

Gulf International Bank – Saudi Arabia
(A Closed Joint Stock Company)

For the three-month and six-month periods ended
30 June 2024 (Unaudited)

The logo for Gulf International Bank (GIB) is displayed in a large, white, serif font. The letters 'G' and 'B' are significantly larger than the 'I'. A small yellow square is positioned above the 'I', and a yellow triangle is located at the top of the 'I'.



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

Adeer Tower, 15th Floor
Prince Turki Bin Abdulaziz Street, Al Khobar Corniche
P.O. Box 3795
Al Khobar 31952
Kingdom of Saudi Arabia
Head Office – Riyadh



KPMG Professional Services

16th Floor, Al-Barghash Tower
6189 Prince Turkey Road, Al Corniche
P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia

Headquarters in Riyadh

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF INTERNATIONAL BANK – SAUDI ARABIA (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf International Bank – Saudi Arabia (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) as at 30 June 2024, and the related interim condensed consolidated statements of income and comprehensive income for the three months and six months periods ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six months period then ended, and 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 the *International Accounting Standard 34: Interim Financial Reporting* (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing 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

Marwan S. Alafaliq
Certified Public Accountant
License no. 422



2 Rabi ul Awal 1446H
5 September 2024

KPMG Professional Services

Naseer Ahmed Al Shutairy
Certified Public Accountant
License no. 454



C.R. No. 2051058792
Tel: +966 13 840 4600
Fax: +966 13 882 0087
ey.ksa@sa.ey.com
ey.com

KPMG Professional Services
(Professional Closed Joint Stock Company)
Paid-up capital SR 70,000,000
Licence No. 46/11/323 issued on 11/3/1992
C.R. No. 2051062328

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH
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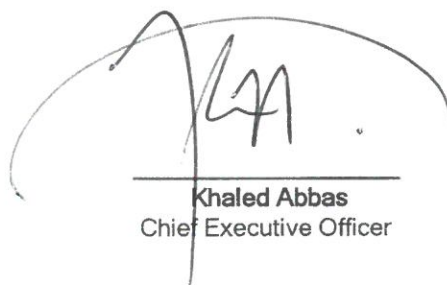
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT**

	Note	30.06.24 (Unaudited) SAR '000	31.12.23 (Audited) SAR '000	30.06.23 (Unaudited) SAR '000
ASSETS				
Cash and balances with Saudi Central Bank (SAMA)	4	6,351,770	6,667,497	4,243,609
Due from banks and other financial institutions, net	5	3,235,100	2,365,409	6,191,952
Investments, net	6	9,695,940	9,105,539	8,506,805
Positive fair value of derivatives	10	277,834	316,414	402,610
Loans and advances, net	7	28,173,252	27,299,961	25,877,139
Other assets		431,783	465,410	380,216
Furniture, fixtures and equipments, net		64,362	58,668	54,026
Right-of-use assets, net		221,676	233,276	190,820
Intangible assets, net		106,437	90,608	69,823
Total assets		48,558,154	46,602,782	45,917,000
LIABILITIES AND EQUITY				
Liabilities				
Due to banks, SAMA and other financial institutions	8	5,114,299	3,856,211	6,353,244
Customers' deposits	9	32,513,088	32,105,619	30,663,192
Negative fair value of derivatives	10	200,237	250,613	299,380
Subordinated debt	11	1,502,499	1,504,072	-
Other liabilities		1,367,888	1,140,276	1,003,754
Lease liabilities		231,024	246,200	209,885
Total liabilities		40,929,035	39,102,991	38,529,455
Equity				
Share capital	15	7,500,000	7,500,000	7,500,000
Statutory reserve		1,753	1,753	1,753
Fair value reserve		(6,367)	(2,482)	(3,126)
Retained earnings / (accumulated losses)		133,733	520	(111,082)
Total equity		7,629,119	7,499,791	7,387,545
Total liabilities and equity		48,558,154	46,602,782	45,917,000

The interim condensed consolidated financial statements were approved by the Board of Directors and signed on its behalf by:-



Abdulla Mohammed Al-Zamil
Chairman



Khaled Abbas
Chief Executive Officer



Mazen Faisal Azoony
Chief Financial Officer

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

	Note	Three-month ended		Six-month ended	
		30.06.24	30.06.23	30.06.24	30.06.23
		(Unaudited)		(Unaudited)	
		SAR '000	SAR '000	SAR '000	SAR '000
Special commission income		726,278	634,523	1,416,718	1,230,692
Special commission expense		(491,797)	(427,923)	(951,211)	(809,103)
Net special commission income		234,481	206,600	465,507	421,589
Fee and commission income		77,678	77,721	196,487	134,990
Fee and commission expense		(7,268)	(4,010)	(31,534)	(8,270)
Net fee and commission income		70,410	73,711	164,953	126,720
Exchange income, net		13,761	19,336	26,227	41,952
Gains on FVSI investments, net		3,332	17,479	32,057	26,194
Gain / (loss) on other financial instruments, net		668	63	(12,456)	931
Dividend income		387	244	775	3,244
Other operating income		1,061	791	22,684	4,671
Total operating income		324,100	318,224	699,747	625,301
Salaries and employee related expenses		(141,014)	(127,069)	(277,861)	(248,608)
Rent and premises related expenses		(2,220)	(4,537)	(6,336)	(6,882)
Depreciation and amortisation		(16,760)	(12,848)	(31,763)	(27,600)
Other general and administrative expenses		(87,307)	(67,501)	(169,089)	(128,898)
Operating expenses before expected credit losses		(247,301)	(211,955)	(485,049)	(411,988)
Expected credit (losses) / reversal on:					
Loans and advances	7	(9,781)	(49,646)	(33,347)	(73,601)
Financial contingencies and commitments	11	(403)	2,457	(16,283)	1,823
Investments and placements	6	248	(80)	(20)	(413)
Total expected credit losses		(9,936)	(47,269)	(49,650)	(72,191)
Total operating expenses		(257,237)	(259,224)	(534,699)	(484,179)
Net income for the period before zakat		66,863	59,000	165,048	141,122
Zakat charge		(14,518)	(10,477)	(31,850)	(26,222)
Net income for the period		52,345	48,523	133,198	114,900
Earnings per share (expressed in SAR per share)					
Basic and diluted earnings per share	15	<u>0.07</u>	<u>0.06</u>	<u>0.18</u>	<u>0.15</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

