

06

Independent Auditor's Report	158
Consolidated Statement of Financial Position	165
Consolidated Statement of Income	166
Consolidated Statement of Comprehensive Income	167
Consolidated Statement of Changes in Equity	168
Consolidated Statement of Cash Flows	169
Notes to the Consolidated Financial Statements	170

Financial Statements



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Independent Auditors’ Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of The Saudi Investment Bank (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with that Code’s requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors’ Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)
(continued)

Key audit matter	How our audit addressed the key audit matter
<i>Expected credit losses over loans and advances</i> As of December 31, 2025, the gross loans and advances of the Group were Saudi Riyals (SAR) 114.1 billion (2024: SAR 101.1 billion) against which an allowance for expected credit losses (“ECL”) of SAR 2.0 billion (2024: SAR 1.7 billion) was maintained. The determination of the allowance for ECL requires management to make significant estimates and apply significant judgements. This has a material impact on the consolidated financial statements of the Group. The key areas of judgment include: 1. Categorisation of loans and advances in Stage 1, 2 and 3 based on the identification of: (a) exposures with a significant increase in credit risk (“SICR”) since their origination; and (b) credit impaired exposures. In accordance with the requirements of IFRS 9 Financial Instruments (‘IFRS 9’), the Group measures ECL based on the credit losses expected to arise over the next twelve months (‘12 month ECL’), unless there has been a significant increase in credit risk since origination or default, in which case, the allowance is based on the ECL expected to arise over the life of the loans and advances (‘Lifetime ECL’).	We obtained and updated our understanding of management’s process for the assessment of allowance for ECL against loans and advances as required by IFRS 9, the Group’s allowance for ECL policy and the ECL modelling methodology including any key changes made during the year and identified the key controls in this process. We assessed the design and implementation, and tested the operating effectiveness of the key controls. We assessed the Group’s allowance for ECL policy and ECL methodology against the requirements of IFRS 9. We assessed the ECL modelling process, including governance over the models, its validation during the year, including approval of key assumptions and post model adjustments; For a sample of customers, we assessed: • the classification of loans and advances into Stages 1, 2 and 3, in accordance with IFRS 9, namely identification of SICR and determination credit impaired exposures; • the internal ratings determined by management based on the Group’s internal rating model and also assessed that these were consistent with the ratings used as inputs in the ECL model; • the arithmetical accuracy of management’s computation of ECL; and • management’s assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.



Independent Auditors’ Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)
(continued)

Key audit matter	How our audit addressed the key audit matter
<i>Expected credit losses over loans and advances (continued)</i> 2. Assumptions used in the ECL model for determining probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”), including but not limited to, assessment of the financial condition of the borrowers, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages. 3. The need to apply post model overlays using expert credit judgement to reflect all relevant risk factors, that might not have been captured by the ECL model. We considered this as a key audit matter as the application of these judgments and estimates, results in greater estimation uncertainty and associated audit risk around the determination of the allowance for ECL as of December 31, 2025. <i>Refer to the summary of material accounting policies note 3(c)(vi) relating to impairment of financial assets, note 2(d)(i) which contains the disclosure of critical accounting judgments, estimates and assumptions relating to impairment losses on financial assets and the impairment assessment methodology used by the Group, note 7 and note 30 which contains the disclosure of impairment against loans and advances, details of credit quality analysis and key assumptions and factors considered in the determination of ECL.</i>	We assessed the governance process implemented and the qualitative factors considered by the Group when applying any overlays or making any adjustment to the output from the ECL model, due to data or model limitations or otherwise. We assessed the underlying assumptions used by the Group in the ECL model, including forward looking assumptions, keeping in view the uncertainty and volatility in economic scenarios. We tested the completeness and accuracy of data supporting the ECL calculation as at December 31, 2025. We read the minutes of the ECL Committee meetings, where the inputs, assumptions and ECL adequacy were discussed and approved Where required, we involved our specialists to assist us in testing model calculations, evaluating interrelated inputs and assessing reasonableness of assumptions used in the ECL model, particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights and assumptions used in any post model overlays. We assessed the adequacy of related disclosures in the consolidated financial statements against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.



Independent Auditors’ Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)
(continued)

Key audit matter	How our audit addressed the key audit matter
<i>Derivative financial instruments and hedge accounting</i> As of December 31, 2025, the positive and negative fair value of derivatives held by the Group, amounted to SAR 622 million and SAR 48 million respectively (2024: SAR 526 million and SAR 59 million, respectively). These derivatives are valued at fair value with any fair value adjustments being presented in profit or loss The Group has entered into various derivative transactions, including, forward foreign exchange contracts, special commission rates instruments and Special commssion rates swaps options derivative contracts are over the counter (OTC) derivatives that are not traded in active markets and hence the valuation of these contracts is subjective as it takes into account a number of assumptions which often involves the exercise of judgement by management and model calibrations, including adjustments to the counterparty's own credit risk. The majority of these derivatives are held for trading. However, the Group utilises certain derivatives for hedge accounting purposes in the consolidated financial statements for hedging fair value risks An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and in case of hedge ineffectiveness, impact the hedge accounting as well.. We considered this as a key audit matter due to the complexity and subjectivity involved in determining the valuation and where appropriate, hedge effectiveness. <i>Refer to note 3 (f) of the consolidated financial statements for the accounting policy relating to the valuation of derivatives and note 11 which explains the derivative positions and valuation methodology used by the Group.</i>	We assessed the design and implementation, and on a sample basis tested the operating effectiveness, of the key controls over management’s process for valuation of derivatives and hedge accounting, including the testing of relevant automated and manual controls covering the fair valuation process for derivatives. We selected a sample of derivatives and: • Tested the accuracy of the initial recording of the derivatives in the accounting records by comparing the terms and conditions with relevant agreements and deal confirmations; • assessed the key inputs to the derivative valuation models; • involved our internal experts to assist us in re-performing valuations of the derivatives and compare the result with management's valuation; and • considered the hedge effectiveness testing performed by the Group and assessed the related hedge accounting. We assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the reuirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.



Independent Auditors' Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)
(continued)

Other Information included in the Group's 2025 annual report

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The Group's 2025 annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, the applicable provision of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists.



Independent Auditors' Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)
(continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management .
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.



Independent Auditors’ Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)
(continued)

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable provision of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank’s By-laws in so far as they affect the preparation and presentation of the consolidated financial statements for the year ended December 31, 2025.

Ernst & Young Professional Services



Waleed G. Tawfiq
Certified Public Accountant
License No. 437



Sha’ban 20, 1447 H
February 8, 2026



Deloitte and Touche & Co.
Chartered Accountants



Tariq Bin Mohammed Al-Fattani
Certified Public Accountant
License No. 446



The Saudi Investment Bank
Consolidated Statement of Financial Position
As of December 31, 2025 and 2024

	Notes	2025 S'000	2024 Restated S'000
ASSETS			
Cash and balances with Saudi Central Bank	4a	6,130,601	9,918,878
Due from banks and other financial institutions, net	5a,31c	1,620,994	1,314,000
Investments, net	6a	47,196,978	40,834,059
Positive fair values of derivatives, net	11c,31a	622,360	526,498
Loans and advances, net	7a,31c	112,069,952	99,466,490
Investments in associates	8b	1,083,124	1,022,418
Other real estate	30c	593,010	858,830
Property, equipment, and right of use assets, net	9a,9b	1,235,121	1,245,910
Intangible assets, net	9c	818,858	630,573
Other assets, net	10a	1,349,278	1,251,775
Total assets		172,720,276	157,069,431
LIABILITIES AND EQUITY			
Liabilities			
Due to banks, Saudi Central Bank and other financial institutions, net	12a,31c	35,559,086	39,900,998
Customers’ deposits	13a,31c	109,619,007	94,013,131
Term Loans, net	14	2,789,722	-
Negative fair values of derivatives, net	11c,31a	47,714	58,757
Other liabilities	15a	2,271,275	1,965,188
Total liabilities		150,286,804	135,938,074
Equity			
Share capital	16a	12,500,000	12,500,000
Statutory reserve	17	2,414,500	1,806,500
Other reserves	16b	(361,424)	(565,009)
Treasury Shares	37	(34,979)	(34,979)
Retained earnings		2,602,875	2,112,345
Shareholders’ equity		17,120,972	15,818,857
Tier I Sukuk	36	5,312,500	5,312,500
Total equity		22,433,472	21,131,357
Total liabilities and equity		172,720,276	157,069,431

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.



