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**BANK ALBILAD**  
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024**

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**Ernst & Young Professional Services  
(Professional LLC)**  
**Paid-up capital (SR 5,500,000 – Five  
million five hundred thousand Saudi Riyal)**  
Head Office  
Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
King Fahad Road  
P.O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia  
C.R. No. 1010383821

Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730  
ey.ksa@sa.ey.com  
ey.com



*PricewaterhouseCoopers*  
License No. 25  
Kingdom Tower  
P.O. Box 8282, Riyadh 11482  
Kingdom of Saudi Arabia  
T: +966 (11) 211-0400  
F: +966 (11) 211-0401  
www.pwc.com/middle-east

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

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

### **Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Bank Albilad - A Saudi Joint Stock Company ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2024, and the related interim consolidated statements of income and comprehensive income for the three month and nine month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the nine month period then ended, and other explanatory notes (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

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

**Ernst & Young Professional Services**

**Abdullah A. Alshenaibir**  
Certified Public Accountant  
License No. 583

**PricewaterhouseCoopers**

**Mufaddal A. Ali**  
Certified Public Accountant  
License No. 447

27 Rabi' al-Thani 1446H  
(30 October 2024)



**BANK ALBILAD**

(A Saudi Joint Stock Company)

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

		<b>September 30, 2024</b>	December 31, 2023	September 30, 2023
	<b>Note</b>	<b>SAR'000 (Unaudited)</b>	SAR'000 (Audited)	SAR'000 (Unaudited)
<b>ASSETS</b>				
Cash and balances with Saudi Central Bank		<b>11,780,850</b>	6,983,098	7,437,340
Due from banks and other financial institutions, net		<b>8,444,285</b>	8,170,094	3,731,520
Investments, net	5	<b>22,999,656</b>	22,079,918	21,583,772
Financing, net	6	<b>106,695,413</b>	102,080,065	101,602,641
Other assets		<b>1,501,429</b>	1,634,684	1,109,044
Property, equipment and right of use assets, net		<b>2,300,541</b>	2,157,960	2,108,840
<b>Total assets</b>		<b><u>153,722,174</u></b>	<u>143,105,819</u>	<u>137,573,157</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks, Saudi Central Bank and other financial institutions		<b>4,107,860</b>	4,273,908	4,044,007
Customers' deposits	7	<b>122,342,311</b>	112,831,245	108,915,164
Sukuk	8	<b>3,050,981</b>	3,051,613	3,048,727
Other liabilities		<b>8,089,159</b>	7,690,943	6,952,621
<b>Total liabilities</b>		<b><u>137,590,311</u></b>	<u>127,847,709</u>	<u>122,960,519</u>
<b>Equity</b>				
Share capital	14	<b>12,500,000</b>	10,000,000	10,000,000
Treasury shares		<b>(214,685)</b>	(148,493)	(101,245)
Statutory reserve		<b>2,182,356</b>	2,182,356	1,590,120
Other reserves		<b>(136,644)</b>	(166,337)	(252,241)
Retained earnings		<b>1,780,967</b>	3,371,429	3,355,022
Employees' share plan reserve		<b>19,869</b>	19,155	20,982
<b>Total equity</b>		<b><u>16,131,863</u></b>	<u>15,258,110</u>	<u>14,612,638</u>
<b>Total liabilities and equity</b>		<b><u>153,722,174</u></b>	<u>143,105,819</u>	<u>137,573,157</u>

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

**BANK ALBILAD**

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**

	<u>Note</u>	<u>For the three month period ended</u>		<u>For the nine month period ended</u>	
		<u>September 30, 2024</u> <u>SAR'000</u>	<u>September 30, 2023</u> <u>SAR'000</u>	<u>September 30, 2024</u> <u>SAR'000</u>	<u>September 30, 2023</u> <u>SAR'000</u>
<b>INCOME:</b>					
Income from investing and financing assets		<b>2,204,564</b>	1,974,939	<b>6,369,486</b>	5,512,924
Return on deposits and financial liabilities		<b>(1,044,779)</b>	(922,949)	<b>(3,080,198)</b>	(2,407,407)
<b>Income from investing and financing assets, net</b>		<b>1,159,785</b>	1,051,990	<b>3,289,288</b>	3,105,517
Fee and commission income		<b>310,132</b>	263,341	<b>867,756</b>	810,876
Fee and commission expenses		<b>(128,319)</b>	(118,453)	<b>(373,595)</b>	(349,915)
<b>Fee and commission income, net</b>		<b>181,813</b>	144,888	<b>494,161</b>	460,961
Exchange income, net		<b>84,877</b>	80,304	<b>211,397</b>	231,544
Dividend income		<b>15,395</b>	25,536	<b>91,971</b>	52,082
(Loss) / gain on fair value through statement of income (FVSI) instruments, net		<b>(9,140)</b>	20,370	<b>19,366</b>	70,754
Other operating income		<b>13,549</b>	12,751	<b>89,187</b>	44,632
<b>Total operating income</b>		<b>1,446,279</b>	1,335,839	<b>4,195,370</b>	3,965,490
<b>EXPENSES:</b>					
Salaries and employee related expenses		<b>370,847</b>	327,899	<b>1,071,450</b>	973,021
Depreciation and amortization		<b>69,471</b>	73,186	<b>202,994</b>	218,367
Other general and administrative expenses		<b>168,920</b>	175,249	<b>485,389</b>	532,995
<b>Operating expenses before expected credit losses</b>		<b>609,238</b>	576,334	<b>1,759,833</b>	1,724,383
Impairment charge for expected credit losses, net		<b>53,667</b>	72,581	<b>187,395</b>	276,819
<b>Total operating expenses</b>		<b>662,905</b>	648,915	<b>1,947,228</b>	2,001,202
<b>Net income for the period before zakat</b>		<b>783,374</b>	686,924	<b>2,248,142</b>	1,964,288
Zakat for the period		<b>80,688</b>	70,754	<b>231,559</b>	202,322
<b>Net income for the period after zakat</b>		<b>702,686</b>	616,170	<b>2,016,583</b>	1,761,966
<b>Basic and diluted earnings per share (SAR)</b>	16	<b>0.57</b>	0.50	<b>1.62</b>	1.42