	Three-month ended		Six-month ended	
	30.06.24	30.06.23	30.06.24	30.06.23
	(Unaudited)			
	SAR '000	SAR '000	SAR '000	SAR '000
Net income for the period	52,345	48,523	133,198	114,900
Other comprehensive income:				
<i>Items that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
- Net changes in fair value of equity investments classified as fair value through other comprehensive income (FVOCI)	(1,933)	39,072	(3,664)	40,875
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
- Debt instruments at fair value through other comprehensive income:				
Net change in fair value	(640)	-	(52)	-
Net change in expected credit losses	(381)	-	(154)	-
Total other comprehensive (loss) / income for the period	(2,954)	39,072	(3,870)	40,875
Total comprehensive income for the period	49,391	87,595	129,328	155,775

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

<u>For the six-month period ended</u> <u>30 June 2024 (Unaudited)</u>	Share capital SAR '000	Statutory reserve SAR '000	Fair value reserve SAR '000	Retained earnings SAR '000	Total SAR '000
Balance at 1 January 2024	7,500,000	1,753	(2,482)	520	7,499,791
Net income for the period	-	-	-	133,198	133,198
<i>Other comprehensive income:</i>					
Net fair value changes:					
Equity investments classified as FVOCI	-	-	(3,664)	-	(3,664)
Debt securities classified as FVOCI	-	-	(52)	-	(52)
Expected credit losses on debt securities	-	-	(154)	-	(154)
Total comprehensive income / (loss) for the period	-	-	(3,870)	133,198	129,328
Disposal of FVOCI equity investments	-	-	(15)	15	-
Balance at 30 June 2024	7,500,000	1,753	(6,367)	133,733	7,629,119

<u>For the six-month period ended</u> <u>30 June 2023 (Unaudited)</u>	Share capital SAR '000	Statutory reserve SAR '000	Fair value reserve SAR '000	Accumulated losses SAR '000	Total SAR '000
Balance at 1 January 2023	7,500,000	1,753	16,163	(286,146)	7,231,770
Net income for the period	-	-	-	114,900	114,900
<i>Other comprehensive income:</i>					
Net fair value changes:					
Equity investments classified as FVOCI	-	-	40,875	-	40,875
Total comprehensive income for the period	-	-	40,875	114,900	155,775
Disposal of FVOCI equity investments	-	-	(60,164)	60,164	-
Balance at 30 June 2023	7,500,000	1,753	(3,126)	(111,082)	7,387,545

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

	Note	2024	2023
		(Unaudited)	
		SAR '000	SAR '000
OPERATING ACTIVITIES		165,048	141,122
Net income for the period before zakat			
Adjustments to reconcile net income before zakat to net cash flow (used in) / from operating activities:			
Depreciation of right-of-use assets		13,134	10,266
Depreciation and amortisation		18,629	17,334
Interest expense on lease liabilities		6,148	5,549
Expected credit losses / (reversal) on:			
Financial contingencies and commitments	11	16,283	(1,823)
Loans and advances	7	33,347	73,601
Investments held at amortised cost	6	20	413
Gain on investments held at FVSI		(32,057)	(26,194)
Loss / (gain) on other financial instruments, net		12,456	(931)
Operating income before changes in operating assets & liabilities		<u>233,008</u>	<u>219,337</u>
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		73,236	(110,739)
Due from banks and other financial institutions		30,000	29
Positive fair value of derivatives		26,124	15,801
Loans and advances		(906,626)	(1,158,180)
Other assets		33,627	75,949
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions		1,258,088	2,165,202
Negative fair value of derivatives		(50,376)	(32,179)
Customers' deposits		407,469	1,068,182
Other liabilities		153,757	70,187
Net cash generated from operating activities		<u>1,258,307</u>	<u>2,313,589</u>
INVESTING ACTIVITIES			
Purchase of investments, net		(549,334)	(1,925,498)
Sale of FVOCI equity investments		3,555	302,751
Purchase of furniture, fixtures, equipments and intangible assets		(40,152)	(40,355)
Net cash used in investing activities		<u>(585,931)</u>	<u>(1,663,102)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Note	2024	2023
		(Unaudited)	
		SAR '000	SAR '000
FINANCING ACTIVITY			
Payment of principal portion of lease liabilities		(15,176)	(10,581)
Cash used in a financing activity		(15,176)	(10,581)
Net change in cash and cash equivalents		657,200	639,906
Cash and cash equivalents at the beginning of the period		7,227,783	8,110,176
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		7,884,983	8,750,082
Special Commission received during the period		1,394,099	1,121,574
Special Commission paid during the period		(933,334)	(719,653)
Supplemental non-cash information			
Net changes in fair value of FVOCI investments		(916)	(3,870)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(AMOUNTS IN SAR '000)**

1. GENERAL

Gulf International Bank - Saudi Arabia (a Closed Joint Stock Company - incorporated in the Kingdom of Saudi Arabia) (the "Bank") was formed after conversion from a foreign branch in accordance with Ministerial resolution number 2007 dated 14 March 2018G, corresponding to 26 Jumada Al-Thani 1439H, and SAMA approval number 391000082125 dated 9 April 2018G, corresponding to 23 Rajab 1439H.