Abdulatif Al-Seif
Chairman



Faisal Al-Omran
Chief Executive Officer



Ahmed Al-Mohsen
Chief Financial Officer

The Saudi Investment Bank

Consolidated Statement of Income

For the years ended December 31, 2025 and 2024

	Notes	2025 ﷲ'000	2024 ﷲ'000
Special commission income	20	9,691,999	8,864,079
Special commission expense	20	(6,164,231)	(5,327,387)
Net special commission income		3,527,768	3,536,692
Fee income from banking services	21	709,724	757,594
Fee expense from banking services	21	(335,497)	(414,740)
Net fee income from banking services		374,227	342,854
Exchange income, net		257,465	207,580
Unrealized gain on FVTPL financial instruments, net		87,459	89,646
Gains on disposals of FVOCI debt securities, net	22	11,123	1,215
Other income		536,140	61
Total operating income		4,794,182	4,178,048
Salaries and employee-related expenses	23a	835,542	822,360
Rent and premises related expenses		61,049	61,119
Depreciation and amortization	9	184,790	176,827
Other general and administrative expenses	38b	642,106	674,195
Operating expenses before provisions for credit and other losses		1,723,487	1,734,501
Provisions for credit and other losses	38a	354,858	289,954
Total operating expenses		2,078,345	2,024,455
Operating income		2,715,837	2,153,593
Share in earnings of associates	8b	124,683	116,279
Income before provisions for Zakat		2,840,520	2,269,872
Provisions for Zakat	25	409,035	313,242
Net income		2,431,485	1,956,630
Basic and diluted earnings per share (expressed in ﷲ per share)	24a	1.68	1.43

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.



Abdulatif Al-Seif
Chairman



Faisal Al-Omran
Chief Executive Officer



Ahmed Al-Mohsen
Chief Financial Officer

The Saudi Investment Bank

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2025 and 2024

	Notes	2025 ﷲ'000	2024 Restated ﷲ'000
Net income		2,431,485	1,956,630
Other comprehensive income / (loss)			
Items that cannot be reclassified to the consolidated statement of income in subsequent periods:			
Net change in fair value of equity investments held at fair value through other comprehensive income		(219,804)	273,179
Net amount transferred to retained earnings on disposal of equity investments held at fair value through other comprehensive income		(364)	2,843
Net change in present value of defined benefit obligations due to change in actuarial assumptions		(831)	(21,302)
Items that will be reclassified to the consolidated statement of income in subsequent periods:			
Net change in fair value of debt securities held at fair value through other comprehensive income		435,869	(162,520)
Net change in expected credit loss impairment provision		(574)	(966)
Share of other comprehensive income from Associates	8b	48	(5,502)
Fair value gains transferred to the consolidated statement of income on disposals of FVOCI debt securities, net	22	(11,123)	(1,215)
Total other comprehensive income		203,221	84,517
Total comprehensive income attributable to equity shareholders		2,634,706	2,041,147

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.



Abdulatif Al-Seif
Chairman



Faisal Al-Omran
Chief Executive Officer



Ahmed Al-Mohsen
Chief Financial Officer

The Saudi Investment Bank

Consolidated Statement of Changes in Equity

For the years ended December 31, 2025 and 2024

2025 ٬'000									
Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Treasury Shares	Shareholders' equity	Tier I Sukuk	Total equity	
Balances at the beginning of the year	12,500,000	1,806,500	(565,009)	2,112,345	(34,979)	15,818,857	5,312,500	21,131,357	
Net income	-	-	-	2,431,485	-	2,431,485	-	2,431,485	
Total other comprehensive income	-	-	203,221	-	-	203,221	-	203,221	
Total comprehensive income	-	-	203,221	2,431,485	-	2,634,706	-	2,634,706	
Tier I Sukuk costs	-	-	-	(334,731)	-	(334,731)	-	(334,731)	
Realized gain on disposal of FVOCI equity securities	-	-	364	(364)	-	-	-	-	
Dividends paid	18	-	-	(997,860)	-	(997,860)	-	(997,860)	
Transfer to statutory reserve	17	608,000	-	(608,000)	-	-	-	-	
Balances at the end of the year	12,500,000	2,414,500	(361,424)	2,602,875	(34,979)	17,120,972	5,312,500	22,433,472	

2024 ٬'000 - Restated									
Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Treasury Shares	Shareholders' equity	Tier I Sukuk	Total equity	
Balances at the beginning of the year - restated	10,000,000	3,817,000	(646,683)	1,711,461	-	14,881,778	2,715,000	17,596,778	
Net income	-	-	-	1,956,630	-	1,956,630	-	1,956,630	
Total other comprehensive income	-	-	84,517	-	-	84,517	-	84,517	
Total comprehensive income	-	-	84,517	1,956,630	-	2,041,147	-	2,041,147	
Tier I Sukuk costs	-	-	-	(169,558)	-	(169,558)	-	(169,558)	
Realized gain on disposal of FVOCI equity securities	-	-	(2,843)	2,843	-	-	-	-	
Increase in share capital through issuance of bonus shares	18	2,500,000	(2,500,000)	-	-	-	-	-	
Dividends paid	18	-	-	(899,531)	-	(899,531)	-	(899,531)	
Treasury shares purchased	37	-	-	-	(34,979)	(34,979)	-	(34,979)	
Repayment of Tier I Sukuk	39	-	-	-	-	-	(215,000)	(215,000)	
Additional Tier I Sukuk issued	36	-	-	-	-	-	2,812,500	2,812,500	
Transfer to statutory reserve	17	489,500	-	(489,500)	-	-	-	-	
Balances at the end of the year	12,500,000	1,806,500	(565,009)	2,112,345	(34,979)	15,818,857	5,312,500	21,131,357	

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Abdulatif Al-Seif
Chairman

Faisal Al-Omran
Chief Executive Officer

Ahmed Al-Mohsen
Chief Financial Officer

The Saudi Investment Bank

Consolidated Statement of Cash Flows

For the years ended December 31, 2025 and 2024

Notes	2025 ٬'000	2024 ٬'000
OPERATING ACTIVITIES		
Income before provisions for Zakat	2,840,520	2,269,872
Adjustments to reconcile net income to net cash generated from operating activities		
Net accretion of discounts and amortization of premiums on investments	(87,845)	(67,506)
Net change in deferred loan fee	(79,098)	(86,527)
Gains on sales of property and equipment	-	(61)
Gains on disposals of FVOCI debt securities, net	22	(1,215)
Unrealized gain on FVTPL financial instruments, net	(87,459)	(89,646)
Depreciation and amortization	9	184,790
Lease interest expense	9b	10,120
Provision of end of service benefit obligation	35a	45,213
Net effect of commission free deposit from Saudi central Bank	(14,504)	(86,708)
Provisions for credit and other losses	38a	354,858
Share in earnings of associates	8b	(124,683)
	3,030,789	2,336,967
Net (increase) / decrease in operating assets:		
Statutory deposit with SAMA	(230,106)	(919,058)
Due from banks and other financial institutions maturing after three months from acquisition date	158,983	(155,922)
Loans and advances	(12,865,222)	(18,530,198)
Positive fair values of derivatives, net	(95,862)	158,938
Other real estate	30c	265,820
Other assets	(138,080)	(941,576)
Net increase / (decrease) in operating liabilities:		
Due to banks and other financial institutions, net	(4,341,912)	12,612,340
Customers' deposits	15,605,876	10,779,867
Negative fair value of derivatives, net	(11,043)	33,484
Other liabilities	319,388	(575,390)
Interest paid on lease liabilities	9b	(10,120)
	1,688,511	4,789,074
Zakat payments	(301,426)	(265,494)
Net cash generated from operating activities	1,387,085	4,523,580
INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	2,536,514	1,843,380
Purchase of investments	(8,613,661)	(9,839,364)
Dividends received from associates	8b	64,025
Purchase of property, equipment	(362,286)	(382,654)
Proceeds from disposal of property, equipment	-	61
Net cash used in investing activities	(6,375,408)	(8,322,273)
FINANCING ACTIVITIES		
Dividend paid	18	(997,860)
Proceeds from Term Loans, net	14	2,789,722
Payment of principal portion of lease liabilities	(20,423)	(28,267)
Repayment of Sukuks	39	-
Additional Tier I Sukuk issued	36	-
Treasury shares purchased	-	(34,979)
Tier I Sukuk cost	(334,731)	(169,558)
Net cash generated from financing activities	1,436,708	1,465,165
Net (decrease) in cash and cash equivalents	(3,551,616)	(2,333,528)
Cash and cash equivalents at the beginning of the year	4b	6,137,954
Cash and cash equivalents at the end of the year	4b	2,586,338
Supplemental special commission information		
Special commission received	9,455,304	8,570,619
Special commission paid	6,231,890	5,113,782
Other supplemental information		
Right of use assets	9b	156,311
Lease liabilities	9b	170,483