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

**BANK ALBILAD**

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	<u>For the three month period ended</u>		<u>For the nine month period ended</u>	
	<b>September 30, 2024</b>	September 30, 2023	<b>September 30, 2024</b>	September 30, 2023
<b>Note</b>	<b>SAR'000</b>	SAR'000	<b>SAR'000</b>	SAR'000
<b>Net income for the period after zakat</b>	<b>702,686</b>	616,170	<b>2,016,583</b>	1,761,966
<b>Other comprehensive income / (loss):</b>				
<b>Items that will not be reclassified to interim consolidated statement of income in subsequent periods</b>				
- Net changes in fair value of FVOCI - equity instruments	<b>26,144</b>	(24,235)	<b>4,862</b>	99,467
- Re-measurement of employees' End of Service Benefits ("EOSB")	-	-	<b>(8,363)</b>	3,358
<b>Items that may be reclassified to interim consolidated statement of income in subsequent periods</b>				
- Net changes in fair value of FVOCI - debt instruments	<b>243,450</b>	(98,983)	<b>62,287</b>	(106,983)
- Impairment charge / (reversal) for expected credit losses of FVOCI debt instruments	<b>1,664</b>	(6,153)	<b>1,697</b>	(5,671)
- Effective portion of change in the fair value of cash flow hedges	10 <b>(14,829)</b>	-	<b>(12,835)</b>	-
<b>Total other comprehensive income / (loss)</b>	<b>256,429</b>	(129,371)	<b>47,648</b>	(9,829)
<b>Total comprehensive income for the period</b>	<b>959,115</b>	486,799	<b>2,064,231</b>	1,752,137

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

**BANK ALBILAD**

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024 (UNAUDITED)**

		2024 (SAR' 000)						
	<u>Note</u>	Share capital	Treasury shares	Statutory Reserve	Other reserves	Retained earnings	Employees' share plan reserve	Total equity
<b>Balance at the beginning of the period - audited</b>		10,000,000	(148,493)	2,182,356	(166,337)	3,371,429	19,155	15,258,110
Net changes in fair value of FVOCI equity instruments					4,862			4,862
Re-measurement of employees' End of Service Benefits ("EOSB")					(8,363)			(8,363)
Net changes in fair value of FVOCI debt instruments					62,287			62,287
Impairment charge for expected credit losses of FVOCI debt instruments					1,697			1,697
Effective portion of change in fair value of cash flow hedge					(12,835)			(12,835)
<b>Total other comprehensive income</b>					47,648			47,648
<b>Net income for the period after zakat</b>						2,016,583		2,016,583
<b>Total comprehensive income for the period</b>					47,648	2,016,583		2,064,231
Realized gain from sale of FVOCI equity instruments					(17,955)	17,955		-
Movement in treasury shares			(66,192)					(66,192)
Employees' share plan reserve							714	714
Dividends paid	15					(1,125,000)		(1,125,000)
Issuance of bonus shares	14	2,500,000				(2,500,000)		-
<b>Balance at the end of the period - unaudited</b>		<b>12,500,000</b>	<b>(214,685)</b>	<b>2,182,356</b>	<b>(136,644)</b>	<b>1,780,967</b>	<b>19,869</b>	<b>16,131,863</b>

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

**BANK ALBILAD**

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023 (UNAUDITED)**

		2023 (SAR' 000)							
	<u>Note</u>	Share capital	Treasury shares	Statutory Reserve	Other reserves	Retained earnings	Proposed cash dividend	Employees' share plan reserve	Total equity
<b>Balance at the beginning of the period - audited</b>		10,000,000	(53,005)	1,590,120	(239,286)	1,589,930	500,000	11,189	13,398,948
Net changes in fair value of FVOCI equity instruments					99,467				99,467
Re-measurement of employees' End of Service Benefits ("EOSB")					3,358				3,358
Net changes in fair value of FVOCI debt instruments					(106,983)				(106,983)
Impairment reversal for expected credit losses of FVOCI debt instruments					(5,671)				(5,671)
<b>Total other comprehensive loss</b>					(9,829)				(9,829)
<b>Net income for the period after zakat</b>						1,761,966			1,761,966
<b>Total comprehensive income for the period</b>					(9,829)	1,761,966			1,752,137
Realized gain from sale of FVOCI equity instruments					(3,126)	3,126			-
Movement in treasury shares			(48,240)						(48,240)
Employees' share plan reserve								9,793	9,793
Dividends paid	15						(500,000)		(500,000)
<b>Balance at the end of the period - unaudited</b>		10,000,000	(101,245)	1,590,120	(252,241)	3,355,022	-	20,982	14,612,638

