



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

# INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2020  
(unaudited)



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

**Introduction**

We have reviewed the accompanying interim statement of financial position of Gulf International Bank - Saudi Arabia, a Saudi Closed Joint Stock Company (the "Bank") as at 30 June 2020, and the related interim statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2020 and the related interim statements of changes in equity and cash flows for the six-month period ended 30 June 2020 ("the periods"), and other explanatory notes (collectively referred to as "the interim condensed financial statements"). Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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", that is 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 financial statements are not prepared, in all material respects in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other regulatory matters**

As required by Saudi Arabian Monetary Authority ("SAMA"), certain capital adequacy information has been disclosed in Note 14 to the accompanying interim condensed financial statements. As part of our review, we compared the information in Note 14 to the relevant analysis prepared by the Bank for its submission to SAMA and found no material inconsistencies.

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25 Muharram 1442H  
13 September 2020



Interim statement of financial position (unaudited)  
As at 30<sup>th</sup> June 2020

	Notes	30 <sup>th</sup> June 2020 (Unaudited) SAR'000	31 <sup>st</sup> December 2019 (Audited) SAR'000	30 <sup>th</sup> June 2019 (Unaudited) SAR'000 <i>Restated</i>
<b>ASSETS</b>				
Cash and balances with the Saudi Arabian Monetary Authority (SAMA)		7,699,177	8,243,841	10,186,173
Due from banks and other financial institutions		1,674,454	1,448,087	1,593,327
Investments, net	6	2,834,652	2,773,746	2,887,809
Positive fair value of derivative financial instruments	9	329,081	160,959	168,924
Loans and advances, net	7	17,223,655	17,490,442	17,971,278
Property and equipment, net		69,068	76,683	81,005
Intangible assets, net		56,179	50,883	41,701
Right-of-use assets		226,492	235,981	76,058
Other assets		133,312	146,157	125,688
<b>TOTAL ASSETS</b>		<b>30,246,070</b>	<b>30,626,779</b>	<b>33,131,963</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		3,015,333	578,469	1,450,067
Customers' deposits	8	18,782,384	21,716,758	23,539,353
Negative fair value of derivative financial instruments	9	371,851	175,739	182,428
Lease liabilities		219,718	224,542	56,466
Other liabilities		516,766	424,392	396,746
<b>Total liabilities</b>		<b>22,906,052</b>	<b>23,119,900</b>	<b>25,625,060</b>
<b>Equity</b>				
Share capital	13	7,500,000	7,500,000	7,500,000
Statutory reserve		1,753	1,753	-
Fair value reserve		(39,326)	2,045	(14,246)
(Accumulated losses)/retained earnings		(122,409)	3,081	21,149
<b>Total equity</b>		<b>7,340,018</b>	<b>7,506,879</b>	<b>7,506,903</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>30,246,070</b>	<b>30,626,779</b>	<b>33,131,963</b>

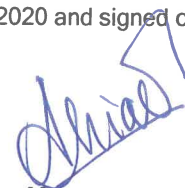
The interim condensed financial statements were approved by the Board of Directors on 21<sup>st</sup> July 2020 and signed on its behalf by: -



Abdulla Mohammed Al-Zamil  
Chairman



Abdulaziz A. Al-Helaissi  
Chief Executive Officer



Marwan Abiad  
Chief Financial Officer

The accompanying notes on pages 7 to 20 form an integral part of these interim condensed financial statements.

**Interim statement of income (unaudited)**For the three-month and six-month periods ended 30<sup>th</sup> June 2020

	<u>Notes</u>	For the three-month period ended 30 <sup>th</sup> June 2020 (Unaudited)	For the period from 3 April to 30 June 2019 (Unaudited)	For the six month period ended 30 <sup>th</sup> June 2020 (Unaudited)
		SAR'000	SAR'000 <i>Restated</i>	SAR'000
Special commission income		163,478	266,032	391,598
Special commission expense		(53,450)	(138,170)	(156,187)
<b>Net special commission income</b>		<b>110,028</b>	<b>127,862</b>	<b>235,411</b>
Fee and commission income		25,401	18,368	49,645
Fee and commission expense		(1,042)	(1,426)	(2,570)
<b>Net fee and commission income</b>		<b>24,359</b>	<b>16,942</b>	<b>47,075</b>
Exchange income, net		10,603	4,093	20,611
Gain /Loss on FVTPL investments, net		23,790	(1,116)	(21,440)
Gain on other FVTPL financial instruments, net		1,652	2,142	2,681
Dividend income		2,651	13,331	5,526
<b>Total income</b>		<b>173,083</b>	<b>163,254</b>	<b>289,864</b>
Salaries and employee related expenses		(58,764)	(65,975)	(127,668)
Rent and premises related expenses		(3,406)	(5,196)	(6,338)
Depreciation and amortisation		(20,277)	(15,754)	(40,200)
Other general and administrative expenses		(41,857)	(26,313)	(75,589)
Impairment charge for credit losses, net		(77,445)	(23,783)	(177,542)
Impairment reversal / (charge) for investments, net		2,880	(1,698)	2,581
Impairment reversal for other financial assets		-	839	11,017
<b>Total operating expenses</b>		<b>(198,869)</b>	<b>(137,880)</b>	<b>(413,739)</b>
<b>Net loss for the period before zakat</b>		<b>(25,786)</b>	<b>25,374</b>	<b>(123,875)</b>
Zakat charge for the period		(955)	(3,726)	(1,615)
<b>Net loss for the period</b>		<b>(26,741)</b>	<b>21,648</b>	<b>(125,490)</b>
<b>Earnings per share (expressed in SAR per share)</b>				
Basic and diluted earnings per share for the period	13	(0.04)	0.03	(0.17)

The accompanying notes on pages 7 to 20 form an integral part of these interim condensed financial statements.