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Abdulatif Al-Seif
Chairman

Faisal Al-Omran
Chief Executive Officer

Ahmed Al-Mohsen
Chief Financial Officer

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

1. General

The Saudi Investment Bank (the “Bank”), a Saudi joint stock company, was formed pursuant to Royal Decree No. M/31 dated 25 Jumada II 1396H, corresponding to June 23, 1976 in the Kingdom of Saudi Arabia (“KSA”). The Bank operates under Commercial Registration No. 1010011570 dated 25 Rabie Awwal 1397H, corresponding to March 16, 1977 through its 50 branches (2024: 51 branches) in KSA. The address of the Bank’s Head Office is as follows:

The Saudi Investment Bank
Head Office
P. O. Box 3533
Riyadh 11481, KSA

The Bank offers a full range of commercial and retail banking services. The Bank also offers Shariah compliant (non-interest based) banking products and services, which are approved and supervised by an independent Shariah Board established by the Bank.

These consolidated financial statements include the financial statements of the Bank and the financial statements of the following subsidiaries (collectively referred to as the “Group” in these consolidated financial statements). The details of the Group’s significant subsidiaries are as follows:

Name of subsidiaries	Ownership		Functional Currency	Description
	December 31, 2025	December 31, 2024		
Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital)	100%	100%	ﷲ	A Saudi closed joint stock company, which is registered in KSA under Commercial Registration No. 1010235995 issued on 8 Rajab 1428H (corresponding to July 22, 2007). The principal activities of Alistithmar Capital include dealing in securities as principal and agent, underwriting, management of investment funds and private investment portfolios on behalf of customers, and arrangement, advisory and custody services relating to financial securities.
Saudi Investment Real Estate Company	100%	100%	ﷲ	A limited liability company, which is registered in KSA under commercial registration No. 101268297 issued on 29 Jumada Awwal 1430H (corresponding to May 25, 2009). The primary objective of the Company is to hold title deeds as collateral on behalf of the Bank for real estate related lending transactions.
SAIB Markets Limited Company	100%	100%	ﷲ	A Cayman Islands limited liability company, registered in the Caymans Islands on July 18, 2017, The objective of the Company is to conduct derivatives and repurchase activities on behalf of the Bank.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

2. Basis of preparation

References to the Bank hereafter in these consolidated financial statements refer to disclosures that are relevant only to the Bank and not collectively to the Group.

a) Statement of compliance

These consolidated financial statements as of and for the year ended December 31, 2025 have been prepared

- In accordance with ‘International Financial Reporting Standards’(IFRS) issued by International Accounting Standard Board and endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA); as collectively referred to IFRSs endorsed in KSA.
- In compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia.

b) Basis of measurement and presentation

The consolidated financial statements are prepared and presented under the historical cost convention except for the measurement at fair value of derivatives, financial assets held at fair value through income statement (FVIS), Fair value through other comprehensive income (FVOCI) - debt instruments and equity instruments and defined benefit obligations as per actuarial valuation. In addition, financial assets or liabilities that are carried at amortized cost but are hedged in a fair value hedging relationship are carried at fair value to the extent of the risk being hedged. The consolidated statement of financial position is presented broadly in order of liquidity.

c) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (ﷲ) which is the Group’s functional currency. Except as otherwise indicated, financial information presented in ﷲ has been rounded off to the nearest thousand.

d) Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in KSA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods. Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

- Classification of financial assets – assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (“SPPI”) on the principal amount outstanding (note 3c);
- Impairment losses on financial assets (note 2di) and non-financial assets (note 2diii);
- Fair value measurement (note 2dii);
- Determination of control over investment funds (note 2div);
- Determination of significant influence over investees, including assessment of potential voting rights (note 2dv);
- Going concern (note 2dvi);
- Lease liabilities – determination of lease terms and estimation of the Incremental Borrowing Rate (“IBR”) (note 2dvii);
- Depreciation and amortization (note 2dviii);
- Provisions for liabilities and charges (note 2dix);
- Employee benefit obligation – key actuarial assumptions (note 2dx);
- Zakat and;
- Classification of Tier I Sukuk (note 2dxi).

i) Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 - Financial Instruments across all categories of financial assets requires judgement, and in particular, the estimation of the amount and timing of future cash flows, collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, and the changes to these factors can result in different levels of impairment losses.

The Group’s Expected Credit Loss (“ECL”) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that required accounting judgements and estimates include:

- The Group’s internal credit grading model, which assigns Probability of Defaults (“PDs”) to individual grades;
- The Group’s criteria for assessing if there has been a significant increase in credit risk (“SICR”) where allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and economic inputs, such as Real Gross Domestic Product (“GDP”), Government expenditure, Interest rates and Consumer Price Index and collateral values, and the effect on PDs, Exposures at Default (“EADs”) and Loss Given Defaults (“LGDs”); and
- Selection of forward-looking macroeconomic scenarios and their probability weightages, to derive the economic inputs into the ECL models.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

ii) Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each consolidated statement of financial position date, except as disclosed in note 31c.

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. It assumes that transaction take place either:

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

The principal or the most advantageous market must be accessible to or by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, while maximizing the use of relevant observable market inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated statement of financial position are categorized within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1. Quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date (i.e., without modification or proxy);

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.

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

External subject matter experts are involved from time to time for the valuation of certain assets. Involvement of external subject matter experts is decided upon annually. Selection criteria include market knowledge, reputation, independence, and whether professional standards are maintained.

At each financial reporting date, the Group analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

The Saudi Investment Bank Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

iii) Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

iv) Determination of control over investment funds

The control indicators set out in note 3b are subject to management's judgement. The Group also acts as Fund Manager to several investment funds. Determining whether the Group controls individual investment funds usually focuses on the assessment of the aggregate economic interests of the Group in an individual fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated the financial statements of these funds.

v) Determination of significant influence over investees

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Management uses judgement when determining whether the Group has significant influence over investees. Management also considers the existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities.

In assessing whether potential voting rights contribute to significant influence, the Group examines all facts and circumstances (including the terms of exercise of the potential voting rights, the probable time frame to exercise the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential rights, except the intention of management and the financial ability to exercise or convert.

The key judgments applied in determination of significant influence over investees are set out in note 8b.

vi) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on the going concern basis.

The Saudi Investment Bank Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

vii) Determination of lease terms

In determining the lease terms for the purposes of calculation of lease liabilities and Right of Use ("ROU") leased assets, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease terms if the lease is reasonably certain to be extended or not terminated.

The Group also reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

viii) Depreciation and amortization

Management uses judgement when determining the periods used for purposes of calculating depreciation and amortization for property, equipment, ROU leased assets and Information Technology intangible assets. The judgement includes estimates of any residual values, the estimated periods over which future economic benefits will flow to the Group, and the choice of depreciation and amortization methods.

ix) Provisions for liabilities and charges

The Group receives legal claims against it in the normal course of business. Management makes judgments in assigning the risk that might exist in such claims. It also sets appropriate provisions against probable losses. The claims are recorded or disclosed, as appropriate, in the consolidated financial statements based on the best estimate of the amount required to settle the claim.

x) Employee Benefit obligations

The Group operates an end of service benefit plan for its employees based on the prevailing Saudi Labor laws. The liability for the plan is estimated in accordance with International Accounting Standard ("IAS") 19 – Employee Benefits as endorsed in KSA, by a qualified actuary using a projected unit credit method.