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

**BANK ALBILAD**

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)**

	Note	2024 SAR' 000	2023 SAR' 000
<b>OPERATING ACTIVITIES</b>			
<b>Net income for the period before zakat</b>		<b>2,248,142</b>	1,964,288
<b>Adjustments to reconcile net income to net cash generated from / (used in) operating activities:</b>			
Profit on sukuk and other investments		179,503	165,264
Gain on FVSI financial instruments, net		(19,366)	(70,754)
Gain on disposal of property and equipment, net		(167)	(268)
Interest expense on lease liabilities		8,651	10,789
Depreciation and amortization		202,994	218,367
Impairment charge for expected credit losses, net		187,395	276,819
Employees' share plan reserve		714	9,793
<b>Net (increase) / decrease in operating assets:</b>			
Statutory deposit with Saudi Central Bank		(287,528)	(283,189)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		470,796	(1,226,659)
Investments at amortized cost maturing after ninety days from the date of acquisition		1,064,086	72,334
Financing, net		(4,801,736)	(10,708,679)
Other assets		133,255	(228,188)
<b>Net increase / (decrease) in operating liabilities:</b>			
Due to banks, Saudi Central Bank and other financial institutions		(166,048)	(6,577,434)
Customers' deposits		9,511,066	14,072,417
Other liabilities		206,938	(751,677)
<b>Net cash generated from / (used in) operating activities</b>		<b>8,938,695</b>	<b>(3,056,777)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments held as FVOCI		(1,195,117)	(211,000)
Proceeds from sale of investments held as FVOCI		354,787	834,975
Purchase of investments held as FVSI		(12,610)	(89,953)
Purchase of investments held as amortized cost		(1,043,679)	(1,524,012)
Purchase of property and equipment		(327,040)	(211,133)
Proceeds from sale of property and equipment		167	279
<b>Net cash used in investing activities</b>		<b>(2,223,492)</b>	<b>(1,200,844)</b>
<b>FINANCING ACTIVITIES</b>			
Sukuk profit paid		(180,135)	(156,989)
Treasury shares		(66,192)	(48,240)
Dividend paid		(1,125,000)	(500,000)
Payment of interest expense on lease liabilities		(8,651)	(10,789)
Principal payment of lease liabilities		(80,014)	(145,458)
<b>Net cash used in financing activities</b>		<b>(1,459,992)</b>	<b>(861,476)</b>
<b>Net change in cash and cash equivalents</b>		<b>5,255,211</b>	<b>(5,119,097)</b>
Cash and cash equivalents at the beginning of the period		6,869,477	9,023,781
<b>Cash and cash equivalents at the end of the period</b>	11	<b>12,124,688</b>	<b>3,904,684</b>
<b>Supplemental information</b>			
Income received from investing and financing assets during the period		6,528,492	4,923,831
Return paid on deposits and financial liabilities during the period		3,079,134	2,104,951
Effective portion of change in fair value of cash flow hedge - loss		12,835	-

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



## **BANK ALBILAD**

(A Saudi Joint Stock Company)

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024 (UNAUDITED)**

#### **1. GENERAL**

##### **a) Incorporation and operation**

Bank Albilad (“the Bank”), a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, was formed and licensed pursuant to Royal Decree No. M/48 dated Ramadan 21, 1425H (corresponding to November 4, 2004) in accordance with the Counsel of Ministers’ resolution no. 258 dated Ramadan 18, 1425H (corresponding to November 1, 2004). The Bank operates under Commercial Registration No.1010208295 dated Rabi Al Awal 10, 1426H (corresponding to April 19, 2005) and the Bank provides these services through 107 banking branches (September 30, 2023: 105) in the Kingdom of Saudi Arabia.

The registered address of the Bank's head office is P.O. Box 140, Riyadh 11411, Kingdom of Saudi Arabia.

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

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

##### **b) Sharia Committee**

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

#### **2. BASIS OF PREPARATION**

The interim condensed consolidated financial statements of the Group as at and for the nine month period ended September 30, 2024, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2023.

The consolidated financial statements of the Group as at and for the year ended December 31, 2023, were prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA. The interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and amounts are rounded to the nearest thousand except where otherwise stated and the functional currency of the Bank is Saudi Riyal except where otherwise stated in the notes to the financial information.

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

**BANK ALBILAD**

(A Saudi Joint Stock Company)

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

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

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

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024.

**New standards, interpretations and amendments adopted by the Group**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group:

<b>Standard, interpretation or amendments</b>	<b>Description</b>	<b>Effective date</b>
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	January 1, 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 1, 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	January 1, 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

**BANK ALBILAD**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024 (UNAUDITED)****3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS  
(continued)****Accounting standards issued but not yet effective**

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

<b>Standard, interpretation or amendments</b>	<b>Description</b>	<b>Effective date</b>
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.	January 1, 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
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.  The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

**BANK ALBILAD**

(A Saudi Joint Stock Company)

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

The material accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2023.