**Interim statement of comprehensive income (unaudited)**For the three-month and six-month periods ended 30<sup>th</sup> June 2020

	For the three- month period ended 30 <sup>th</sup> June (Unaudited) 2020 SAR'000	For the period from 3 April 2019 to 30 June 2019 (Unaudited) 2019 SAR'000 <i>Restated</i>	For the six- month period ended 30 <sup>th</sup> June (Unaudited) 2020 SAR'000
Net loss for the period	(26,741)	21,648	(125,490)
Other comprehensive loss:			
<i>Items that will not be reclassified to the statement of income in subsequent periods:-</i>			
- Net changes in fair value of equity investments classified as fair value through other comprehensive income (FVTOCI)	37,908	(14,745)	(41,371)
Other comprehensive gain/(loss)	37,908	(14,745)	(41,371)
Total comprehensive gain/(loss) for the period	11,167	6,903	(166,861)

The accompanying notes on pages 7 to 20 form an integral part of these interim condensed financial statements.

## Interim statement of changes in equity (unaudited)

For the six-month period ended 30<sup>th</sup> June 2020

	Share capital (Unaudited) SAR'000	Statutory reserve (Unaudited) SAR'000	Fair value reserve (Unaudited) SAR'000	Retained earnings (Unaudited) SAR'000 <i>Restated</i>	Total equity (Unaudited) SAR'000 <i>Restated</i>
Share capital issuance on 3 <sup>rd</sup> April 2019	7,500,000	-	-	-	7,500,000
Net income for the period	-	-	-	21,648	21,648
Other comprehensive loss for the period (note 17)	-	-	(14,745)	-	(14,745)
Total comprehensive (loss) / income for the period	-	-	(14,745)	21,648	6,903
Transfer from fair value reserve to retained earnings	-	-	499	(499)	-
At 30 <sup>th</sup> June 2019	7,500,000	-	(14,246)	21,149	7,506,903
	Share capital (Unaudited) SAR'000	Statutory reserve (Unaudited) SAR'000	Fair value reserve (Unaudited) SAR'000	Retained earnings/ (accumulated losses) (Unaudited) SAR'000	Total equity (Unaudited) SAR'000
<b>Balance as at 1 January 2020</b>	7,500,000	1,753	2,045	3,081	7,506,879
Net loss for the period	-	-	-	(125,490)	(125,490)
Net change in fair value of FVOCI investment	-	-	(41,371)	-	(41,371)
<b>Total comprehensive loss for the period</b>	-	-	(41,371)	(125,490)	(166,861)
<b>Balance as at 30 June 2020</b>	7,500,000	1,753	(39,326)	(122,409)	7,340,018

The accompanying notes on pages 7 to 20 form an integral part of these interim condensed financial statements.

**Interim statement of cash flows (unaudited)**For the six-month period ended 30<sup>th</sup> June 2020

	Note	For the six month period ended 30 June 2020 SAR'000	For the period from 3 April 2019 to 30 June 2019 SAR'000 <i>Restated</i>
<b>OPERATING ACTIVITIES</b>			
Net income before zakat for the period		(123,875)	25,374
<b>Adjustments to reconcile net income before zakat to net cash flow from operating activities:</b>			
Net accretion of discount on financial assets at amortized cost		(1,224)	(1,963)
Depreciation and amortization		40,200	21,428
Impairment charge for investments, net		(2,581)	1,698
Impairment charge for credit losses, net		177,542	23,783
Impairment reversal for other financial assets		(11,017)	(839)
Unrealized loss on investments		18,759	1,026
		<b>97,804</b>	<b>70,507</b>
<b>Net (increase) / decrease in operating assets:</b>			
Statutory deposit with SAMA		(211,373)	355,348
Positive fair value of derivative financial instruments		(168,122)	(71,027)
Right-of-use assets		9,489	(1,746)
Loans and advances		89,245	(1,140,867)
Other assets		23,862	(31,417)
<b>Net increase / (decrease) in operating liabilities:</b>			
Due to banks and other financial institutions		2,436,864	923,073
Negative fair value of derivatives		196,112	77,365
Customers' deposits		(2,934,374)	3,595,675
Lease liabilities		(4,824)	3,530
Other liabilities		90,759	17,011
<b>Net cash inflow from operating activities</b>		<b>(374,558)</b>	<b>3,797,452</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments		(205,000)	(119,905)
Proceeds from sale of investments		87,769	284,997
Purchase of property and equipment and intangible assets		(37,881)	(17,224)
<b>Net cash outflow from investing activities</b>		<b>(155,112)</b>	<b>147,868</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		(529,670)	3,945,320
		8,673,449	6,854,447
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	11	<b>8,143,779</b>	<b>10,799,767</b>
Special commission received during the period		423,631	265,588
Special commission paid during the period		(199,428)	(162,696)
<b>Supplemental non-cash information</b>			
Net change in fair value of investments classified as fair value through other comprehensive income (FVTOCI)		(41,371)	(14,745)

The accompanying notes on pages 7 to 20 form an integral part of these interim condensed financial statements.



## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)

At 30<sup>th</sup> June 20201. **General**

The activities of Gulf International Bank - Saudi Arabia (the Bank) were previously carried out as a foreign branch of Gulf International Bank B.S.C., a Bahraini shareholding company incorporated in the Kingdom of Bahrain by Amiri Decree Law No. 30 dated 24th November 1975 under the commercial registration number 466002. Effective from 27 Rajab 1440 (corresponding to 3rd April 2019), the foreign branch was converted to a Saudi Closed Joint Stock Company with the same commercial registration number (2052001920) and in accordance with Ministerial Resolution number 2007 dated 26th Jumada Al-Thani 1439H, corresponding to 14th March 2018, and SAMA approval number 391000082125 dated 23rd Rajab 1439H, corresponding to 9<sup>th</sup> April 2018. The address of the registered office of the Bank is as follows:

Gulf International Bank - Saudi Arabia  
P. O. Box 39268  
Dhahran  
Kingdom of Saudi Arabia

The Bank carried out its operations from its three locations in Riyadh, Jeddah and Dhahran with the number of employees totalling 585 as at 30 June 2020 excluding outsourced employees. Upon formation of the Saudi Closed Joint Stock Company, the net assets and liabilities of the foreign branch of Gulf International Bank B.S.C - Kingdom of Bahrain were transferred to the Bank. The net assets and liabilities transferred at 3rd April 2019 were as follows:

	<u>SAR'000</u>
<b>ASSETS</b>	
Cash and balances with SAMA	6,408,271
Due from banks and other financial institutions	1,788,667
Investments, net	3,071,151
Positive fair value of derivative financial instruments	97,897
Loans and advances, net	16,854,170
Property and equipment, net	72,320
Intangible assets, net	46,447
Right-of-use assets	75,377
Other assets	93,373
<b>Total assets</b>	<b><u>28,507,673</u></b>
<b>LIABILITIES</b>	
Liabilities	
Due to banks and other financial institutions	4,279,738
Customers' deposits	23,693,678
Negative fair value of derivative financial instruments	105,063
Lease liabilities	52,936
Other liabilities	376,258
<b>Total liabilities</b>	<b><u>28,507,673</u></b>
<b>Net assets</b>	<b><u>-</u></b>

Transfers of the above assets and liabilities were made in accordance with the Articles of Association of the Bank and the resolution of the Bank's shareholders.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)**At 30<sup>th</sup> June 2020**1. General** (Continued)

The Bank's activities comprise wholesale, commercial, and retail banking services. The Bank also provides its customers with non-interest-based banking products which are approved and supervised by an independent Shariah Board.

The Bank's Subsidiary and associated funds are as follows:

Name of subsidiary / Fund	Country of incorporation	Ownership %	Proportion of ownership/voting power
Dar Enjaz Gulf Real Estate Company	Kingdom of Saudi Arabia	100%	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.
GIB Opportunistic Saudi Equity Fund	Kingdom of Saudi Arabia	92.35%	The fund's investment objective is to generate returns by investing in equity instruments listed on Tadawul.
GIB Saudi Equity Fund	Kingdom of Saudi Arabia	99.25%	The fund's investment objective is to generate returns by investing in equity instruments listed on Tadawul.
GIB Opportunistic MENA Equity Fund	Kingdom of Saudi Arabia	99.96%	The fund's investment objective is to generate returns by investing in MENA equity instruments.

The Bank neither consolidates the financial assets, liabilities and results of its Subsidiary, nor its investments in GIB Opportunistic Saudi Equity Fund, GIB Saudi Equity Fund, and GIB Opportunistic MENA Equity Fund in accordance with the exemption available in paragraph 4 of IFRS 10: Consolidated Financial Statements, and accounts for its investments in these entities at fair value through the income statement.

**2. Basis of preparation**

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants ("SOCPA"), and in compliance with the provisions of the Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Bank.

The preparation of these interim condensed 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 annual results may differ from these estimates.

The Bank presents its statement of financial position in the order of liquidity.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are not offset in the interim statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

These interim condensed financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements for the period ended 31 December 2019.

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

**3. Impact of changes in accounting policies due to adoption of new standards**

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after January 1, 2020:

- Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7) (refer note 3.1)
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to References to the Conceptual Framework in IFRS Standards.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
At 30<sup>th</sup> June 2020**3 Impact of changes in accounting policies due to adoption of new standards (continued)****3.1 IBOR Transition (Interest Rate Benchmark Reforms)**

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") is engaged in a two-phase process of amending its guidance to assist in a smoother transition away from Inter-bank Offered Rates ("IBOR").