Accruals are made in accordance with actuarial valuation based on various actuarial assumptions while the benefit payments are discharged as and when the benefit payments are due. The key actuarial assumptions used to estimate the plan liability are disclosed in note 34b.

xi) Classification of Tier I Sukuk

The classification of Tier I Sukuk requires significant judgement as certain clauses of the Offering Circular require interpretation. The Group classifies, as part of equity, the Tier I Sukuk issued with no fixed redemption dates (Perpetual Sukuk) and not obliging the Group for payment of special commission upon the occurrence of a non-payment event or non-payment election, whereby the Group may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such a non-payment event or non-payment election represents that the remedies available to the Sukukholders are limited in number and scope and are very difficult to exercise.

The related initial costs and distributions thereon are recognized directly in the consolidated statement of changes in equity under retained earnings as "Tier I Sukuk costs".

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

3. Summary of material accounting policies

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

a) Changes in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2024 except for the below standards, interpretations, and amendments that became applicable for annual reporting periods beginning on or after January 1, 2025:

Standard, interpretation, amendments	Description	
Amendment to IAS 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

Prospective changes to the International Financial Reporting Framework

The Group has chosen not to early adopt the following new standards and amendments to IFRS Accounting Standards which have been issued but not yet effective for the Group’s accounting year beginning on or after January 1, 2025.

Standard, interpretation, amendments	Description	Effective date
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
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	January 1, 2026
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

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

The Group has assessed that these amendments have no significant impact on the consolidated financial statements.

b) Basis of consolidation

These consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as identified in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Changes are made to the accounting policies of the subsidiaries when necessary to align with the accounting policies of the Group.

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the investee and ceases when the Group loses control of the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect amount of its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights granted by equity instruments such as shares.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control summarized above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and
- Reclassifies the parent’s share of components previously recognized in Other Comprehensive Income (“OCI”) to the consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

All Intra-group balances and any income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

c) Financial assets and financial liabilities

i) Recognition and Initial measurement

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL.

Financial Assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at FVOCI

Debt Instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Special commission income and foreign exchange gains and losses are recognized in the consolidated statement of income.

Equity Investments

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument (i.e. share-by-share) basis.

Financial Assets at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual special commission revenue, maintaining a particular special commission rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets, or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and the expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is also based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group’s original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets in the future.

Financial assets that may be held for trading and for which performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held to both collect contractual cash flows and to sell the financial assets.

Assessments whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, “principal” is the fair value of the financial asset on initial recognition. “Special commission” is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money - e.g. periodical reset of special commission rates.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

iii) Classification of financial liabilities

The Group classifies its financial liabilities at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the expected special commission rate.

iv) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the consolidated statement of income.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, as the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group may retain the obligation to service a transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. However, an asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group may securitize various loans and advances to customers or investment securities, which generally result in the sale of these assets to unconsolidated securitization vehicles and the Bank transferring substantially all of the risks and rewards of ownership. The securitization vehicles in turn issue securities to investors. Interests in the securitized financial assets are generally retained in the form of senior or subordinated tranches, interest-only strips or other residual interests (retained interests). Retained interests are recognized as investment securities and carried at FVOCI. Gains or losses on securitization are recorded in the consolidated statement of income.

Any cumulative gain / loss recognized in OCI in respect of equity investment securities designated at FVOCI is not recognized in the consolidated statement of income on derecognition of such securities. Cumulative gains and losses recognized in OCI in respect of such equity investment securities are transferred to retained earnings on disposal. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

v) Modifications of financial assets and financial liabilities

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

In case the modification of asset does not result in de-recognition, the Group will recalculate the gross carrying amount of the asset by discounting the modified contractual cash-flows using Effective Interest Rate (EIR) prior to the modification. Any difference between the recalculated amount and the existing gross carrying amount is recognized in the consolidated statement of income for asset modification.

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the consolidated statement of income.

vi) Impairment

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are measured at amortized cost;
- debt instruments measured at FVOCI;
- financial guarantee contracts issued; and
- loan commitments issued.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured equal to a 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. ECL is measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

When discounting future cash flows, the following discount rates are used:

- Lease receivables: the discount rate used in measuring lease receivables;
- Undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- Financial Guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows
- Financial assets other than purchased or originated credit-impaired (POCI) : the original effective interest rate or an approximation thereof.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made to determine whether the financial asset should be derecognized and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities carried at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

In making an assessment as to whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market’s assessment of creditworthiness as reflected in the bond yields;
- The rating agencies’ assessments of creditworthiness;
- The country’s ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as ‘lender of last resort’ to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Presentation of the allowance for ECL in the consolidated statement of financial position

Allowances for credit losses are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: as an allowance in other liabilities;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as an allowance in other liabilities; and
- For debt securities measured at FVOCI, no loss allowance is recognized against financial assets because the carrying amount of these assets is considered fair value. However, the loss allowance is disclosed and is included in OCI.

vii) Collaterals

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank’s statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Bank’s policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold.

Assets determined to be useful for the internal operations, if any, are transferred to their relevant asset category at the fair value, if material. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank’s policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the Statement of financial position.

viii) Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated allowance for credit losses, the difference is first treated as an addition to the allowance and then applied against the gross carrying amount. Any subsequent recoveries are credited to provisions for credit losses.

The Saudi Investment Bank Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

ix) Offsetting financial instruments

Financial assets and liabilities are offset and are reported net in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts, when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

x) Financial guarantees and loan commitments

‘Financial guarantees’ are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

The premium received is recognized in the statement of income in Net fees and commission income on a straight-line basis over the life of the guarantee.

‘Loan commitments and letter of credits’ are firm commitments under which, over the duration of the commitments, the Bank is required to provide credit under pre-specified terms and conditions. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL is recorded.

Financial guarantees issued or commitments to provide loan at a below market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principle of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognized.

- The Bank issued no loan commitments that are measured at FVTPL.
- Allowances for credit losses arising from financial guarantees and loan commitments are included within other liabilities.

d) Investments in associates

Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting. An associate is an entity in which the Bank has significant influence (but not control) over financial and operating matters and which is neither a subsidiary nor a joint venture.

Investments in associates are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group’s share of the net assets of the associates, less any impairment in the value of individual investments. Share in earnings of associates includes the changes in the Group’s share of the net assets of the associates. The Group’s share of its associates post-acquisition income or losses is recognized in the consolidated statement of income and its share of post-acquisition movements in other comprehensive income is recognized in OCI included in shareholders’ equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Saudi Investment Bank Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Unrealized gains and losses on transactions between the Bank and its associates are eliminated to the extent of the Group’s interest in the associates.

The consolidated statement of income reflects the Group’s share of the results of operations of the associates. When there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains on transactions are eliminated to the extent of the Group’s interest in the investees. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The Group’s share of earnings in an associate is shown on the face of the consolidated statement of income, which represents the net earnings attributable to equity holders of an associate i.e. income after Zakat and Income tax and non-controlling interests.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on an investment in an associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the impairment loss in the consolidated statement of income.

When the ownership interest in an associate is reduced but significant influence is retained, the difference between the carrying amount of associate and the consideration received is recognized in the consolidated statement of income. Proportionate share of the amounts previously recognized in OCI are reclassified to consolidated statement of income, where appropriate upon reduction of ownership interest in an associate.

e) Settlement date accounting

All regular-way purchases and sales of financial assets are recognized and derecognized on the settlement date, i.e. the date the asset is delivered to the counterparty. When settlement date accounting is applied, the Bank accounts for any change in the fair value between the trade date and the settlement date in the same way as it accounts for the acquired asset. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

f) Derivative financial instruments and hedge accounting

Derivative financial instruments, including foreign exchange contracts, commission rate futures, forward rate agreements, currency and commission rate swaps, and currency and commission rate options (both written and purchased) are initially recognized at fair value on the date on which the derivatives contract is entered into and are subsequently re-measured at fair value in the consolidated statement of financial position with the transaction costs recognized in the consolidated statement of income. All derivatives are carried at their fair value as assets where the net fair value is positive and as liabilities where the net fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow methods, and pricing models, as appropriate.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

The treatment of changes in their fair value depends on their classification into the following categories:

i) Derivatives held for trading

Any changes in the fair value of derivatives that are held for trading purposes are taken directly to the consolidated statement of income and disclosed in trading income. Derivatives held for trading also include those derivatives which do not qualify for hedge accounting.

ii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- The host contract is not an asset in the scope of IFRS 9;
- The terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separate embedded derivatives are measured at fair value, with all changes in fair value recognized in the consolidated statement of income unless they form part of qualifying cash flow or net investment hedging relationship in which case all changes in fair value are recognized in the consolidated statement of comprehensive income.

iii) Hedge accounting

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rates, foreign currency, and credit risks, including exposures arising from highly probable forecasted transactions and firm commitments. In order to manage a particular risk, the Bank applies hedge accounting for transactions that meet specific criteria.