**5. INVESTMENTS, NET**

	<b>September 30, 2024 SAR' 000 (Unaudited)</b>	<b>December 31, 2023 SAR' 000 (Audited)</b>	<b>September 30, 2023 SAR' 000 (Unaudited)</b>
<b>Fair value through other comprehensive income (FVOCI)</b>			
Equities	475,821	451,571	539,188
Sukuk	<u>7,126,950</u>	<u>6,242,024</u>	<u>5,999,960</u>
	<u>7,602,771</u>	<u>6,693,595</u>	<u>6,539,148</u>
<b>Fair value through statement of income (FVSI)</b>			
Mutual funds and other investments	1,019,654	994,619	983,024
Equities	<u>74,204</u>	<u>67,263</u>	<u>67,705</u>
	<u>1,093,858</u>	<u>1,061,882</u>	<u>1,050,729</u>
<b>Amortized cost</b>			
Sukuk	13,434,551	12,391,879	11,334,592
Bai Alajel with Saudi Central Bank	<u>868,476</u>	<u>1,932,562</u>	<u>2,659,303</u>
	<u>14,303,027</u>	<u>14,324,441</u>	<u>13,993,895</u>
<b>Total</b>	<u>22,999,656</u>	<u>22,079,918</u>	<u>21,583,772</u>

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

<b>September 30, 2024 (Unaudited) SAR' 000</b>	<b>Stage 1 (12-month ECL)</b>	<b>Stage 2 (Lifetime ECL not credit impaired)</b>	<b>Stage 3 (Lifetime ECL credit impaired)</b>	<b>Total</b>
<b>Gross exposure as at January 1, 2024</b>	14,344,154	-	-	14,344,154
Net change during the period	(23,187)	-	-	(23,187)
<b>Gross exposure as at September 30, 2024</b>	<u>14,320,967</u>	-	-	<u>14,320,967</u>
	Stage 1	Stage 2	Stage 3	Total
<b>December 31, 2023 (Audited) SAR' 000</b>	<b>(12-month ECL)</b>	<b>(Lifetime ECL not credit impaired)</b>	<b>(Lifetime ECL credit impaired)</b>	
Gross exposure as at January 1, 2023	12,554,953	-	-	12,554,953
Net change during the year	1,789,201	-	-	1,789,201
Gross exposure as at December 31, 2023	<u>14,344,154</u>	-	-	<u>14,344,154</u>

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September 30, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure as at January 1, 2023	12,554,953	-	-	12,554,953
Net change during the period	1,452,802	-	-	1,452,802
Gross exposure as at September 30, 2023	14,007,755	-	-	14,007,755

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

September 30, 2024 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
<b>Loss allowance as at January 1, 2024</b>	<b>19,713</b>	-	-	<b>19,713</b>
Net reversal for the period	(1,773)	-	-	(1,773)
<b>Loss allowance as at September 30, 2024</b>	<b>17,940</b>	-	-	<b>17,940</b>

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

September 30, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	21,160	-	-	21,160
Net reversal for the period	(7,300)	-	-	(7,300)
Loss allowance as at September 30, 2023	13,860	-	-	13,860

**6. FINANCING, NET**

	September 30, 2024 SAR'000 (Unaudited)	December 31, 2023 SAR'000 (Audited)	September 30, 2023 SAR'000 (Unaudited)
Commercial	55,380,977	53,179,541	53,490,291
Retail	52,718,969	50,363,424	49,539,020
<b>Performing financing</b>	<b>108,099,946</b>	103,542,965	103,029,311
<b>Non-performing financing</b>	<b>1,363,997</b>	1,432,961	1,530,260
<b>Gross financing</b>	<b>109,463,943</b>	104,975,926	104,559,571
<b>Allowance for expected credit losses</b>	<b>(2,768,530)</b>	(2,895,861)	(2,956,930)
<b>Financing, net</b>	<b>106,695,413</b>	102,080,065	101,602,641

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

<b>September 30, 2024 (Unaudited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime ECL</b> <b>credit</b> <b>impaired)</b>	<b>Total</b>
<b>Gross exposure amount as at January 1, 2024</b>	<b>95,032,269</b>	<b>8,510,696</b>	<b>1,432,961</b>	<b>104,975,926</b>
Transfers to stage 1	174,845	(135,348)	(39,497)	-
Transfers to stage 2	(1,816,785)	1,821,254	(4,469)	-
Transfers to stage 3	(116,791)	(199,656)	316,447	-
Net change for the period	4,477,830	351,632	(15,720)	4,813,742
Write-offs	-	-	(325,725)	(325,725)
<b>Gross exposure amount as at September 30, 2024</b>	<b>97,751,368</b>	<b>10,348,578</b>	<b>1,363,997</b>	<b>109,463,943</b>