The Bank commenced its operations as a Closed Joint Stock Company on 3 April 2019G, corresponding to 27 Rajab 1440H. The Bank operates under Commercial registration number 2052001920 through its three locations in Riyadh, Jeddah and Dhahran. The address of the Bank's Head Office is as follows:

Gulf International Bank - Saudi Arabia
5515 Cooperative Council Road
Al Khuzama Area, unit No: 54, Al Khobar
Kingdom of Saudi Arabia

The Bank's activities comprise wholesale, commercial, and retail banking services. The Bank also provides to its customers Shariah-compliant products that are approved and supervised by an independent Shariah Board established by the Bank. The Bank is regulated by the Saudi Central Bank (SAMA).

Following are the subsidiaries of the Bank (collectively referred to as "the Group").

<u>Name of subsidiary</u>	<u>Ownership interest % held by the owners of the Bank</u>		
	<u>30.06.24</u>	<u>31.12.23</u>	<u>Country of incorporation</u>
GIB Capital Company (a)	100	100	Kingdom of Saudi Arabia
Dar Enjaz Gulf Real Estate Company (b)	100	100	Kingdom of Saudi Arabia
GIB KSA Markets Limited (c)	100	100	Cayman Islands

- a. GIB Capital Company - a limited liability company incorporated in Kingdom of Saudi Arabia under commercial registration no. 1010244294 provides financial advisory services in connection with equity placements, mergers, disposals and acquisitions, privatisations, debt capital market products and services, strategic debt advisory and asset management. GIB Capital's clients include institutional investors and high net worth ("HNW") individuals.
- b. Dar Enjaz Gulf Real Estate Company incorporated in the Kingdom of Saudi Arabia under commercial registration no.1010326338, issued in Riyadh. The Subsidiary was formed with the approval of SAMA for the purpose of dealing, managing and holding real estate on behalf of the Bank.
- c. GIB KSA Markets Limited, a limited liability company incorporated in the Cayman Islands. The Company is engaged in derivatives trading and repo activities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(AMOUNTS IN SAR '000)

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group as at and for the six-months period ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34) that are 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 the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

The consolidated financial statements of the Group as at and for the year ended 31 December 2023, were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the international Accounting Standard Board (IASB) that are 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 Arabian Riyal except where otherwise stated in the notes to the interim condensed consolidated financial statements. The Group presents its interim condensed consolidated statement of financial position in the order of liquidity.

The preparation of interim condensed consolidated financial statements requires management to make judgements, 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.

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 as at and for the year ended 31 December 2023.

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

Standards, interpretations, amendments

Standards, interpretations, amendments	Description	Effective from periods beginning on or after
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.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(AMOUNTS IN SAR '000)

3. IMPACT OF CHANGES IN MATERIAL ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)

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

Standards, interpretations, amendments

	Description	Effective from periods beginning on or after
Amendment to IAS 1 - Non-current liabilities with covenants and classification of liabilities as current or non-current	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

Accounting standards issued but not yet effective

Standards, interpretations, amendments

	Description	Effective from periods beginning on or after
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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
 (AMOUNTS IN SAR '000)

3. IMPACT OF CHANGES IN MATERIAL ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)

Accounting standards issued but not yet effective (continued)

Standards, interpretations, amendments	Description	Effective from periods beginning on or after
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19 - 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.	1 January 2027

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(AMOUNTS IN SAR '000)

4. CASH AND BALANCES WITH SAUDI CENTRAL BANK (SAMA)

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Money market placements with SAMA	4,391,000	4,873,000	2,575,624
Statutory deposits	1,701,887	1,775,123	1,655,408
Cash in hand	12,270	15,693	7,780
Current account	246,613	3,681	4,797
	<u>6,351,770</u>	<u>6,667,497</u>	<u>4,243,609</u>

5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Current accounts	309,999	186,733	1,445,491
Money market placements	2,925,107	2,178,688	4,746,461
Less: expected credit losses	(6)	(12)	-
	<u>3,235,100</u>	<u>2,365,409</u>	<u>6,191,952</u>

6. INVESTMENTS, NET

Investment securities are classified as follows:

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Investments held at FVSI (6a)	329,428	282,806	252,481
Investments held FVOCI (6b)	131,466	36,897	36,252
Investments held at amortised cost - gross (6c)	9,237,515	8,788,433	8,219,720
Less: expected credit losses (6e)	(2,469)	(2,597)	(1,648)
	<u>9,695,940</u>	<u>9,105,539</u>	<u>8,506,805</u>

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

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Mutual funds	303,898	257,919	228,781
Equity investments	25,530	24,887	23,700
	<u>329,428</u>	<u>282,806</u>	<u>252,481</u>

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

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Debt investments	101,958	-	-
Equity investments	29,508	36,897	36,252
	<u>131,466</u>	<u>36,897</u>	<u>36,252</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
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6. INVESTMENTS, NET (continued)

c) Investments held at amortised cost, net

30 June 2024 (Unaudited)

	Quoted	Unquoted	Total
Debt securities - fixed-rate securities	8,870,431	-	8,870,431
Debt securities - floating-rate securities	291,866	75,218	367,084
Less: expected credit losses	(2,395)	(74)	(2,469)
	<u>9,159,902</u>	<u>75,144</u>	<u>9,235,046</u>

31 December 2023 (Audited)

	Quoted	Unquoted	Total
Debt securities - fixed-rate securities	8,459,798	-	8,459,798
Debt securities - floating-rate securities	253,364	75,271	328,635
Less: expected credit losses	(2,464)	(133)	(2,597)
	<u>8,710,698</u>	<u>75,138</u>	<u>8,785,836</u>