As permitted by IFRS 9 – Financial Instruments, the Group has elected to continue to apply the hedge accounting requirements of IAS 39 – Financial Instruments: Recognition and Measurement.

For the purpose of hedge accounting, hedges are classified into two categories:

- fair value hedges which hedge the exposure to changes in the fair value of a recognized asset or liability, (or assets or liabilities in the case of portfolio hedging), or an unrecognized firm commitment or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the reported net gain or loss; and
- cash flow hedges which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognized asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

In order to qualify for hedge accounting, the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged risk, and should be reliably measurable. At inception of the hedge, the risk management objective and strategy are documented including the identification of the hedging instrument, the related hedged item, the nature of the risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge.

At each hedge effectiveness assessment / reporting date, each hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, at inception and at each quarter end on an ongoing basis.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness if significant is recognized in the consolidated statement of income. For situations where the hedged item is a forecasted transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated statement of income.

Fair value hedges

When a derivative is designated as a hedging instrument in the hedge of a change in fair value of a recognized asset or liability or a firm commitment that could affect the consolidated statement of income, any gain or loss from re-measuring the hedging instruments to fair value is recognized immediately in the consolidated statement of income together with the change in the fair value of the attributable hedged risk in special commission income.

For hedged items measured at amortized cost, where the fair value hedge of a commission bearing financial instrument ceases to meet the criteria for hedge accounting or is sold, exercised or terminated, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective interest rate method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the consolidated statement of income.

g) Foreign currencies

Transactions in foreign currencies are translated into ﷲ at the exchange rates prevailing at transaction dates. Monetary assets and liabilities at year-end, denominated in foreign currencies, are translated into ﷲ at the exchange rates prevailing at the consolidated statement of financial position date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for effective interest rates and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. All differences arising on non-trading activities are taken to other non-operating income in the consolidated statement of income, with the exception of differences of foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity. Foreign exchange gains or losses on translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income except for differences arising on the retranslation of equity instruments or when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges to the extent hedges are effective. Translation gains or losses on non-monetary items carried at fair value are included as part of the fair value adjustment on investment securities available for sale, unless the non-monetary items have an effective hedging strategy.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

h) Share capital

Ordinary shares are classified as Shareholders' equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Group purchases own equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from equity attributable to the Shareholders of the Bank as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Shareholders of the Bank.

Shares held by the Bank are disclosed as treasury shares and deducted from Shareholders' equity.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

j) Revenue / expense recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group, and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

i) Special commission income and expense

Special commission income and expense for all special commission earning / bearing financial instruments are recognized in the consolidated statement of income on the effective special commission rate basis. The effective special commission rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective special commission rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of a financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective special commission rate and the change in carrying amount is recorded as special commission income or expense.

If the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, special commission income continues to be recognized on the effective special commission rate basis, based on the asset’s carrying value net of impairment provisions.

The calculation of the effective special commission rate considers all contractual terms of the financial instruments (prepayment, options etc.) and includes all fees paid or transaction costs, and discounts or premiums that are an integral part of the effective special commission rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Measurement of amortized cost and special commission income

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating special commission income and expense, the effective special commission rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

For financial assets that have become credit-impaired subsequent to initial recognition, special commission income is calculated by applying the effective special commission rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired then the calculation of special commission income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, special commission income is calculated by applying the credit-adjusted effective special commission rate to the amortized cost of the asset. The calculation of special commission income does not revert to a gross basis, even if the credit risk of the asset improves.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Rendering of services

The Group provides various services to its customers. These services are either rendered separately or bundled together with the rendering of other services.

Revenue from rendering of services related to share trading and fund management, trade finance, corporate finance and advisory and other banking services, are recognized at the point when services are rendered i.e. when performance obligation is satisfied.

ii) Exchange income / loss

Exchange income / loss is recognized when earned / incurred and in accordance with the principles included in note 3g.

iii) Fee income from banking services

Fees that are considered an integral to the effective special commission rate are deferred and included in the measurement of the relevant assets.

Fees from banking services that are not an integral component of the effective special commission rate calculation on a financial asset or liability are generally recognized on an accrual basis when the related service is provided.

Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis.

Fees received on asset management, custody services and other similar services that are provided over an extended period of time, are recognized over the period when the service is being provided.

Performance linked fees or fee components are recognized when the performance criteria is fulfilled.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred, together with the investment costs, and recognized as an adjustment to the effective special commission rate on the loan. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, and are recognized as expenses as the services are received or the transaction is completed.

iv) Dividend income

Dividend income is recognized when the right to receive payment is established.

v) Customer loyalty programs

The Group offers customer loyalty programs referred to as reward points, which allows customers to earn points that can be redeemed through certain partner outlets. The Group allocates a portion of the transaction price to the reward points awarded to members, based on estimates of costs of future redemptions. The amount of expense allocated to reward points is charged to the consolidated statement of income with a corresponding liability recognized in other liabilities. The cumulative amount of the liability related to unredeemed reward points is adjusted over time based on actual redemption experience and current and expected trends with respect to future redemptions.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

i) Repurchase agreements and reverse repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repurchase agreements) continue to be recognized in the consolidated statement of financial position as the Group retains substantially all of the risks and rewards of ownership and are measured in accordance with related accounting policies for investments. The transactions are treated as a collateralized borrowing and the counter party liability for amounts received under these agreements is included in due to banks and other financial institutions, as appropriate. The difference between the sale and repurchase price is treated as special commission expense and recognized over the life of the repurchase agreement on an effective yield basis.

Underlying assets purchased with a corresponding commitment to resell at a specified future date (reverse repurchase agreements) are not recognized in the consolidated statement of financial position, as the Group does not obtain control over the underlying assets. Amounts paid under these agreements are included in due from banks and other financial institutions, net. The difference between the purchase and resale price is treated as special commission income and recognized over the life of the reverse repurchase agreement on an effective yield basis.

j) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that non-financial assets may be impaired. If any indication exists, or when periodic impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining an asset’s fair value less costs to sell, an appropriate valuation model is used. These model calculations are corroborated by valuation multiples, or other available fair value indicators.

k) Other real estate

The Group, in the ordinary course of business, acquires certain real estate against settlement of loans and advances. Such real estate is considered as held for sale and is initially stated at the lower of fair value of the loans and advances and the current fair value of the related properties, less any costs to sell, if material. No depreciation is charged on such real estate.

Subsequent to initial recognition, any subsequent write down to fair value, less costs to sell, are charged to the consolidated statement of income. Any subsequent gain in the fair value less costs to sell these assets to the extent this does not exceed the cumulative write down is recognized together with any gain/ loss on disposal in the consolidated statement of income.

l) Property, equipment, and Intangible assets

Property, equipment, and Intangible assets are stated at cost and presented net of accumulated depreciation and amortization. Land is not depreciated. Goodwill is not amortized. The costs of other property, equipment, and intangible assets are depreciated or amortized using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20 to 30 years
Leasehold improvements	Over the lease period or 5 years, whichever is shorter
Furniture, equipment and vehicles	4 to 5 years
Information technology intangible assets	8 years

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

The assets’ residual values, useful lives, and depreciation or amortization methods are reviewed and adjusted, if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of income.

Other expenditures are capitalized only when it is probable that the future economic benefit of the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed when incurred.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

m) Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Right-of-Use (ROU) leased assets

The Group recognizes an ROU leased asset and a lease liability at the lease commencement date. The ROU leased asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU leased asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of ROU leased asset or the end of the lease term. The estimated useful lives of ROU leased assets are determined on the same basis as those of property and equipment. In addition, the ROU leased asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

A lease liability is measured at amortized cost using the effective special commission rate method increasing the carrying amount to reflect special commission on the lease liability and reducing the carrying amount to reflect the lease payments made including prepayments.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in consolidated statement of income if the carrying amount of ROU asset has been reduced to zero.

The Group presents ROU leased assets in ‘Property and equipment’ and lease liabilities in ‘Other liabilities’ in the consolidated statement of financial position.