<b>December 31, 2023 (Audited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime</b> <b>ECL credit</b> <b>impaired)</b>	<b>Total</b>
Gross exposure amount as at January 1, 2023	84,596,478	8,181,923	1,246,435	94,024,836
Transfers to stage 1	1,207,274	(1,162,869)	(44,405)	-
Transfers to stage 2	(2,176,624)	2,187,421	(10,797)	-
Transfers to stage 3	(145,832)	(504,431)	650,263	-
Net change for the year	11,550,973	(191,348)	(118,654)	11,240,971
Write-offs	-	-	(289,881)	(289,881)
Gross exposure amount as at December 31, 2023	95,032,269	8,510,696	1,432,961	104,975,926

<b>September 30, 2023 (Unaudited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime ECL</b> <b>credit</b> <b>impaired)</b>	<b>Total</b>
Gross exposure amount as at January 1, 2023	84,596,478	8,181,923	1,246,435	94,024,836
Transfers to stage 1	443,946	(394,684)	(49,262)	-
Transfers to stage 2	(2,456,755)	2,465,509	(8,754)	-
Transfers to stage 3	(114,564)	(440,286)	554,850	-
Net change for the period	10,548,182	199,562	(41,751)	10,705,993
Write-offs	-	-	(171,258)	(171,258)
Gross exposure amount as at September 30, 2023	93,017,287	10,012,024	1,530,260	104,559,571

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

September 30, 2024 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
<b>Loss allowance as at January 1, 2024</b>	<b>344,385</b>	<b>1,456,571</b>	<b>1,094,905</b>	<b>2,895,861</b>
Transfers to stage 1	930	(727)	(203)	-
Transfers to stage 2	(127,220)	127,765	(545)	-
Transfers to stage 3	(72,707)	(120,458)	193,165	-
Net charge / (reversal) for the period	183,003	25,027	(9,636)	198,394
Write-offs	-	-	(325,725)	(325,725)
<b>Loss allowance as at September 30, 2024</b>	<b>328,391</b>	<b>1,488,178</b>	<b>951,961</b>	<b>2,768,530</b>
<hr/>				
December 31, 2023 (Audited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	451,548	1,500,744	893,339	2,845,631
Transfers to stage 1	50,807	(50,467)	(340)	-
Transfers to stage 2	(182,476)	185,384	(2,908)	-
Transfers to stage 3	(106,593)	(348,036)	454,629	-
Net charge for the year	131,099	168,946	40,066	340,111
Write-offs	-	-	(289,881)	(289,881)
Loss allowance as at December 31, 2023	344,385	1,456,571	1,094,905	2,895,861
<hr/>				
September 30, 2023 (Unaudited) SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	451,548	1,500,744	893,339	2,845,631
Transfers to stage 1	3,868	(3,522)	(346)	-
Transfers to stage 2	(129,421)	131,462	(2,041)	-
Transfers to stage 3	(69,311)	(289,094)	358,405	-
Net charge for the period	40,477	203,604	38,476	282,557
Write-offs	-	-	(171,258)	(171,258)
Loss allowance as at September 30, 2023	297,161	1,543,194	1,116,575	2,956,930

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Customers' deposits comprised of the following:

	<b>September 30, 2024</b>	December 31, 2023	September 30, 2023
	<b>SAR'000</b>	SAR'000	SAR'000
	<b>(Unaudited)</b>	(Audited)	(Unaudited)
Demand	<b>43,614,323</b>	42,878,418	41,875,649
Direct investment	<b>43,690,429</b>	36,641,769	39,303,978
Albilad account (Mudarabah)	<b>31,874,664</b>	30,410,877	24,891,096
Others	<b>3,162,895</b>	2,900,181	2,844,441
<b>Total</b>	<b>122,342,311</b>	112,831,245	108,915,164

**8. SUKUK**

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

**9. COMMITMENTS AND CONTINGENCIES**

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

	<b>September 30, 2024</b>	December 31, 2023	September 30, 2023
	<b>SAR' 000</b>	SAR' 000	SAR' 000
	<b>(Unaudited)</b>	(Audited)	(Unaudited)
Letters of guarantee	<b>14,634,280</b>	14,636,202	14,430,371
Letters of credit	<b>1,725,194</b>	2,151,601	1,738,022
Acceptances	<b>467,968</b>	723,129	804,704
Irrevocable commitments to extend credit	<b>1,839,783</b>	1,380,747	1,369,153
<b>Total</b>	<b>18,667,225</b>	18,891,679	18,342,250