30 June 2023 (Unaudited)

	Quoted	Unquoted	Total
Debt securities - fixed-rate securities	7,801,101	15,096	7,816,197
Debt securities - floating-rate securities	328,286	75,237	403,523
Less: expected credit losses	(1,205)	(443)	(1,648)
	<u>8,128,182</u>	<u>89,890</u>	<u>8,218,072</u>

d) The following table shows the reconciliation of gross carrying amounts from the opening to the closing balance of the investments held at amortised cost:

30 June 2024 (Unaudited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2024	8,788,433	8,788,433
Net change	449,082	449,082
Balance at 30 June 2024	<u>9,237,515</u>	<u>9,237,515</u>

31 December 2023 (Audited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2023	6,294,222	6,294,222
Net change	2,494,211	2,494,211
Balance at 31 December 2023	<u>8,788,433</u>	<u>8,788,433</u>

30 June 2023 (Unaudited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2023	6,294,222	6,294,222
Net change	1,925,498	1,925,498
Balance at 30 June 2023	<u>8,219,720</u>	<u>8,219,720</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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6. INVESTMENTS, NET (continued)

e) The following table shows the reconciliation of expected credit losses on investments held at amortised cost from the opening to the closing balance:

30 June 2024 (Unaudited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2024	2,597	2,597
Net remeasurement of loss allowance	(128)	(128)
Balance at 30 June 2024	<u>2,469</u>	<u>2,469</u>

31 December 2023 (Audited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2023	1,235	1,235
Net remeasurement of loss allowance	1,362	1,362
Balance at 31 December 2023	<u>2,597</u>	<u>2,597</u>

30 June 2023 (Unaudited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2023	1,235	1,235
Net remeasurement of loss allowance	413	413
Balance at 30 June 2023	<u>1,648</u>	<u>1,648</u>

f) The following table shows the reconciliation of gross carrying amounts from the opening to the closing balance of the debt investments held at FVOCI:

30 June 2024 (Unaudited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2024	-	-
New originated	102,013	102,013
Change in fair value	(55)	(55)
Balance at 30 June 2024	<u>101,958</u>	<u>101,958</u>

g) The following table shows the reconciliation of expected credit losses on debt investments held at FVOCI from the opening to the closing balance:

30 June 2024 (Unaudited)

	Stage 1 (12-month ECL)	Total
Balance at 1 January 2024	-	-
Net remeasurement of loss allowance	154	154
Balance at 30 June 2024	<u>154</u>	<u>154</u>

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6. INVESTMENTS, NET (continued)

h) The analysis of investments by counterparty is as follows:

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Government and quasi government	7,979,862	7,713,842	7,489,511
Corporate	694,190	690,885	435,725
Banks and other financial institutions	1,024,357	703,409	583,217
Less: expected credit losses	(2,469)	(2,597)	(1,648)
	<u>9,695,940</u>	<u>9,105,539</u>	<u>8,506,805</u>

i) Investments composition as per geography:

	30.06.2024		
	Domestic	International	Total
Investments held at amortised cost, net	8,486,420	748,626	9,235,046
Investments held at FVSI	329,428	-	329,428
Investments held at FVOCI	29,508	101,958	131,466
	<u>8,845,356</u>	<u>850,584</u>	<u>9,695,940</u>
		31.12.2023	
	Domestic	International	Total
Investments held at amortised cost, net	8,349,979	435,857	8,785,836
Investments held at FVSI	282,806	-	282,806
Investments held at FVOCI	36,897	-	36,897
	<u>8,669,682</u>	<u>435,857</u>	<u>9,105,539</u>
		30.06.2023	
	Domestic	International	Total
Investments held at amortised cost, net	7,728,621	489,451	8,218,072
Investments held at FVSI	252,481	-	252,481
Investments held at FVOCI	36,252	-	36,252
	<u>8,017,354</u>	<u>489,451</u>	<u>8,506,805</u>

j) Equity investments held at fair value through other comprehensive income (FVOCI)

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Equity investments	<u>29,508</u>	<u>36,897</u>	<u>36,252</u>

The FVOCI designation was made on the basis that the investments are expected to be held for the long-term for strategic purposes. The Following table shows the reconciliation from opening balances to the closing balances for level 3 fair value of FVOCI investments:

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Balance at period / year beginning	10,332	6,883	6,883
Net change in fair value	-	3,449	3,407
Balance at period/year end	<u>10,332</u>	<u>10,332</u>	<u>10,290</u>

k) Total investments include Shariah based investments amounting to SAR 7 billion (31 December 2023: SAR 5.2 billion; 30 June 2023: SAR 5 billion).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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7. LOANS AND ADVANCES, NET

a) Loans and advances are classified as follows:

30 June 2024 (Unaudited)	Commercial loans	Overdrafts	Retail loans	Total
Performing loans and advances	25,978,599	1,277,391	1,030,980	28,286,970
Non-performing loans and advances	551,776	-	19,748	571,524
Loans and advances, gross	26,530,375	1,277,391	1,050,728	28,858,494
Less: expected credit losses	(647,353)	(649)	(37,240)	(685,242)
Loans and advances, net	25,883,022	1,276,742	1,013,488	28,173,252
31 December 2023 (Audited)	Commercial loans	Overdrafts	Retail loans	Total
Performing loans and advances	24,699,210	1,525,814	1,156,880	27,381,904
Non-performing loans and advances	564,824	-	26,472	591,296
Loans and advances, gross	25,264,034	1,525,814	1,183,352	27,973,200
Less: expected credit losses	(632,018)	(751)	(40,470)	(673,239)
Loans and advances, net	24,632,016	1,525,063	1,142,882	27,299,961
30 June 2023 (Unaudited)	Commercial loans	Overdrafts	Retail loans	Total
Performing loans and advances	23,901,255	695,510	1,299,368	25,896,133
Non-performing loans and advances	563,437	-	13,244	576,681
Loans and advances, gross	24,464,692	695,510	1,312,612	26,472,814
Less: expected credit losses	(566,140)	(216)	(29,319)	(595,675)
Loans and advances, net	23,898,552	695,294	1,283,293	25,877,139