Leases of low-value assets

The Group has elected not to recognize ROU leased assets and lease liabilities for leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

n) Provisions

Provisions are recognized for on and off balance sheet items when a reliable estimate can be made by the Group for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation.

o) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in cash and balances with SAMA excluding statutory deposits, net, and due from banks and other financial institutions maturing within three months from the date of acquisition which are also subject to insignificant risk of changes in their fair value.

p) Zakat, Value Added tax and withholding tax

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Provisions for Zakat are charged to the consolidated statement of income.

Management periodically evaluates positions taken in Zakat returns with respect to situations in which applicable Zakat regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the ZATCA. Adjustments arising from final assessments are recorded in the period in which such assessments are made. Since Zakat is not accounted for similar to Income tax, no deferred Zakat is calculated.

Value Added tax (“VAT”)

The Group collects VAT from its customers for qualifying services provided, and makes VAT payments to its vendors for qualifying payments. On a monthly basis, net VAT remittances are made to the ZATCA representing VAT collected from its customers, net of any recoverable VAT on payments. Unrecoverable VAT is borne by the Group and is either expensed or in the case of property, equipment, and intangibles payments, is capitalized and either depreciated or amortized as part of the capital cost.

Withholding tax (“WHT”)

Withholding tax is withheld from payments made to non-resident vendors for services rendered and goods purchased according to the tax law applicable in Saudi Arabia and are directly paid to the ZATCA on a monthly basis.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

q) Short-term employees’ benefits and Employee end of service benefit plan

Short-term employees’ benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group operates an end of service benefit plan for its employees based on prevailing Saudi Labor laws. Accruals are made in accordance with actuarial valuations using a projected unit credit method while the benefit payments are discharged as and when the benefit payments are due.

r) Asset management services

The Group offers asset management services to its customers, which include management of investment funds in consultation with professional investment advisors. The Group’s share of these funds is included in investments and fees earned are included in fee income from banking services, net. The Group’s share of investment in these funds is included in the FVTPL investments.

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

s) Islamic banking products

In addition to conventional banking, the Group offers to its customers certain non-interest based banking products, which are approved by its Shariah Board. High level definitions of non-interest based products include:

- i. Murabaha - an agreement whereby the Group sells to a customer a commodity or an asset, which the Group has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.
- ii. Tawaruq – a form of Murabaha transaction where the Group purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements.
- iii. Istisna’a – an agreement between the Group and a customer whereby the Group sells to the customer a developed asset according to agreed upon specifications, for an agreed upon price.
- iv. Ijarah – an agreement whereby the Group, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee.

All non-special interest based banking products are accounted for in conformity with the accounting policies described in these consolidated financial statements.

t) Profit sharing investment account

The Bank offers Unrestricted Investment Accounts based on fully Sharia compliant concept. In Mudaraba, the Bank (Mudarib) manages Investment Account Funds (IAH) along with its own share of investment, to an unrestricted joint investment pool. Funds from this unrestricted joint investment pool are utilized to invest in Islamic assets pool. Funds received from zakat exempted accounts are invested in zakat exempted investments only. Any profits accrued out of the investment are shared between the two parties on a pre-agreed basis, while loss (if any) is borne by the Investor (Rab-ul-Maal). Operating expenses incurred by the Bank are not charged to investment account. Unrestricted investment accountholders are commingled with Bank funds for investment, no priority is granted to any party for the purpose of investments and distribution of profits.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

4. Cash and balances with SAMA

a) Cash and balances with SAMA as of December 31, 2025 and 2024 are summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Cash in hand	770,251	797,881
Reverse repurchase agreements	299,000	4,244,000
Other balances	(104,736)	(58,983)
Cash and balances with SAMA excluding statutory deposit (note 4b)	964,515	4,982,898
Statutory deposit	5,166,086	4,935,980
Cash and balances with SAMA	6,130,601	9,918,878

In accordance with the Banking Control Law and regulations issued by the Saudi Central Bank (“SAMA”), the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its average demand, savings, time and other deposits, calculated at the end of last month. The statutory deposit with SAMA is not available to finance the Bank’s day to day operations and therefore do not form part of cash and cash equivalents.

b) Cash and cash equivalents, included in the consolidated statement of cash flows, as of December 31, 2025 and 2024 are comprised of the following:

	2025 ﷲ'000	2024 ﷲ'000
Cash and balances with SAMA excluding statutory deposit (note 4a)	964,515	4,982,898
Due from banks and other financial institutions maturing within three months from the date of acquisition	1,621,823	1,155,056
Cash and cash equivalents	2,586,338	6,137,954

5. Due from banks and other financial institutions, net

a) Due from banks and other financial institutions, net as of December 31, 2025 and 2024 are summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Current accounts	1,621,823	1,124,032
Money market placements	1,017	191,024
Total due from banks and other financial institutions	1,622,840	1,315,056
Allowance for credit losses (note 5b)	(1,846)	(1,056)
Due from banks and other financial institutions, net	1,620,994	1,314,000

The credit quality of due from banks and other financial institutions is managed using data from reputable external credit ratings agencies. The credit quality of due from banks and other financial institutions is disclosed in note 30(o).

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) The movement of the allowance for credit losses, for due from banks and other financial institutions, for the years ended 31 December 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Balances at the beginning of the year	1,056	795
Charge for the year	790	261
Balances at the end of the year	1,846	1,056

6. Investments, net

a) Investments, net as of December 31, 2025 and 2024 are classified as follows:

	2025 ﷲ'000	2024 Restated ﷲ'000
Held at amortized cost – debt securities	29,968,618	21,432,223
Allowance for credit losses	(14,806)	(8,653)
Held at amortized cost – debt securities, net	29,953,812	21,423,570
FVOCI – debt securities	16,435,456	18,420,580
FVOCI – equity securities	707,022	927,083
FVTPL	100,688	62,826
Investments, net	47,196,978	40,834,059

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) Investments, net as of December 31, 2025 and 2024 by type of securities are summarized as follows:

	2025 ٬'000			2024 ٬'000 Restated		
	Domestic	International	Total	Domestic	International	Total
Investments - FVOCI						
Fixed rate debt securities	13,066,637	2,867,157	15,933,794	13,732,565	3,928,496	17,661,061
Bonds	6,070,858	2,822,648	8,893,506	6,429,243	3,463,641	9,892,884
Sukuk	6,995,779	44,509	7,040,288	7,303,322	464,855	7,768,177
Floating rate debt securities	501,662	-	501,662	759,519	-	759,519
Bonds	-	-	-	-	-	-
Sukuk	501,662	-	501,662	759,519	-	759,519
Total debt securities	13,568,299	2,867,157	16,435,456	14,492,084	3,928,496	18,420,580
Equities	707,022	-	707,022	927,083	-	927,083
Investments – FVOCI	14,275,321	2,867,157	17,142,478	15,419,167	3,928,496	19,347,663
Investments – FVTPL						
Mutual funds	40,550	-	40,550	42,178	-	42,178
Other securities	-	60,138	60,138	-	20,648	20,648
Investments – FVTPL	40,550	60,138	100,688	42,178	20,648	62,826
Investments – Amortized cost, net						
Fixed rate debt securities	7,284,175	22,151,297	29,435,472	7,094,482	13,809,085	20,903,567
Bonds	4,552,843	20,351,567	24,904,410	4,550,551	12,574,393	17,124,944
Sukuk	2,731,332	1,799,730	4,531,062	2,543,931	1,234,692	3,778,623
Floating rate debt securities	131,910	386,430	518,340	132,037	387,966	520,003
Bonds	-	386,430	386,430	-	387,966	387,966
Sukuk	131,910	-	131,910	132,037	-	132,037
Investments – amortized cost, net	7,416,085	22,537,727	29,953,812	7,226,519	14,197,051	21,423,570
Investments, net	21,731,956	25,465,022	47,196,978	22,687,864	18,146,195	40,834,059

Fixed rate bonds include investments in SAMA treasury bills totaling ٬ 967.3 million as of December 31, 2025 (2024: ٬ 962.6). These are valued through quoted prices in an active market (Saudi Exchange).