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

<b>September 30, 2024 (Unaudited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime</b> <b>ECL credit</b> <b>impaired)</b>	<b>Total</b>
<b>Gross exposure amount as at January 1, 2024</b>	<b>17,400,550</b>	<b>1,252,202</b>	<b>238,927</b>	<b>18,891,679</b>
Transfers to stage 1	102,481	(102,481)	-	-
Transfers to stage 2	(214,808)	214,808	-	-
Transfers to stage 3	-	(35,815)	35,815	-
Net change for the period	187,292	(308,581)	(103,165)	(224,454)
<b>Gross exposure amount as at September 30, 2024</b>	<b>17,475,515</b>	<b>1,020,133</b>	<b>171,577</b>	<b>18,667,225</b>
<b>December 31, 2023 (Audited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime ECL</b> <b>credit</b> <b>impaired)</b>	<b>Total</b>
Gross exposure amount as at January 1, 2023	12,954,374	1,242,085	294,651	14,491,110
Transfers to stage 1	33,851	(33,851)	-	-
Transfers to stage 2	(412,886)	412,886	-	-
Net change for the year	4,825,211	(368,918)	(55,724)	4,400,569
Gross exposure amount as at December 31, 2023	17,400,550	1,252,202	238,927	18,891,679
<b>September 30, 2023 (Unaudited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime ECL</b> <b>credit</b> <b>impaired)</b>	<b>Total</b>
Gross exposure amount as at January 1, 2023	12,954,374	1,242,085	294,651	14,491,110
Transfers to stage 1	30,955	(30,955)	-	-
Transfers to stage 2	(1,675,231)	1,675,231	-	-
Net change for the period	3,972,815	(77,040)	(44,635)	3,851,140
Gross exposure amount as at September 30, 2023	15,282,913	2,809,321	250,016	18,342,250

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

<b>September 30, 2024 (Unaudited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime ECL</b> <b>credit</b> <b>impaired)</b>	<b>Total</b>
<b>Loss allowance as at January 1, 2024</b>	<b>58,018</b>	<b>12,600</b>	<b>65,329</b>	<b>135,947</b>
Transfers to stage 1	14	(14)	-	-
Transfers to stage 2	(50)	50	-	-
Transfers to stage 3	-	(10,325)	10,325	-
Net (reversal) / charge for the period	(12,112)	3,301	(3,195)	(12,006)
<b>Loss allowance as at September 30, 2024</b>	<b>45,870</b>	<b>5,612</b>	<b>72,459</b>	<b>123,941</b>
<b>December 31, 2023 (Audited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime ECL</b> <b>credit</b> <b>impaired)</b>	<b>Total</b>
Loss allowance as at January 1, 2023	50,526	6,161	96,873	153,560
Transfers to stage 1	5	(5)	-	-
Transfers to stage 2	(4,169)	4,169	-	-
Net charge / (reversal) for the year	11,656	2,275	(31,544)	(17,613)
Loss allowance as at December 31, 2023	58,018	12,600	65,329	135,947
<b>September 30, 2023 (Unaudited)</b> <b>SAR' 000</b>	<b>Stage 1</b> <b>(12-month</b> <b>ECL)</b>	<b>Stage 2</b> <b>(Lifetime ECL</b> <b>not credit</b> <b>impaired)</b>	<b>Stage 3</b> <b>(Lifetime ECL</b> <b>credit</b> <b>impaired)</b>	<b>Total</b>
Loss allowance as at January 1, 2023	50,526	6,161	96,873	153,560
Transfers to stage 1	12	(12)	-	-
Transfers to stage 2	(2,802)	2,802	-	-
Net charge / (reversal) for the period	14,704	8,672	(20,689)	2,687
Loss allowance as at September 30, 2023	62,440	17,623	76,184	156,247

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

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

September 30, 2024 (Unaudited) SAR in '000'	Positive fair value	Negative fair value	Notional amount Total	Effective portion of change in the fair value of cash flow hedges	Ineffective portion of change in the fair value of cash flow hedges
<b>Held for trading:</b>					
Profit rate swaps	12,692	(11,201)	1,231,749	-	-
Forward foreign exchange contracts	3,113	(1,492)	3,272,706	-	-
<b>Held as cash flow hedges:</b>					
Profit rate swaps	-	(17,467)	600,000	(12,835)	-
<b>Total</b>	<b>15,805</b>	<b>(30,160)</b>	<b>5,104,455</b>	<b>(12,835)</b>	<b>-</b>

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

September 30, 2023 (Unaudited) SAR in '000'	Positive fair value	Negative fair value	Notional amount Total	Effective portion of change in the fair value of cash flow hedges	Ineffective portion of change in the fair value of cash flow hedges
<b>Held for trading:</b>					
Profit rate swaps	40,557	(38,021)	1,311,143	-	-
Forward foreign exchange contracts	5,786	(5,014)	967,973	-	-
<b>Total</b>	<b>46,343</b>	<b>(43,035)</b>	<b>2,279,116</b>	<b>-</b>	<b>-</b>

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

	<b>September 30, 2024 SAR' 000 (Unaudited)</b>	<b>December 31, 2023 SAR' 000 (Audited)</b>	<b>September 30, 2023 SAR' 000 (Unaudited)</b>
Cash and balances with Saudi Central Bank (excluding statutory deposit)	<b>6,045,563</b>	1,535,339	2,141,275
Due from banks and other financial institutions (maturing within ninety days from acquisition)	<b>6,079,125</b>	5,334,138	1,763,409
<b>Total</b>	<b>12,124,688</b>	6,869,477	3,904,684