Total loans and advances include Shariah based loans and advances amounting to SAR 16.1 billion (31 December 2023: SAR 16.6 billion; 30 June 2023: SAR 15.9 billion).

b) Reconciliation of gross carrying amounts:

30 June 2024 (Unaudited)	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for increase in SICR but not impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2024	26,362,295	1,019,609	591,296	27,973,200
<i>Transfers during the period</i>				
Transfer to Stage 1	15,848	(15,570)	(278)	-
Transfer to Stage 2	(921,822)	925,554	(3,732)	-
Transfer to Stage 3	(9,697)	(8,129)	17,826	-
	(915,671)	901,855	13,816	-
Written-off during the period	-	-	(21,332)	(21,332)
Net change during the period	1,392,196	(473,314)	(12,256)	906,626
Balance at 30 June 2024	26,838,820	1,448,150	571,524	28,858,494

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7. LOANS AND ADVANCES (continued)

b) Reconciliation of gross carrying amounts: (continued)

31 December 2023 (Audited)	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for increase in SICR but not impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	23,858,497	941,342	631,500	25,431,339
<i>Transfers during the year</i>				
Transfer to Stage 1	440,602	(440,602)	-	-
Transfer to Stage 2	(735,244)	735,244	-	-
Transfer to Stage 3	(4,019)	(46,421)	50,440	-
	(298,661)	248,221	50,440	-
Written-off during the year	-	-	(135,915)	(135,915)
Net change during the year	2,802,459	(169,954)	45,271	2,677,776
Balance at 31 December 2023	26,362,295	1,019,609	591,296	27,973,200

30 June 2023 (Unaudited)	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for increase in SICR but not impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	23,858,497	941,342	631,500	25,431,339
<i>Transfers during the period</i>				
Transfer to Stage 1	222,431	(222,431)	-	-
Transfer to Stage 2	(309,310)	309,310	-	-
Transfer to Stage 3	(985)	(46,221)	47,206	-
	(87,864)	40,658	47,206	-
Written-off during the period	-	-	(118,528)	(118,528)
Net change during the period	1,050,158	93,342	16,503	1,160,003
Balance at 30 June 2023	24,820,791	1,075,342	576,681	26,472,814

c) Reconciliation of expected credit losses:

30 June 2024 (Unaudited)	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for increase in SICR but not impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2024	91,406	173,492	408,341	673,239
<i>Transfers during the period</i>				
Transfer to Stage 1	729	(562)	(167)	-
Transfer to Stage 2	(24,952)	27,255	(2,303)	-
Transfer to Stage 3	(161)	(824)	985	-
	(24,384)	25,869	(1,485)	-
<i>Net change during the period</i>				
Corporate	(11,586)	27,272	(452)	15,234
Retail	2,410	(6,147)	21,850	18,113
	(9,176)	21,125	21,398	33,347
<i>Written-off during the period</i>				
Corporate	-	-	-	-
Retail	-	-	(21,344)	(21,344)
	-	-	(21,344)	(21,344)
Balance at 30 June 2024	57,846	220,486	406,910	685,242

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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7. LOANS AND ADVANCES (continued)

c) Reconciliation of expected credit losses: (continued)

31 December 2023 (Audited)	Stage 1 (12- month ECL)	Stage 2 (lifetime ECL for increase in SICR but not impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	76,354	148,430	415,818	640,602
<i>Transfers during the year</i>				
Transfer to Stage 1	13,134	(13,134)	-	-
Transfer to Stage 2	(2,795)	2,795	-	-
Transfer to Stage 3	(59)	(29,818)	29,877	-
	10,280	(40,157)	29,877	-
<i>Net change during the year</i>				
Corporate	980	65,864	59,788	126,632
Retail	3,792	(645)	38,770	41,917
	4,772	65,219	98,558	168,549
<i>Written-off during the year</i>				
Corporate	-	-	(107,530)	(107,530)
Retail	-	-	(28,382)	(28,382)
	-	-	(135,912)	(135,912)
Balance at 31 December 2023	<u>91,406</u>	<u>173,492</u>	<u>408,341</u>	<u>673,239</u>

30 June 2023 (Unaudited)	Stage 1 (12- month ECL)	Stage 2 (lifetime ECL for increase in SICR but not impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	76,354	148,430	415,818	640,602
<i>Transfers during the period</i>				
Transfer to Stage 1	6,094	(6,094)	-	-
Transfer to Stage 2	(860)	860	-	-
Transfer to Stage 3	(13)	(29,817)	29,830	-
	5,221	(35,051)	29,830	-
<i>Net change during the period</i>				
Corporate	5,004	2,349	52,694	60,047
Retail	(2,235)	37	15,752	13,554
	2,769	2,386	68,446	73,601
<i>Written-off during the period</i>				
Corporate	-	-	(107,530)	(107,530)
Retail	-	-	(10,998)	(10,998)
	-	-	(118,528)	(118,528)
Balance at 30 June 2023	<u>84,344</u>	<u>115,765</u>	<u>395,566</u>	<u>595,675</u>

d) Expected credit losses charge for the period / year:

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Corporate	15,234	126,632	60,047
Retail	18,113	41,917	13,554
Total	<u>33,347</u>	<u>168,549</u>	<u>73,601</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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8. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Current accounts	156,634	125,388	97,730
Money market deposits	4,957,665	3,730,823	6,255,514
	<u>5,114,299</u>	<u>3,856,211</u>	<u>6,353,244</u>

9. CUSTOMERS' DEPOSITS

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Demand	17,637,507	18,810,969	16,209,424
Time	14,262,147	12,560,360	13,900,671
Saving	353,348	307,758	311,869
Margin	260,086	426,532	241,228
	<u>32,513,088</u>	<u>32,105,619</u>	<u>30,663,192</u>

Customers' deposits include Shariah based deposits amounting to SAR 14.2 billion (31 December 2023: SAR 13.3 billion; 30 June 2023: SAR 13.5 billion).