The Group holds strategic investments in equity securities totaling ٬ 707 million as of December 31, 2025 (2024: ٬ 927 million) including the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, the Saudi Credit Bureau (“SIMAH”), and the Saudi Company for Registration of Finance Lease Contracts. None of these strategic investments was disposed of during the year 2025.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

c) The composition of Investments, net as of December 31, 2025 and 2024 is as follows:

	2025 ٬'000			2024 ٬'000 Restated		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments - FVOCI						
Fixed rate debt securities	15,567,190	366,604	15,933,794	17,313,576	347,485	17,661,061
Bonds	8,893,506	-	8,893,506	9,892,884	-	9,892,884
Sukuk	6,673,684	366,604	7,040,288	7,420,692	347,485	7,768,177
Floating rate debt securities	-	501,662	501,662	-	759,519	759,519
Bonds						
Sukuk	-	501,662	501,662	-	759,519	759,519
Total debt securities	15,567,190	868,266	16,435,456	17,313,576	1,107,004	18,420,580
Equities	230,821	476,201	707,022	519,698	407,385	927,083
Investments – FVOCI	15,798,011	1,344,467	17,142,478	17,833,274	1,514,389	19,347,663
Investments – FVTPL						
Mutual funds	-	40,550	40,550	-	42,178	42,178
Other securities	-	60,138	60,138	-	20,648	20,648
Investments – FVTPL	-	100,688	100,688	-	62,826	62,826
Investments – amortized cost, net						
Fixed rate debt securities	28,666,492	768,980	29,435,472	20,133,827	769,740	20,903,567
Bonds	24,904,410	-	24,904,410	17,124,944	-	17,124,944
Sukuk	3,762,082	768,980	4,531,062	3,008,883	769,740	3,778,623
Floating rate debt securities	386,430	131,910	518,340	387,966	132,037	520,003
Bonds	386,430	-	386,430	387,966	-	387,966
Sukuk	-	131,910	131,910	-	132,037	132,037
Investments – amortized cost, net	29,052,922	900,890	29,953,812	20,521,793	901,777	21,423,570
Investments, net	44,850,933	2,346,045	47,196,978	38,355,067	2,478,992	40,834,059

The unquoted debt securities above are principally comprised of Saudi corporate securities and Saudi Government Development Bonds. The Group’s investments in mutual funds represent investments in private real estate fund with the investment objective of delivering medium-term capital appreciation through development of premium residential apartments. In accordance with IFRS 10, the Group controls three domestic mutual funds which are consolidated. The investments in these funds are included in the above note and accounted for as fair value through income statement. The Group had also invested in shariah compliant open ended investment funds for investors seeking capital appreciation and high liquidity through exposure to Shariah compliant Saudi equities and financial products.

Investments include ٬ 28.9 billion (2024: ٬ 26.4 billion) in debt securities, which have been pledged under repurchase agreements with other financial institutions. Pledged assets are those financial assets that may be repledged or resold by counterparties to whom they have been transferred. These transactions are conducted under terms that are usual and customary to standard securities borrowing and lending activities, as well as requirements determined by exchanges on which the Bank acts as a participant. See note 12b.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

d) Investments, net are classified by counterparty as of December 31, 2025 and 2024 are as follows:

	2025 ﷲ'000	2024 Restated ﷲ'000
Government and quasi-government	23,562,542	22,527,049
Corporate	5,664,234	5,713,913
Banks and other financial institutions	17,970,202	12,593,097
Total	47,196,978	40,834,059

e) The movement of the allowance for credit losses, for investments, for the years ended December 31, 2025 and 2024 is as follows:

	2025 ﷲ'000	2024 ﷲ'000
Balances at the beginning of the year	14,671	10,872
Charge for the year	5,579	3,799
Balances at the end of the year	20,250	14,671

7. Loans and advances, net

a) Loans and advances, net, held at amortized cost, as of December 31, 2025 and 2024 comprise the following:

	2025 ﷲ'000				
	Performing	Non-performing	Total loans and advances	Allowance for Expected Credit Losses	Loans and advances, net
Commercial Loans	100,943,441	1,001,951	101,945,392	(1,862,330)	100,083,062
Corporate loans	69,838,963	543,875	70,382,838	(946,356)	69,436,482
Micro, small and medium enterprises loans	10,546,750	366,439	10,913,189	(440,109)	10,473,080
Other loans	20,557,728	91,637	20,649,365	(475,865)	20,173,500
Retail loans	12,037,021	80,629	12,117,650	(130,760)	11,986,890
Personal loans	8,249,267	40,056	8,289,323	(89,103)	8,200,220
Mortgage loans	3,635,097	37,590	3,672,687	(38,546)	3,634,141
Other loans	152,657	2,983	155,640	(3,111)	152,529
Total	112,980,462	1,082,580	114,063,042	(1,993,090)	112,069,952

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2024 ﷲ'000				
	Performing	Non-performing	Total loans and advances	Allowance for Expected Credit Losses	Loans and advances, net
Commercial Loans	87,590,161	966,293	88,556,454	(1,509,121)	87,047,333
Corporate loans	58,338,807	543,328	58,882,135	(729,577)	58,152,558
Micro, small and medium enterprises loans	10,467,894	334,408	10,802,302	(362,022)	10,440,280
Other loans	18,783,460	88,557	18,872,017	(417,522)	18,454,495
Retail loans	12,473,910	88,357	12,562,267	(143,110)	12,419,157
Personal loans	9,174,614	47,747	9,222,361	(103,898)	9,118,463
Mortgage loans	3,132,054	37,492	3,169,546	(35,811)	3,133,735
Other loans	167,242	3,118	170,360	(3,401)	166,959
Total	100,064,071	1,054,650	101,118,721	(1,652,231)	99,466,490

b) Sharia based loans and advances as of December 31, 2025 and 2024 are comprised of the following:

	2025 ﷲ'000			
	Corporate loans	MSME loans	Other loans	Total Commercial Loans
Commercial Loans				
Murabaha	43,093,885	8,835,944	11,352,660	63,282,490
Total Shariah based loans and advances	43,093,885	8,835,944	11,352,660	63,282,490
Allowance for expected credit losses	(389,842)	(161,009)	(181,470)	(732,321)
Shariah based loans and advances, net	42,704,043	8,674,936	11,171,190	62,550,169

	2025 ﷲ'000			
	Personal loans	Mortgage loans	Other loans	Total Retail loans
Retail loans				
Tawarruq	-	-	155,640	155,640
Murabaha	7,320,834	3,633,624	-	10,954,458
Ijarah	-	39,063	-	39,063
Total Shariah based loans and advances	7,320,834	3,672,687	155,640	11,149,161
Allowance for expected credit losses	(88,360)	(38,546)	(3,111)	(130,017)
Shariah based loans and advances, net	7,232,474	3,634,141	152,529	11,019,144

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Commercial Loans	2024 ٬'000			Total Commercial loans
	Corporate loans	MSME loans	Other loans	
Murabaha	34,413,800	9,337,153	9,688,319	53,439,272
Total Shariah based loans and advances	34,413,800	9,337,153	9,688,319	53,439,272
Allowance for expected credit losses	(316,517)	(176,522)	(172,221)	(665,260)
Shariah based loans and advances, net	34,097,283	9,160,632	9,516,098	52,774,012

Retail loans	2024 ٬'000			Total Retail loans
	Personal loans	Mortgage loans	Other loans	
Tawarruq	-	-	170,360	170,360
Murabaha	8,221,614	3,119,382	-	11,340,996
Ijarah	-	50,164	-	50,164
Total Shariah based loans and advances	8,221,614	3,169,546	170,360	11,561,520
Allowance for expected credit losses	(103,405)	(35,811)	(3,401)	(142,617)
Shariah based loans and advances, net	8,118,209	3,133,735	166,959	11,418,903

c) The movement of the allowance for credit losses, for loans and advances, for the years ended December 31, 2025 and 2024 is as follows:

	2025 ٬'000	2024 ٬'000
Balances at the beginning of the year	1,652,231	1,924,280
Charge for the year	379,332	275,722
Write-offs	(189,460)	(605,503)
Recoveries	150,987	57,732
Balances at the end of the year	1,993,090	1,652,231

d) The credit quality of loans and advances as of December 31, 2025 and 2024 is summarized as follows:

(i) Neither past due nor credit impaired loans and advances, are as follows:

	2025 ٬'000	2024 ٬'000
Grade 1 - Exceptional	8,246,359	6,382,272
Grade 2 - Excellent	17,544,041	15,306,962
Grade 3 - Strong	29,902,427	28,285,284
Grade 4 - Good	25,568,856	21,788,071
Grade 5 - Acceptable	17,112,176	13,709,331
Grade 6 - Marginal	166,706	244,304
Grade 7 – Special Mention	77,342	9,162
Unrated	11,362,929	11,810,149
Total	109,980,836	97,535,535

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

The above table includes neither past due nor credit impaired loans and advances classified as Stage 2 amounting to ٬ 1.4 billion (2024: ٬ 1.2 billion). These loans are classified as Stage 2 as they exhibit a significant increase in credit risk due to their categorization as restructured, relative downgrade in risk ratings, watchlist and cross facility defaults. It also includes Stage 2 exposures which are yet to complete curing period to be eligible to be upgraded to Stage 1.