**12. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

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

**Determination of fair value and fair value hierarchy**

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

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

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

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

SAR' 000	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>September 30, 2024 (unaudited)</b>					
<b>Financial assets measured at fair value</b>					
Held as FVSI mutual funds	1,019,654	94,710	924,944	-	1,019,654
Held as FVSI equity instruments	74,204	74,204	-	-	74,204
Held as FVOCI equity instruments	475,821	314,881	-	160,940	475,821
Held as FVOCI debt instruments	7,126,950	6,733,461	393,489	-	7,126,950
<b>Financial assets not measured at fair value</b>					
Due from banks and other financial institutions, net	8,444,285	-	-	8,444,285	8,444,285
Investments held at amortized cost	14,303,027	10,310,405	3,456,976	-	13,767,381
Financing, net	106,695,413	-	-	107,053,044	107,053,044
<b>December 31, 2023 (audited)</b>					
<b>Financial assets measured at fair value</b>					
Held as FVSI mutual funds	994,619	76,946	917,673	-	994,619
Held as FVSI equity instruments	67,263	67,263	-	-	67,263
Held as FVOCI equity instruments	451,571	300,041	-	151,530	451,571
Held as FVOCI debt instruments	6,242,024	5,631,950	610,074	-	6,242,024
<b>Financial assets not measured at fair value</b>					
Due from banks and other financial institutions, net	8,170,094	-	-	8,170,094	8,170,094
Investments held at amortized cost	14,324,441	9,075,916	4,411,371	-	13,487,287
Financing, net	102,080,065	-	-	102,241,157	102,241,157
<b>September 30, 2023 (unaudited)</b>					
<b>Financial assets measured at fair value</b>					
Held as FVSI mutual funds	983,024	75,173	907,851	-	983,024
Held as FVSI equity instruments	67,705	67,705	-	-	67,705
Held as FVOCI equity instruments	539,188	387,658	-	151,530	539,188
Held as FVOCI debt instruments	5,999,960	621,517	5,378,443	-	5,999,960
<b>Financial assets not measured at fair value</b>					
Due from banks and other financial institutions, net	3,731,520	-	-	3,731,520	3,731,520
Investments held at amortized cost	13,993,895	4,431,119	-	9,562,776	13,993,895
Financing, net	101,602,641	-	-	100,787,340	100,787,340

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SAR' 000	<u>Carrying value</u>	Fair value			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>September 30, 2024 (unaudited)</b>					
<b>Financial liabilities not measured at fair value</b>					
Due to banks, Saudi Central Bank and other financial institutions	4,107,860	-	-	4,107,860	4,107,860
Customers' deposits	122,342,311	-	-	122,342,311	122,342,311
Sukuk	3,050,981	-	-	3,050,981	3,050,981

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

SAR' 000	<u>Carrying value</u>	Fair value			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>September 30, 2023 (unaudited)</b>					
<b>Financial liabilities not measured at fair value</b>					
Due to banks, Saudi Central Bank and other financial institutions	4,044,007	-	-	4,044,007	4,044,007
Customers' deposits	108,915,164	-	-	108,915,164	108,915,164
Sukuk	3,048,727	-	-	3,048,727	3,048,727

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

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

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

**Valuation technique and significant unobservable inputs:**

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

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

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

**Reconciliation of level 3 fair values held as FVOCI**

	<b>September 30, 2024 SAR' 000 (Unaudited)</b>	<b>December 31, 2023 SAR' 000 (Audited)</b>	<b>September 30, 2023 SAR' 000 (Unaudited)</b>
<b>Balance at the beginning of the period</b>	<b>151,530</b>	104,123	104,123
<b>Gain / (loss) included in OCI</b>			
Net changes in fair value (unrealised)	<b>9,410</b>	47,407	47,407
<b>Balance at the end of the period</b>	<b>160,940</b>	151,530	151,530

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

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

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

**Retail banking**

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

**Corporate banking**

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

**Treasury**

Money market and treasury services.

**Investment banking and brokerage**

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

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

The Group’s total operating income and expenses, and net income before zakat, for the nine month period then ended, for each segment are as follows:

	September 30, 2024 (Unaudited)				Total
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	
<b>SAR’000</b>					
Income from investing and financing assets, net	1,316,157	1,238,613	610,962	123,556	3,289,288
Fee, commission and other income, net	358,603	147,573	226,742	173,164	906,082
<b>Total operating income</b>	<b>1,674,760</b>	<b>1,386,186</b>	<b>837,704</b>	<b>296,720</b>	<b>4,195,370</b>
<b>Impairment charge/(reversal) for expected credit losses, net</b>	<b>168,496</b>	<b>17,892</b>	<b>(138)</b>	<b>1,145</b>	<b>187,395</b>
<b>Depreciation and amortization</b>	<b>169,085</b>	<b>27,117</b>	<b>5,066</b>	<b>1,726</b>	<b>202,994</b>
<b>Total operating expenses</b>	<b>1,454,798</b>	<b>280,077</b>	<b>82,406</b>	<b>129,947</b>	<b>1,947,228</b>
<b>Net income for the period before zakat</b>	<b>219,962</b>	<b>1,106,109</b>	<b>755,298</b>	<b>166,773</b>	<b>2,248,142</b>



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SAR'000	September 30, 2023 (Unaudited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
Income from investing and financing assets, net	1,405,963	1,234,519	385,359	79,676	3,105,517
Fee, commission and other income, net	373,593	103,087	244,592	138,701	859,973
Total operating income	1,779,556	1,337,606	629,951	218,377	3,965,490
Impairment charge/(reversal) for expected credit losses, net	58,300	247,234	(33,101)	4,386	276,819
Depreciation and amortization	184,860	27,026	4,299	2,182	218,367
Total operating expenses	1,356,728	486,945	43,969	113,560	2,001,202
Net income for the period before zakat	422,828	850,661	585,982	104,817	1,964,288