10. DERIVATIVES AND FOREIGN EXCHANGE INSTRUMENTS

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

<u>30 June 2024 (Unaudited)</u>	Positive fair value	Negative fair value	Notional amount
<u>Held for trading</u>			
Commission rate swaps	113,042	(106,197)	4,508,864
Commission rate futures and currency options	87,214	(87,214)	10,636,860
Forward foreign exchange contracts	3,834	(2,966)	1,272,417
Others	3,453	(3,187)	437,754
<u>Held as fair value hedge</u>			
Commission rate swaps - investments	50,180	(673)	930,424
Commission rate swaps - loans	20,111	-	668,358
	<u>277,834</u>	<u>(200,237)</u>	<u>18,454,676</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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10. DERIVATIVES AND FOREIGN EXCHANGE INSTRUMENTS (continued)

<u>31 December 2023 (Audited)</u>	<u>Positive fair value</u>	<u>Negative fair value</u>	<u>Notional amount</u>
<u>Held for trading</u>			
Commission rate swaps	104,874	(98,294)	4,963,381
Commission rate futures and currency options	121,012	(121,012)	13,590,469
Forward foreign exchange contracts	6,672	(5,700)	614,661
Others	24,147	(23,967)	361,406
<u>Held as fair value hedge</u>			
Commission rate swaps - investments	34,074	(1,640)	686,256
Commission rate swaps - loans	25,635	-	748,949
	<u>316,414</u>	<u>(250,613)</u>	<u>20,965,122</u>
<u>30 June 2023 (Unaudited)</u>	<u>Positive fair value</u>	<u>Negative fair value</u>	<u>Notional amount</u>
<u>Held for trading</u>			
Commission rate swaps	161,973	(154,371)	8,351,276
Commission rate futures and currency options	124,962	(124,922)	6,981,503
Forward foreign exchange contracts	8,019	(5,602)	933,538
Others	14,112	(13,971)	304,317
<u>Held as fair value hedge</u>			
Commission rate swaps - loans and investments	65,231	(514)	1,405,308
Commission rate swaps - deposits	28,313	-	1,516,296
	<u>402,610</u>	<u>(299,380)</u>	<u>19,492,238</u>

11. SUBORDINATED DEBT

During 2023, the bank began issuing its Tier II sukuk (non-convertible and unlisted) worth SAR 3 billion. An amount of SAR 1.5 billion was issued and subscribed on December 19, 2023. The issuance of the Sukuk is under the Bank's Sukuk issuance programme ("the Programme") and matures in 2033, with the Bank having the option to redeem the Sukuk after 5 years, subject to SAMA's prior approval and the conditions of the Programme being met. The Bank's Sukuk programme is in line with the Bank's strategic objectives to promote growth and actively contribute to the achievement of the national economic goals set out in the Kingdom's Vision 2030. The structure of the Sukuk was approved by the Bank's Shari'ah Committee and the Regulatory Authority. The Sukuk is unsecured and was offered through a private placement in the Kingdom of Saudi Arabia. The effective special commission rate is the three-month SAIBOR plus a margin of 120 basis points and is payable quarterly. The sukuk are denominated in Saudi Arabian riyals.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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12. CONTINGENCIES AND COMMITMENTS

a) Legal proceedings

As at 30 June 2024, there were no significant legal proceedings outstanding against the Group which requires a disclosure or provision. The Group is subject to legal proceedings in the ordinary course of business.

b) Credit related contingencies and commitments

i) The breakdown of credit related contingencies and commitment is as follows:

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Letters of guarantee	14,583,657	13,168,075	12,185,179
Irrevocable commitments to extend credit	1,612,135	6,001,766	4,999,322
Letters of credit	2,046,772	2,479,367	2,148,840
Acceptances	1,772,649	1,553,982	1,185,846
	<u>20,015,213</u>	<u>23,203,190</u>	<u>20,519,187</u>

ii) Reconciliation of exposure of financial contingencies and commitments:

30 June 2024 (Unaudited)	Stage 1 (12- month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit- impaired)	Total
Balance at 1 January 2024	21,569,460	1,319,808	313,922	23,203,190
<i>Transfers during the period</i>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(239,204)	239,204	-	-
Transfer to Stage 3	-	-	-	-
	(239,204)	239,204	-	-
Net change during the period	(3,184,505)	-	(3,472)	(3,187,977)
Balance at 30 June 2024	<u>18,145,751</u>	<u>1,559,012</u>	<u>310,450</u>	<u>20,015,213</u>

31 December 2023 (Audited)	Stage 1 (12- month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit- impaired)	Total
Balance at 1 January 2023	15,507,553	1,444,009	355,014	17,306,576
<i>Transfers during the year</i>				
Transfer to Stage 1	282,027	(282,027)	-	-
Transfer to Stage 2	(86,556)	86,556	-	-
Transfer to Stage 3	-	-	-	-
	195,471	(195,471)	-	-
Net change during the year	5,866,436	71,270	(41,092)	5,896,614
Balance at 31 December 2023	<u>21,569,460</u>	<u>1,319,808</u>	<u>313,922</u>	<u>23,203,190</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
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12. CONTINGENCIES AND COMMITMENTS (continued)

b) Credit related contingencies and commitments (continued)

ii) Reconciliation of exposure of financial contingencies and commitments: (continued)