**Phase (1)** - The first phase of amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures focused on hedge accounting issues. The final amendments, issued in September 2019, amended specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by IBOR reform. The amendments are effective from 1 January 2020 and are mandatory for all hedge relationships directly affected by IBOR reform. The Bank has adopted these amendments along with the hedging relief for pre-replacement hedges.

**Phase (2)** - The second phase relates to the replacement of benchmark rates with alternative risk-free rates. Currently, there is uncertainty as to the timing and the methods of transition for phase 2. As a result of these uncertainties, IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. Therefore, the Bank believes the current market structure supports the continuation of hedge accounting as at 30 June 2020.

Management is running a project on the Bank's overall transition activities and continues to engage with various stakeholders to support an orderly transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes.

The management has assessed that the above amendments have no significant impact on the Bank's interim condensed consolidated financial statements.

**4. Significant accounting judgments, estimates and assumptions**

The preparation of the Bank's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Except for the impact as stated below, the accounting estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the audited financial statements as at 31 December 2019 and for the period from 3 April 2019 to 31 December 2019.

**Novel coronavirus ("COVID-19")**

The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Bank's management to revisit its significant judgments in applying the Bank's accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Bank's management carried out an impact assessment on the overall Bank's operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these interim condensed financial statements, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

**5. Significant accounting policies**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 other than as described below:

**5.1 Government Grant**

The Bank recognises a government grant related to income, if there is a reasonable assurance that it will be received and the Bank will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of profit is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial fair value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. The government grant is recognised in the interim condensed statement of income on a systematic basis over the period in which the Bank recognises as expenses the related costs for which the grant is intended to compensate. The grant income is only recognised when the beneficiary is the Bank. Where the customer is the beneficiary, the Bank only records the respective receivable and payable amounts.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
At 30<sup>th</sup> June 2020

6. Investments, net

Investment securities are classified as follows:

	As at 30 June 2020 (Unaudited) SAR'000	31st December 2019 (Audited) SAR'000	As at 30 June 2019 (Unaudited) SAR'000
Investments at amortized cost	2,313,557	2,192,423	2,359,493
Investments in equity securities at FVTOCI	339,708	381,079	277,806
Investments at FVTPL	182,181	203,621	254,523
Less: Expected credit losses for investments at amortized cost	(794)	(3,377)	(4,013)
<b>Total</b>	<b>2,834,652</b>	<b>2,773,746</b>	<b>2,887,809</b>

The Bank designated certain equity investments shown in the table above as equity securities at FVTOCI. The FVTOCI designation was made on the basis that the investments are expected to be held for the long-term for strategic purposes.

7. Loans and advances

30<sup>th</sup> June 2020 (Unaudited)

SAR'000

	Overdrafts	Commercial loans	Retail loans	Total
Performing loans and advances	316,324	15,710,471	722,728	16,749,523
Non-performing loans and advances	-	1,447,078	2,122	1,449,200
<b>Gross loans and advances</b>	<b>316,324</b>	<b>17,157,549</b>	<b>724,850</b>	<b>18,198,723</b>
Allowances for expected credit losses	(973)	(964,071)	(10,024)	(975,068)
<b>Loans and advances, net</b>	<b>315,351</b>	<b>16,193,478</b>	<b>714,826</b>	<b>17,223,655</b>

Performing loans and advances include SAR 209,286 thousand that are delinquent but not impaired.

31<sup>st</sup> December 2019 (Audited)

SAR'000

	Overdrafts	Commercial loans	Retail loans	Total
Performing loans and advances	325,597	16,030,510	531,794	16,887,901
Non-performing loans and advances	-	1,400,588	620	1,401,208
Gross loans and advances	325,597	17,431,098	532,414	18,289,109
Allowances for expected credit losses	(826)	(790,081)	(7,760)	(798,667)
<b>Loans and advances, net</b>	<b>324,771</b>	<b>16,641,017</b>	<b>524,654</b>	<b>17,490,442</b>

Performing loans and advances include SAR 531,477 thousand that are delinquent but not impaired.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
At 30<sup>th</sup> June 2020

7. Loans and advances (continued)

	30 <sup>th</sup> June 2019 (Unaudited)			
	SAR'000			
	<i>Restated</i>			
	Overdrafts	Commercial loans	Retail loans	Total
Performing loans and advances	1,637,567	15,549,107	425,414	17,612,088
Non-performing loans and advances	-	2,066,856	1,187	2,068,043
Gross loans and advances	1,637,567	17,615,963	426,601	19,680,131
Allowance for expected credit losses	(46,384)	(1,655,413)	(7,056)	(1,708,853)
Loans and advances, net	1,591,183	15,960,550	419,545	17,971,278

8. Customers' deposits

	30 <sup>th</sup> June 2020 (Unaudited) SAR'000	31 <sup>st</sup> December 2019 (Audited) SAR'000	30 <sup>th</sup> June 2019 (Unaudited) SAR'000
Demand deposits	9,041,513	7,592,423	7,384,051
Saving accounts	526,055	90,049	304,645
Time deposits	8,869,120	13,773,492	15,586,701
Others	345,696	260,794	263,956
<b>Total customer deposits</b>	<b>18,782,384</b>	<b>21,716,758</b>	<b>23,539,353</b>

Time deposits include deposits taken under non-interest-based contracts of SAR 7,851 million (2019: SAR 11,725 million).

