabilities not measured at fair value					
Due to banks, Saudi Central Bank and other financial institutions	5,225,838	-	-	5,225,838	5,225,838
Customers' deposits	106,286,921	-	-	106,286,921	106,286,921
Sukuk	3,046,233	-	-	3,046,233	3,046,233

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 customers' deposits, investments held at amortized cost, due from banks and other financial institutions 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

	June 30, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	June 30, 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)	9,410	47,407	47,407
Balance at the end of the period	160,940	151,530	151,530

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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 six months periods then ended, for each segment are as follows:

	June 30, 2024 (Unaudited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
SAR’000					
Income from investing and financing assets, net	829,283	795,395	422,004	82,821	2,129,503
Fee, commission and other income, net	246,060	100,893	167,418	105,217	619,588
Total operating income	1,075,343	896,288	589,422	188,038	2,749,091
Impairment charge for expected credit losses, net	111,525	27,117	(5,081)	167	133,728
Depreciation and amortization	111,831	17,552	3,416	724	133,523
Total operating expenses	965,490	190,364	46,974	81,495	1,284,323
Net income for the period before zakat	109,853	705,924	542,448	106,543	1,464,768

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	June 30, 2023 (Unaudited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
SAR'000					
Income from investing and financing assets, net	961,721	766,604	264,005	61,197	2,053,527
Fee, commission and other income, net	259,171	69,349	160,002	87,602	576,124
Total operating income	1,220,892	835,953	424,007	148,799	2,629,651
Impairment charge for expected credit losses, net	13,783	202,258	(15,591)	3,788	204,238
Depreciation and amortization	123,126	17,962	2,627	1,466	145,181
Total operating expenses	880,925	358,980	36,618	75,764	1,352,287
Net income for the period before zakat	339,967	476,973	387,389	73,035	1,277,364

The Group's total assets and liabilities at June 30, 2024 and 2023 and December 31, 2023, for each segment are as follows:

	June 30, 2024 (Unaudited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
SAR'000					
Total assets	62,792,897	52,065,436	29,310,124	1,122,051	145,290,508
Total liabilities	68,161,340	31,139,897	30,083,667	99,857	129,484,761

	December 31, 2023 (Audited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
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

	June 30, 2023 (Unaudited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
SAR'000					
Total assets	57,835,917	50,748,229	25,769,868	1,050,322	135,404,336
Total liabilities	60,603,211	24,963,268	35,577,900	89,142	121,233,521

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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The authorized, issued and fully paid share capital of the Bank consists of 1,250 million shares of SAR 10 each (June 30, 2023: 1,000 million shares of SAR 10 each).

The Board of Directors in its meeting held on Rajab 23, 1445H (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, The increase has been approved in the Extraordinary General Assembly meeting held on Shawwal 20, 1445H (corresponding to April 29, 2024). Increasing the Bank's capital from SAR 10,000 million to SAR 12,500 million. The increase has been done through capitalization of SAR 2,500 million from the retained earnings. The number of shares outstanding after the bonus issuance increased from 1,000 million shares to 1,250 million shares.

15. DIVIDEND

The Board of Directors' recommended to the General Assembly to distribute cash dividends of SAR 500 million to shareholders for the year 2023 in the meeting held on Rajab 23, 1445H (corresponding to February 4, 2024). The dividends distribution has been approved in the Extraordinary General Assembly meeting that has been held on Shawwal 20, 1445H (corresponding to April 29, 2024). The dividends have been distributed to the registered shareholder's starting from Dhul-Qa'da 8, 1445H (corresponding to May 16, 2024).

16. BASIC AND DILUTED EARNING PER SHARE ("EPS")

Basic and diluted earnings per share for the six months period ended June 30, 2024 and 2023 is calculated by dividing net income for the period attributable to equity holders by the weighted average number of outstanding shares as of June 30, 2024: 1,242 million shares (June 30, 2023: 1,242 million shares - restated) after accounting for treasury shares.

17. RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of activities, the Group transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and the regulations issued by Saudi central bank.

The nature and balances of transactions with the related parties for the six months period ended June 30 are as follows:

	2024	2023
	<u>SAR' 000</u>	<u>SAR' 000</u>
a. Directors, key management personnel, other major shareholders, their affiliates balances and others:		
• Financing	2,241,193	2,430,417
• Commitments and contingencies	137,940	113,245
• Customers' deposits	27,028	32,000
	<u>2024</u>	<u>2023</u>
	<u>SAR' 000</u>	<u>SAR' 000</u>
b. Group's mutual funds:		
These are the outstanding balances with Group's mutual funds as of June 30:		
• Customers' deposits	6,629	215
• Investments	133,282	342,605

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and mutual funds managed by the Group:**

	2024	2023
	<u>SAR' 000</u>	<u>SAR' 000</u>
• Income	144,095	133,742
• Expenses	7,262	7,572

d. The total amount of compensation paid to key management personnel for the six months period ended June 30 is as follows:

	2024	2023
	<u>SAR' 000</u>	<u>SAR' 000</u>
• Employee benefits	103,322	101,948

18. 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:

	June 30, 2024 SAR' 000 (Unaudited)	December 31, 2023 SAR' 000 (Audited)	June 30, 2023 SAR' 000 (Unaudited)
Credit Risk RWA	101,689,430	102,026,814	97,811,548
Operational Risk RWA	6,479,677	6,066,316	6,066,316
Market Risk RWA	2,738,043	2,007,432	697,914
Total Pillar-I RWA	<u>110,907,150</u>	<u>110,100,562</u>	<u>104,575,778</u>
Tier I Capital	15,805,747	15,281,887	14,194,592
Tier II Capital	4,269,993	4,273,911	4,222,644
Total Tier I & II Capital	<u>20,075,740</u>	<u>19,555,798</u>	<u>18,417,236</u>
Capital Adequacy Ratio %			
Common Equity Tier I ratio	14.25%	13.88%	13.57%
Tier I ratio	14.25%	13.88%	13.57%
Tier I + Tier II ratio	18.10%	17.76%	17.61%

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

During 2023, the Real Estate Development Fund (“REDF”) launched a new program (“the program”) to support residential mortgage finance to certain eligible customers at a subsidized profit rate and for a specified period. On November 11, 2023, the Bank became a participant under the program by signing an agreement with REDF.

In accordance with the requirements of IFRS 9, fair value loss arises on the origination of the subsidized mortgage facilities due to the below-market profit rates. The Bank has received compensation from REDF against the fair value losses. The Bank’s management has determined that the compensation amount received from REDF qualifies as a government grant under IAS 20, that should be recorded as deferred income and amortised over the average life of the loans to off-set the fair value losses arising on the mortgage facilities.

20. BOARD OF DIRECTORS’ APPROVAL

These interim condensed consolidated financial statements were authorised for issue by the Bank’s Board of Directors on Safar 1, 1446H (corresponding to August 5, 2024).