	Stage 1 (12- month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit- impaired)	Total
30 June 2023 (Unaudited)				
Balance at 1 January 2023	15,507,553	1,444,009	355,014	17,306,576
<i>Transfers during the period</i>				
Transfer to Stage 1	593,383	(593,383)	-	-
Transfer to Stage 2	(23,865)	23,865	-	-
Transfer to Stage 3	-	-	-	-
	569,518	(569,518)	-	-
Net change during the period	3,423,968	(170,267)	(41,090)	3,212,611
Balance at 30 June 2023	19,501,039	704,224	313,924	20,519,187

iii) Reconciliation of expected credit losses on financial contingencies and commitments:

	Stage 1 (12- month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit- impaired)	Total
30 June 2024 (Unaudited)				
Balance at 1 January 2024	14,563	14,030	133,611	162,204
<i>Transfers during the period</i>				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(934)	934	-	-
Transfer to Stage 3	-	-	-	-
	(934)	934	-	-
Net change during the period	(2,777)	(2,391)	21,451	16,283
Balance at 30 June 2024	10,852	12,573	155,062	178,487

	Stage 1 (12- month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit- impaired)	Total
31 December 2023 (Audited)				
Balance at 1 January 2023	12,056	12,286	116,995	141,337
<i>Transfers during the year</i>				
Transfer to Stage 1	1,984	(1,984)	-	-
Transfer to Stage 2	(370)	370	-	-
Transfer to Stage 3	-	-	-	-
	1,614	(1,614)	-	-
Net change during the year	893	3,358	16,616	20,867
Balance at 31 December 2023	14,563	14,030	133,611	162,204

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12. CONTINGENCIES AND COMMITMENTS (continued)

b) Credit related contingencies and commitments (continued)

iii) Reconciliation of expected credit losses on financial contingencies and commitments (continued)

30 June 2023 (Unaudited)	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit-impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	12,056	12,286	116,995	141,337
<i>Transfers during the period</i>				
Transfer to Stage 1	2,925	(2,925)	-	-
Transfer to Stage 2	(27)	27	-	-
Transfer to Stage 3	-	-	-	-
	2,898	(2,898)	-	-
Net change during the period	3,594	(570)	(4,847)	(1,823)
Balance at 30 June 2023	18,548	8,818	112,148	139,514

13. CASH AND CASH EQUIVALENTS

	30.06.24 (Unaudited)	31.12.23 (Audited)	30.06.23 (Unaudited)
Cash and balances with			
Saudi Central Bank (SAMA) excluding statutory deposit	4,649,883	4,892,374	2,588,201
Due from banks and other financial institutions with original maturities of three-months or less	3,235,100	2,335,409	6,161,881
	7,884,983	7,227,783	8,750,082

14. ZAKAT

Gulf International Bank - Saudi Arabia

The Bank has filed its zakat declaration with the Zakat, Tax and Customs Authority ("ZATCA") for the period from 3rd April 2019 to 31 December 2019 and for the years 2020 to 2023. The assessments have been finalised by ZATCA for the period / year 2019 and 2020, without any additional liability, however, no assessment has been raised by the ZATCA for the year 31 December 2021 to 2023.

GIB Capital Company

In 2016, the Company obtained an approval from ZATCA for an exemption to pay zakat. Accordingly, the Company has not considered zakat for the years from 2016 to 2023.

15. SHARE CAPITAL AND EARNINGS PER SHARE

The authorised, issued and fully paid share capital at 30 June 2024, 31 December 2023 and 30 June 2023 comprised 750 million shares of SAR 10 each. Basic and diluted earnings per share for the period/ year ended 30 June 2024, 31 December 2023 and 30 June 2023 is calculated on a weighted average basis by dividing the net income for the year by 750 million shares. Gulf International Bank BSC is the parent, Public Investment Fund is the Ultimate parent and Government of Saudi Arabia is the Ultimate Controlling Party of the Group.

	30.06.24	31.12.23
Gulf International Bank BSC	50%	50%
Public Investment Fund	50%	50%

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16. FAIR VALUE 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 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.

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 (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3 - Inputs that are unobservable. This category includes all instruments for which the valuation technique include inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. 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 to fair value.

At 30 June 2024 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value:</u>					
<i>Investments held at FVOCI</i>					
Debt securities	101,958	101,958	-	-	101,958
Equity securities	29,508	19,176	-	10,332	29,508
Investments held at FVSI	329,428	25,530	303,898	-	329,428
Positive fair value of derivatives	277,834	-	277,834	-	277,834
<u>Financial assets not measured at fair value:</u>					
Investments at amortised cost, net	9,235,046	8,800,204	-	75,003	8,875,207
Loans and advances, net	28,173,252	-	-	27,254,062	27,254,062

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16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2023 (Audited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value:</u>					
Equity investments held at FVOCI	36,897	26,565	-	10,332	36,897
Investments held at FVSI	282,806	24,887	257,919	-	282,806
Positive fair value of derivatives	316,414	-	316,414	-	316,414
<u>Financial assets not measured at fair value:</u>					
Investments at amortised cost, net	8,785,836	8,413,545	-	74,971	8,488,516
Loans and advances, net	27,299,961	-	-	26,710,214	26,710,214
<u>At 30 June 2023 (Unaudited)</u>					
At 30 June 2023 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value:</u>					
Equity investments held at FVOCI	36,252	25,962	-	10,290	36,252
Investments held at FVSI	252,481	23,700	228,781	-	252,481
Positive fair value of derivatives	402,610	-	402,610	-	402,610
<u>Financial assets not measured at fair value:</u>					
Investments at amortised cost, net	8,218,072	-	5,186,543	2,900,939	8,087,482
Loans and advances, net	25,877,139	-	-	26,574,771	26,574,771
<u>At 30 June 2024 (Unaudited)</u>					
At 30 June 2024 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities measured at fair value:</u>					
Negative fair value of derivatives	200,237	-	200,237	-	200,237
<u>Financial liabilities not measured at fair value:</u>					
Customers' deposits	32,513,088	-	-	32,127,811	32,127,811