9. Derivatives and foreign exchange instruments

The Bank utilises the following derivatives and foreign exchange financial instruments for both trading and hedging purposes:

a) **Swaps**

Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For cross-currency commission rate swaps, principal, fixed and floating commission payments are exchanged in different currencies.

b) **Forwards**

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter markets.

c) **Options**

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at a fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

**Held for trading purposes**

The majority of the Bank's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profiting, from price differentials between markets or products.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
At 30<sup>th</sup> June 2020

**9. Derivatives and foreign exchange instruments (continued)**

**Held for hedging purposes**

The Bank has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Bank's exposures to fluctuations in foreign exchange and commission rates to reduce its exposures to currency and commission rate risks to acceptable levels, as determined by the Board of Directors ("Board") within the guidelines issued by SAMA. The Board has established the levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. The Board has also established the level of commission rate risk by setting limits on commission rate gaps for the stipulated periods. Asset and liability commission rate gaps are reviewed on a periodic basis, and hedging strategies are used to reduce commission rate gaps within the established limits.

As part of their asset and liability management, the Bank uses derivative financial instruments for hedging purposes in order to adjust their own exposure to currency and commission rate risks. This is generally achieved by hedging specific transactions as well as by strategic hedging against the overall statement of financial position exposures. Strategic hedging, other than portfolio hedging for commission rate risk, does not qualify for special hedge accounting and the related derivative financial instruments are accounted for as held for trading purposes. The Bank uses commission rate swaps to hedge against the commission rate risk arising from specifically identified fixed commission rate exposures. In such cases, the nature of the hedging relationship and objectives including the details of the hedged items and hedging instruments, are formally documented, and the transactions are accounted for as fair value hedges.

The table below summarizes 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 Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

Derivative financial instruments	As at 30 <sup>th</sup> June 2020 (Unaudited) SAR'000			As at 31 December 2019 (Audited) SAR'000			As at 30 <sup>th</sup> June 2019 (Unaudited) SAR'000		
	Positive fair value	Negative fair value	Notional Amount	Positive fair value	Negative fair value	Notional Amount	Positive fair value	Negative fair value	Notional Amount
<b>- Held for trading</b>									
Commission rate swap	278,643	(280,907)	9,009,661	139,069	(140,424)	8,805,662	71,833	(78,895)	9,906,448
Currency swaps	22	(22)	187,521	398	(402)	233,261	486	(3)	274,042
Commission rate futures and options	47,817	(47,861)	1,932,992	19,857	(19,859)	2,496,920	93,365	(85,789)	2,596,060
Forward foreign exchange contracts	603	(1,825)	1,278,863	99	(813)	766,875	834	(1,016)	1,952,944
<b>- Held as fair value hedge</b>									
Commission rate swaps - loans	-	(41,236)	716,110	422	(14,000)	854,511	50	(13,991)	796,249
Commission rate swaps - deposits	1,996	-	1,438,178	1,114	(241)	3,252,136	2,356	(2,734)	3,765,862
<b>Total</b>	<b>329,081</b>	<b>(371,851)</b>	<b>14,563,325</b>	<b>160,959</b>	<b>(175,739)</b>	<b>16,409,365</b>	<b>168,924</b>	<b>(182,428)</b>	<b>19,291,605</b>

**10. Commitments and Contingencies**

	30 <sup>th</sup> June 2020 (Unaudited) SAR'000	31 <sup>st</sup> December 2019 (Audited) SAR'000	30 <sup>th</sup> June 2019 (Unaudited) SAR'000
Letters of credit	1,444,304	1,620,185	1,059,418
Letters of guarantee	8,410,267	8,196,102	8,287,410
Acceptances	672,898	330,939	902,449
Irrevocable commitments to extend credit	1,295,517	1,235,517	1,259,963
<b>Total</b>	<b>11,822,986</b>	<b>11,382,743</b>	<b>11,509,240</b>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
At 30<sup>th</sup> June 2020

**11. Cash and cash equivalents**

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

	As at 30 June 2020 (Unaudited) SAR'000	31 <sup>st</sup> December 2019 (Audited) SAR'000	30 <sup>th</sup> June 2019 (Unaudited) SAR'000 <i>Restated</i>
Cash and balances with SAMA (excluding statutory deposit)	6,499,343	7,255,380	9,273,877
Due from banks and other financial institutions with original maturities of three-months or less	1,644,436	1,418,069	1,525,890
<b>Total</b>	<b>8,143,779</b>	<b>8,673,449</b>	<b>10,799,767</b>

**12. 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**

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

For the purpose of fair value disclosures, the Bank have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Bank 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
At 30<sup>th</sup> June 2020

**12. Fair value of financial instruments (continued)**

**Carrying amounts and fair value**

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.