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

SAR'000	September 30, 2024 (Unaudited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
<b>Total assets</b>	<b>67,031,872</b>	<b>53,928,051</b>	<b>31,592,496</b>	<b>1,169,755</b>	<b>153,722,174</b>
<b>Total liabilities</b>	<b>67,313,461</b>	<b>33,988,325</b>	<b>36,195,172</b>	<b>93,353</b>	<b>137,590,311</b>

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

SAR'000	September 30, 2023 (Unaudited)				
	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
Total assets	59,033,201	52,199,267	25,256,004	1,084,685	137,573,157
Total liabilities	60,159,292	26,483,209	36,223,117	94,901	122,960,519

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### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024 (UNAUDITED)**

#### **14. SHARE CAPITAL AND BONUS SHARES**

The authorized, issued and fully paid share capital of the Bank consists of 1,250 million shares of SAR 10 each (September 30, 2023: 1,000 million shares of SAR 10 each).

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

#### **15. DIVIDEND**

The Board of Directors' recommended to the General Assembly to distribute cash dividends of SAR 500 million to shareholders for the year 2022 in the meeting held on December 29, 2022 corresponding to Jumada Al-Thani 5, 1444. The dividends distribution has been approved in the Extraordinary General Assembly meeting that has been held on May 1, 2023 corresponding to Shawwal 11, 1444, and dividends have been distributed to the registered shareholder's starting from May 10, 2023 corresponding to Shawwal 20, 1444.

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

The Board of Directors' resolved to distribute interim cash dividends of SAR 625 million to shareholders for the first half of 2024 in the meeting held on Rabi Alawal 2, 1446H (corresponding to September 5, 2024) and the dividends have been distributed.

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

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

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2024 (UNAUDITED)

#### 17. RELATED PARTY BALANCES AND TRANSACTIONS

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

The nature and balances of transactions with the related parties for the nine month period ended September 30 are as follows:

	<u>2024</u> <u>SAR' 000</u>	<u>2023</u> <u>SAR' 000</u>
<b>a. Directors, key management personnel, other major shareholders, their affiliates balances and others:</b>		
• Financing	2,519,009	2,331,467
• Commitments and contingencies	133,363	117,005
• Customers' deposits	114,038	80,938
	<u>2024</u> <u>SAR' 000</u>	<u>2023</u> <u>SAR' 000</u>
<b>b. Group's mutual funds:</b>		
These are the outstanding balances with Group's mutual funds as of September 30:		
• Customers' deposits	32,584	11,822
• Investments	397,094	356,637
<b>c. Income and expense:</b>		
<b>Directors, Key management personnel, other major shareholders and their affiliates and mutual funds managed by the Group:</b>		
	<u>2024</u> <u>SAR' 000</u>	<u>2023</u> <u>SAR' 000</u>
• Income	245,345	201,528
• Expenses	13,706	13,431
<b>d. The total amount of compensation paid to key management personnel for the nine month period ended September 30 is as follows:</b>		
	<u>2024</u> <u>SAR' 000</u>	<u>2023</u> <u>SAR' 000</u>
• Employee benefits	158,201	149,876

#### 18. CAPITAL ADEQUACY

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

Capital adequacy and the use of regulatory capital are monitored regularly by the Group's management. Saudi Central Bank requires holding the minimum level of the regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted asset at or above the agreed minimum of 8%.

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

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

	<b>September 30, 2024 SAR' 000 (Unaudited)</b>	<b>December 31, 2023 SAR' 000 (Audited)</b>	<b>September 30, 2023 SAR' 000 (Unaudited)</b>
Credit Risk RWA	<b>102,580,134</b>	102,026,814	100,173,953
Operational Risk RWA	<b>6,479,677</b>	6,066,316	6,066,316
Market Risk RWA	<b>1,453,874</b>	2,007,432	710,691
<b>Total Pillar-I RWA</b>	<b>110,513,685</b>	<b>110,100,562</b>	<b>106,950,960</b>
Tier I Capital	<b>16,131,863</b>	15,281,887	14,636,415
Tier II Capital	<b>4,281,352</b>	4,273,911	4,252,174
<b>Total Tier I &amp; II Capital</b>	<b>20,413,215</b>	<b>19,555,798</b>	<b>18,888,589</b>
<b>Capital Adequacy Ratio %</b>			
Common Equity Tier I ratio	<b>14.60%</b>	13.88%	13.69%
Tier I ratio	<b>14.60%</b>	13.88%	13.69%
Tier I + Tier II ratio	<b>18.47%</b>	17.76%	17.66%

**19. MORTGAGE SUPPORT PROGRAM FROM REAL ESTATE DEVELOPMENT FUND ("REDF")**

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

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

**20. BOARD OF DIRECTORS' APPROVAL**

These interim condensed consolidated financial statements were authorised for issue by the Bank's Board of Directors on Rabi' Al-Thani 24, 1446H (corresponding to October 27, 2024).