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16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2023 (Audited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities measured at fair value:</u>					
Negative fair value of derivatives	250,613	-	250,613	-	250,613
<u>Financial liabilities not measured at fair value:</u>					
Customers' deposits	32,105,619	-	-	32,528,178	32,528,178

At 30 June 2023 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities measured at fair value:</u>					
Negative fair value of derivatives	299,380	-	299,380	-	299,380
<u>Financial liabilities not measured at fair value:</u>					
Customers' deposits	30,663,192	-	-	29,925,977	29,925,977

Cash and balances with Saudi Central bank (SAMA), due from banks, due to banks and other financial assets and liabilities are assumed to have fair values that reasonably approximate their corresponding carrying values due to their short-term nature.

The Group's financial instruments are accounted for under the historical cost method with the exception of trading securities, equity investment securities, debt securities at FVOCI and derivative financial instruments, which are accounted for at fair value. The fair value represents 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. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Generally accepted methods of determining fair value include reference to quoted prices (level 1 measurement) or to the pricing prevailing for similar financial instruments (level 2 measurement) and the use of unobservable inputs in estimation techniques such as discounted cash flow analysis (level 3 measurement).

Investment held at FVSI

FVSI investments classified as level 1 are based on quoted prices.

FVSI investments classified as level 2 include mutual funds, the fair value of which is determined based on the latest reported net assets value (NAV) at fair market value as at the date of statement of interim consolidated financial position.

Investment held at FVOCI (Equity securities)

The fair values of equity investment at FVOCI are based on quoted prices (level 1) or valuation techniques (level 3).

Investment held at amortised cost / FVOCI (Debt securities)

The fair value of debt securities mentioned in level 1 is computed based on market quotes. The market quotes of the debt securities and similar instruments are readily available.

All other debt securities in Level 3 valued based on other valuation techniques comprise discounted cash flow techniques or other valuation methodologies.

There were no transfers between the levels during the six months period ended 30 June 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Loans and advances, customer deposits and subordinated debt

The fair values (level 3) of loans, customer deposits on a floating interest rate basis are principally estimated at book value. The fair values (level 3) of impaired loans are estimated at the recoverable amount, measured as the present value of expected future cash flows discounted based on the Group's weighted average discount rate. The fair values of fixed rate / variable loans, customer deposits are estimated on a discounted cash flow basis utilising discount rates equal to prevailing market rates of interest in the respective currencies for loans and deposits of similar residual maturity and credit quality.

Other on-balance sheet items

The fair values of foreign exchange and derivative financial instruments are based on market prices, discounted cash flow techniques or option pricing models as appropriate. The fair values of all other on-balance sheet assets and liabilities approximate their respective book values due to their short-term nature.

17. CAPITAL ADEQUACY

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

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

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

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

	30.06.24	31.12.23	30.06.23
	(Unaudited)	(Audited)	(Unaudited)
Risk Weighted Assets (RWA)			
Credit risk RWA	40,470,640	40,200,319	38,641,155
Operational risk RWA	1,591,323	1,217,537	1,217,537
Market risk RWA	3,317,406	2,784,820	2,418,738
Total Pillar-I RWA	45,379,369	44,202,676	42,277,430
Tier I capital	7,522,682	7,409,183	7,317,722
Tier II capital	1,804,232	1,796,088	229,123
Total Tier I & II Capital	9,326,914	9,205,271	7,546,845
Capital adequacy ratios %			
Tier I ratio	16.58%	16.76%	17.31%
Tier I + Tier II ratio	20.55%	20.83%	17.85%

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18. RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA. The Group uses the exemptions in respect of related parties' disclosures for government-related entities in IAS 24 "Related Party Disclosures". Transactions with related parties which are considered individually significant are included below.

- (i) The balances resulting from such transactions included in the interim condensed consolidated financial position are as follows:

	<u>30.06.24</u> (Unaudited)	<u>31.12.23</u> (Audited)	<u>30.06.23</u> (Unaudited)
Gulf International Bank BSC, its subsidiaries and branches:			
Due from banks and other financial institutions	6,916	72,082	46,035
Due to banks and other financial institutions	1,094,328	123,725	117,001
Other assets	55,777	51,741	123,094
Other liabilities	161,096	141,647	244,212
Public Investment Fund and its affiliates			
Loans and advances	3,416,222	3,423,462	1,130,475
Customers' deposits	8,255,515	8,266,172	10,726,614
Investments	688,082	452,700	444,167

- (ii) Off-balance sheet balances are as follows:

	<u>30.06.24</u> (Unaudited)	<u>31.12.23</u> (Audited)	<u>30.06.23</u> (Unaudited)
Gulf International Bank BSC, its subsidiaries and branches:			
Derivatives	8,347,826	9,873,330	11,744,736
Contingencies and commitments	1,571,242	1,621,904	1,652,437
Public Investment Fund and its affiliates			
Derivatives	733,362	1,038,698	2,115,035
Contingencies and commitments	242,749	1,318,608	3,602,948

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

	<u>30.06.24</u> (Unaudited)	<u>31.12.23</u> (Audited)	<u>30.06.23</u> (Unaudited)
Gulf International Bank BSC, its subsidiaries and branches:			
Special commission income	23,400	9,380	23,335
Special commission expense	5,149	13,093	8,266
Fees and commission income and expense, net	60	955	178
Public Investment Fund and its affiliates			
Special commission income	138,079	147,823	52,676
Special commission expense	239,879	488,050	275,944
Fees and commission income and expense, net	9,662	36,606	4,846

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 31 July 2024G (corresponding to 25 Muharram 1446H).