	Carrying value	Fair value SAR'000			Total
		Level 1	Level 2	Level 3	
<b>At 30 June 2020 (Unaudited)</b>					
<b>Financial assets measured at fair value</b>					
Investments at FVTOCI	339,708	333,829	-	5,879	339,708
Investments at FVTPL	182,181	182,181	-	-	182,181
Positive fair value of derivatives	329,081	-	329,081	-	329,081
<b>Financial assets not measured at fair value</b>					
Investments at amortized cost	2,312,763	-	99,910	2,298,341	2,398,251
Loans and advances, net	17,223,655	-	-	17,196,364	17,196,364
Cash and balance with SAMA	7,699,177	-	-	7,699,177	7,699,177
Due from banks and other financial institutions	1,674,454	-	-	1,674,454	1,674,454
Other financial assets	89,040	-	-	89,040	89,040
	Carrying value	Level 1	Level 2	Level 3	Total
<b>At 31 December 2019 (Audited)</b>					
<b>Financial assets measured at fair value</b>					
Investments at FVTOCI	381,079	373,103	-	7,976	381,079
Investments at FVTPL	203,621	203,621	-	-	203,621
Positive fair value of derivatives	160,959	-	160,959	-	160,959
<b>Financial assets not measured at fair value</b>					
Investments at amortized cost	2,189,046	-	148,918	2,147,924	2,296,842
Loans and advances, net	17,490,442	-	-	17,451,048	17,451,048
Cash and balance with SAMA	8,243,841	-	-	8,243,841	8,243,841
Due from banks and other financial institutions	1,448,087	-	-	1,448,087	1,448,087
Other financial assets	98,024	-	-	98,024	98,024



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**At 30<sup>th</sup> June 2020**

**12. Fair value of financial instruments (continued)**

	Carrying value	Fair value SAR'000			Total
		Level 1	Level 2	Level 3	
<b>At 30 June 2019 (Unaudited)</b>					
<b>Financial assets measured at fair value</b>					
Investments at FVTOCI	277,806	269,089	-	8,717	277,806
Investments at FVTPL	254,523	204,778	-	49,745	254,523
Positive fair value of derivatives	168,924	-	168,924	-	168,924
<b>Financial assets not measured at fair value</b>					
Investments at amortized cost	2,355,480	-	146,775	2,236,209	2,382,984
Loans and advances, net	17,971,278	-	-	18,051,388	18,051,388
Cash and balance with SAMA	10,186,173	-	-	10,186,173	10,186,173
Due from banks and other financial institutions	1,593,327	-	-	1,593,327	1,593,327
Other financial assets	59,449	-	-	59,449	59,449

The fair value of non-current financial assets not measured at fair value are estimated by using a discounted cash flow model that incorporates assumptions for various risk factors.

	Carrying value	Fair value SAR'000			Total
		Level 1	Level 2	Level 3	
<b>At 30 June 2020 (Unaudited)</b>					
<b>Financial liabilities measured at fair value</b>					
Negative fair value of derivative financial instruments	371,851	-	371,851	-	371,851
<b>Financial liabilities not measured at fair value</b>					
Customers' deposits	18,782,384	-	-	18,667,454	18,667,454
Due to banks and other financial institutions	3,015,333	-	-	3,015,333	3,015,333
Other financial liabilities	135,908	-	-	135,908	135,908
<b>At 31 December 2019 (Audited)</b>					
<b>Financial liabilities measured at fair value</b>					
Negative fair value of derivatives	175,739	-	175,739	-	175,739
<b>Financial liabilities not measured at fair value</b>					
Customers' deposits	21,716,758	-	-	20,756,921	20,756,921
Due to banks and other financial institutions	578,469	-	-	578,469	578,469
Other financial liabilities	163,518	-	-	163,518	163,518

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
At 30<sup>th</sup> June 2020

**12. Fair value of financial instruments** (continued)

	Carrying value	Fair value SAR'000			Total
		Level 1	Level 2	Level 3	
At 30 June 2019 (Unaudited)					
Financial liabilities measured at fair value					
Negative fair value of derivative financial instruments	182,428	-	182,428	-	182,428
Financial liabilities not measured at fair value					
Customers' deposits	23,539,353	-	-	22,756,603	22,756,603
Due to banks and other financial institutions	1,450,067	-	-	1,450,067	1,450,067
Other financial liabilities	151,555	-	-	151,555	151,555

Derivatives classified as Level 2 comprise over the counter special commission rate swaps, currency swaps, special commission rate options, forward foreign exchange contracts and other derivative financial instruments. These derivatives are fair valued using the Bank's valuation models that are based on discounted cash flow techniques. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers. The movement in Level 3 financial instruments during the period relates to fair value and capital repayment movement only. Loans and advances are classified as Level 3, the fair value of which is determined by discounting future cash flows using risk adjusted expected SIBOR rates. The fair values of due from and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the interim condensed financial statements, since these are short dated and the current market special commission rates for similar financial instruments are not significantly different from the contracted rates. The fair value of the remaining portfolio is not significantly different from its carrying value. There were no transfers between the levels of fair value hierarchies during the period.

**13. Share capital and earnings per share**

The authorised, issued and fully paid share capital at 30 June 2020 comprised 750 million shares of SAR 10 each. The shareholders of the Bank comprise: Gulf International Bank B.S.C. (50%) and Public Investment Fund (50%). Basic and diluted earnings per share for the period ended 30 June 2020 is calculated on a weighted average basis by dividing the net income for the period by 750 million shares.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
At 30<sup>th</sup> June 2020

**14. Capital adequacy**

The Bank's objectives when managing capital are: to comply with the capital requirements set by SAMA; to safeguard the Bank's ability to continue as a going concern and maintain a strong capital base. Capital adequacy and the use of regulatory capital are monitored weekly by the Bank's management.

The Bank 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 amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding the minimum level of the regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted assets at or above a minimum of 8%.

The total risk-weighted assets and total Tier I and II capital are as follows:

	30 <sup>th</sup> June 2020 (Unaudited) SAR'000	31 <sup>st</sup> December 2019 (Audited) SAR'000	30 <sup>th</sup> June 2019 (Unaudited) SAR'000 <i>Restated</i>
<b>Risk-weighted exposure</b>			
Credit risk	24,546,091	24,422,063	26,239,263
Operational risk	951,591	761,032	761,032
Market risk	459,873	420,281	514,708
<b>Total risk-weighted exposure</b>	<b>25,957,555</b>	25,603,376	27,515,003
<b>Regulatory capital base</b>			
Tier I capital	7,340,018	7,506,879	7,506,903
Tier II capital	204,752	130,630	174,037
<b>Total regulatory capital base</b>	<b>7,544,770</b>	7,637,509	7,680,940
<b>Capital adequacy ratios</b>			
Tier I ratio	28.28%	29.32%	27.28%
Total ratio	29.07%	29.83%	27.92%

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS At 30<sup>th</sup> June 2020

### 15. Impact of Covid-19 on expected credit losses ("ECL") and SAMA programs

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

Oil prices have also witnessed significant volatility during the current period, owing not just to demand issues arising from COVID-19 as the world economies go into lockdown, but also supply issues driven by production volumes which had predated the pandemic. The Bank has evaluated the current situation through conducting stress testing scenarios on expected movements of oil prices and their impact on key credit, liquidity, operational, solvency and performance indicators, in addition to other risk management practices to manage the potential business disruption that the COVID-19 outbreak may have on its operations and financial performance. The steps taken by management also include commencing review of credit exposure concentrations at a more granular level, considering economic sectors, regions, counterparties, collateral protection, etc. This has also taken into consideration the impacts of government and SAMA support relief programmes.

These current events and the prevailing economic conditions require the Bank to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These primarily revolve around adjusting macroeconomic factors used by the Bank in estimation of ECL, and revisions to the scenario probabilities applied. In Q1 2020, the Bank made certain adjustments to the macroeconomic factors and scenario weightings. During Q2 2020 and as more reliable data became available, the management has made further adjustments to the macroeconomic factors used by the Bank in the estimation of expected credit losses and revisions to the scenario probabilities. The adjustments to macroeconomic factors and scenario weightings resulted in an additional ECL of SAR 19,200 thousand for the Bank for the six month period ended 30 June 2020 and SAR 7,136 thousand for the three months period ended 30 June 2020. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty, and therefore the actual outcomes may be different to those projected. The impact of such an uncertain economic environment is judgemental, and the Bank will continue to reassess its position and the related impact on a regular basis.

It continues to be challenging to reliably ascertain the specific effects the pandemic and the government and SAMA support measures, such as the repayment holidays and other mitigating packages, will have. The Bank has therefore concluded that it is too early for any potential credit impairment to be reflected through the application of the staging criteria and focused on the macroeconomic model underpinning the PD and LGD determinations. The Bank will continue to individually assess significant counterparty exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods. However, the Bank has also recognised management overlays of SAR 35,000 thousand for the six month period ended 30 June 2020 and SR Nil thousand for the three month period ended 30 June 2020 based on anticipated changes in the through-the-cycle probability of defaults.

#### **SAMA support programs and initiatives**

##### ***Private Sector Financing Support Program ("PSFSP")***

In response to COVID-19, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises ("MSME") as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H (corresponding to 15 March 2017). The PSFSP mainly encompasses the following programs:

- Deferred payments program;
- Funding for lending program;
- Loan guarantee program; and
- Point of sale ("POS") and e-commerce service fee support program.

As part of the deferred payments program, the Bank is required to defer payments for six months on lending facilities to those companies that qualify as MSMEs. The payment reliefs are considered as short-term liquidity support to address the borrowers' potential cash flow issues. In Q1 2020, the Bank has effected the payment reliefs by deferring the instalments falling due within the period from 14 March 2020 to 14 September 2020 for a period of six months, however in Q2 2020, the Bank has extended the tenor of the applicable loans granted with no additional costs to be borne by the customer. The accounting impact of these changes in terms of the credit facilities has been assessed and treated as per the requirements of IFRS 9 as a modification in the terms of arrangement. This has resulted in the Bank recognising a modification loss of SAR 23,644 thousand during the six-month period ended 30 June 2020, out of which SAR 12,378 thousand has been recognised as Day 1 modification loss during the three-month period ended 31 March 2020, and this has been presented as part of net financing income. In the absence of other factors, participation in this deferment is not considered a significant increase in credit risk. During the six months period ended 30 June 2020, SAR 23,644 thousand has been recognised in the statement of income relating to unwinding of modification losses.

In order to compensate all the related costs that the Bank is expected to incur under the SAMA and other public authorities program, the Bank has received a profit free deposit of SAR 512,000 thousand with a three year maturity from SAMA as at 30 June 2020 (of which SAR 62,000 thousand was received in Q2 2020). The benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. This resulted in a total income of SAR 33,098 thousand, of which SAR 23,644 and SAR 12,378 thousand has been recognised in the interim condensed statement of income for the period ended 30 June 2020 and for the period ended 31 March 2020 respectively, with the remaining amount deferred. The management has exercised certain judgements in the recognition and measurement of this grant income. As at 30 June 2020, the Bank is yet to participate in SAMA's funding for lending and loan guarantee programs. Furthermore, the POS and e-commerce service fee programs have had an immaterial impact to the Bank's financial statements for the period ended 30 June 2020.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30<sup>th</sup> June 2020**15. Impact of Covid-19 on expected credit losses ("ECL") and SAMA programs (continued)**

During April 2020, SAMA issued a guidance on Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures. The Bank has considered the guidance issued and evaluated the accounting impact in Q2 2020 accordingly.

**SAMA liquidity support for the Saudi banking sector amounting to SAR 50 billion**

In line with its monetary and financial stability mandate, SAMA injected an amount of fifty billion riyals in order to:

- i. enhance the liquidity in the banking sector and enable it to continue its role in providing credit facilities to private sector companies;
- ii. restructure current credit facilities without any additional fees;
- iii. support plans to maintain employment levels in the private sector; and
- iv. provide relief for a number of banking fees that have been waived for customers.

In this regard, during Q2 2020, the Bank received SAR 948,463 thousand profit free deposit with one year maturity. Management has determined, based on the communication received from SAMA, that this government grant primarily relates to liquidity support. The benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. This resulted in a total income of SAR 11,645 thousand, of which SAR 970 thousand has been recognised in the statement of income as at June 30, 2020 and with the remaining amount deferred.

**16. Comparative figures**

According to clause 46 of the Bank's Articles of Association, the Bank's fiscal year is from 1st January to 31 December of each Gregorian year, and the first fiscal period was from the date of commercial registration (i.e. 3 April 2019) to 31 December 2019. Therefore, the comparative figures cover the period from 3 April 2019 to 30 June 2019 only.

**17. Restatement of comparative period (30 June 2019 only)**

The Bank has restated its comparative financial information as at and for the period ended 30 June 2019 as management has identified certain expenses that have not been recognized and/or accrued for properly in the prior period ended 30 June 2019, certain intangible assets that are no longer having future economic benefit relating to the prior period, certain lease agreements where right of use asset should have been recorded were identified and management decided to take provisions on certain staff loans who already left the bank. The above-mentioned adjustments have been considered as prior period misstatements and treated by restating the comparative figures presented for the period ended 30 June 2019 only and no adjustments were recorded into the comparative amounts for the period ended 31 December 2019 as there were properly adjusted in the financial statements for the year ended 31 December 2019

**"Impact on the Interim statement of financial position"**

	30 June 2019		
	Previously reported SAR'000	Adjustment SAR'000	Restated SAR'000
<b>Assets</b>			
Due from banks and other financial institutions	1,518,480	74,847	1,593,327
Loans and advances, net	17,974,777	(3,499)	17,971,278
Property and equipment, net	94,832	(13,827)	81,005
Intangible assets, net	93,116	(51,415)	41,701
Right-of-use assets	55,228	20,830	76,058
Other assets	123,226	2,462	125,688
<b>Liabilities</b>			
Due to banks and other financial institutions	1,407,118	42,949	1,450,067
Lease liabilities	55,875	591	56,466
Other liabilities	418,298	(21,552)	396,746
<b>Equity</b>			
Retained earnings	13,739	7,410	21,149

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30<sup>th</sup> June 202017. Restatement of comparative period (30 June 2019 only) (continued)**"Impact on the Interim statement of income"**

	Previously reported SAR'000	30 <sup>th</sup> June 2019 Reclass SAR'000	Adjustment SAR'000	Restated SAR'000
Special Commission Income	309,814	(43,782)	-	266,032
Special Commission Expense	(181,952)	43,782	-	(138,170)
Salaries and employee-related expenses	(59,225)	(3,844)	(2,906)	(65,975)
Rent and premises-related expenses	(7,853)	-	2,657	(5,196)
Depreciation	(21,428)	-	5,674	(15,754)
Other general and administrative expenses	(32,141)	3,844	1,984	(26,313)
Basic and diluted earnings per share	0.02		0.01	0.03

**18. Approval of interim condensed financial statements**

These interim condensed financial statements were approved by the Board of Directors on 21<sup>st</sup> July 2020 (corresponding to 30<sup>th</sup> Dhul Qadah 1441H).