The ratings of the loans and advances included above are described as follows:

Exceptional – leader in highly stable industry. Superior financial fundamentals and substantial cash flows. Has ready access to financial markets.

Excellent - leader in a stable industry. Better than peers’ financials and cash flows. Has access to financial markets under normal market conditions.

Strong - strong market and financial position with a history of successful performance but certain exceptions exist. Financial fundamentals are still better than industry benchmarks. The entity would have access to financial markets under normal market conditions.

Good - moderate degree of stability with industry or company specific risk factors. Financial fundamentals are sound and within industry benchmarks. Access to financial markets is limited and the entity is susceptible to cyclical changes.

Acceptable - minor weaknesses in industry or company specific risk factors. Some financial fundamentals are inferior to industry benchmarks. Alternative financing could be available but this might be limited to private and institutional sources only.

Marginal - unfavorable industry or company specific risk factors exist. Operating performance and financials are marginal. Alternative sources of finance are unlikely. No new business can be contemplated with this category.

Special Mention - unfavorable industry or company specific risk factors exist. Risk of non-payment is high. Financial fundamentals are well below industry benchmarks and alternative sources of finance are extremely limited.

Unrated – unrated loans and advances primarily consist of consumer and other retail loans.

(ii) Past due but not credit impaired loans and advances as of December 31, 2025 and 2024 are as follows:

	2025 ٬'000		
	Commercial	Retail	Total
From 1 day to 30 days	666,757	260,108	926,865
31 days and above	786,406	85,814	872,220
Total	1,453,163	345,922	1,799,085

	2024 ٬'000		
	Commercial	Retail	Total
From 1 day to 30 days	609,740	273,321	883,061
31 days and above	665,010	89,594	754,604
Total	1,274,750	362,915	1,637,665

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

e) The economic sector risk concentrations as of December 31, 2025 and 2024 are as follows:

	2025 ﷲ'000					
	Performing			Non-performing	Allowance for credit losses	Loans and advances, net
	Stage 1	Stage 2	Stage 3			
Government and quasi-government	2,439,101	-	-	-	(1,948)	2,437,153
Finance and Investment Institutions	11,306,876	-	-	-	(75,146)	11,231,730
Agriculture and fishing	288,921	78,516	79,982	-	(9,550)	437,869
Manufacturing	4,678,581	8,169	53	11,827	(30,377)	4,668,253
Building and construction	13,940,477	307,744	110,284	526,123	(524,311)	14,360,317
Commerce	11,132,432	812,863	232,630	295,019	(484,340)	11,988,604
Transportation and communication	1,407,708	-	17	13,391	(30,372)	1,390,744
Services	5,916,495	134,359	1,402	47,240	(84,357)	6,015,139
Mining and quarrying	248,858	-	-	-	(847)	248,011
Electricity, water, gas and health services	15,619,094	-	-	-	(79,818)	15,539,276
Consumer loans	11,949,934	85,794	1,293	80,629	(130,760)	11,986,890
Other	30,498,416	925,584	774,879	108,351	(541,264)	31,765,966
Total	109,426,893	2,353,029	1,200,540	1,082,580	(1,993,090)	112,069,952

	2024 ﷲ'000					
	Performing			Non-performing	Allowance for credit losses	Loans and advances, net
	Stage 1	Stage 2	Stage 3			
Government and quasi-government	2,632,834	-	-	-	(3,010)	2,629,824
Finance and Investment Institutions	6,966,095	-	-	-	(39,662)	6,926,433
Agriculture and fishing	175,838	-	79,988	-	(8,275)	247,551
Manufacturing	4,666,389	20,475	49	13,408	(33,200)	4,667,121
Building and construction	8,509,071	404,624	7,238	491,064	(341,970)	9,070,027
Commerce	13,845,383	370,338	192,698	296,005	(459,324)	14,245,100
Transportation and communication	1,204,984	-	-	13,391	(24,731)	1,193,644
Services	4,053,817	245,589	1,747	47,153	(50,113)	4,298,193
Mining and quarrying	296,366	-	-	-	(1,252)	295,114
Electricity, water, gas and health services	13,196,613	-	-	-	(71,836)	13,124,777
Consumer loans	12,381,807	89,594	2,509	88,357	(143,110)	12,419,157
Other	29,298,308	815,075	606,642	105,272	(475,748)	30,349,549
Total	97,227,505	1,945,695	890,871	1,054,650	(1,652,231)	99,466,490

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

8. Investments in associates

a) Investments in associates as of December 31, 2025 and 2024 include the Bank's ownership interest in associated companies in KSA, as follows:

	2025	2024
American Express (Saudi Arabia) ("AMEX")	50%	50%
YANAL Finance ("YANAL")	38%	38%
Amlak International Finance Company("AMLAK")	22.4%	22.4%

AMEX is a Saudi Arabian closed joint stock company in KSA with total capital of ﷲ 100 million. The principal activities of AMEX are to issue credit cards and offer other American Express products in KSA.

YANAL is a Saudi Arabian closed joint stock company in KSA with total capital of ﷲ 550 million. The primary business activities of YANAL include lease financing services in KSA.

AMLAK is a Saudi Arabian joint stock company in KSA with total capital of ﷲ 1,019 million. AMLAK provides shariah compliant financing products namely; real estate financing, financing the activity of small and medium enterprises, and consumer financing in KSA.

All of the Bank's associates are incorporated in and operate exclusively in KSA.

b) The movement of investments in associates for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Balance at beginning of the year	1,022,418	967,945
Share in earnings	124,683	116,279
Dividends	(64,025)	(56,304)
Share of other comprehensive income	48	(5,502)
Balance at end of the year	1,083,124	1,022,418

i. The Group owns a 50% equity interest in AMEX. The management has assessed the investment in AMEX in accordance with the requirements of IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IAS 28 - Investments in Associates and Joint Ventures for control, joint control, and significant influence respectively. The Group has concluded that it does not control or jointly control AMEX primarily due to a put option with the Bank and call option with the counterparty which is not currently exercisable.

The management has therefore concluded that the Group has significant influence over the financial and operating matters of the associated company and is therefore accounted for under the equity method of accounting.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

c) The following table summarizes the associates’ assets, liabilities, and equity as of December 31, 2025 and 2024, and income and expense for the years then ended:

	2025 ٬'000		
	AMEX	YANAL	AMLAK
Total assets	1,591,770	1,755,144	4,454,233
Total liabilities	977,355	768,540	3,185,886
Total equity	614,415	986,604	1,268,347
Total income	646,360	234,418	566,034
Total expenses	495,385	116,077	425,320

	2024 ٬'000		
	AMEX	YANAL	AMLAK
Total assets	1,589,247	1,654,715	4,365,058
Total liabilities	1,033,568	679,247	3,149,278
Total equity	555,679	975,468	1,215,780
Total income	606,473	204,114	434,138
Total expenses	455,130	91,760	363,955

9. Property, equipment, net and right of use assets, net and Intangible assets, net

	2025 ٬'000	2024 ٬'000
Property and equipment, net (a)	1,078,810	1,097,458
Right of use assets, net (b)	156,311	148,452
Property, equipment, and right of use assets, net	1,235,121	1,245,910
Intangible assets, net (c)	818,858	630,573

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

a) Property and equipment, net as of December 31, 2025 and 2024 are summarized as follows:

	2025 ٬'000				
	Land and buildings	Leasehold improvements	Furniture, equipment and vehicles	Projects pending completion	Total
Cost					
Balance at the beginning of the year	1,552,479	199,075	463,977	1,700	2,217,231
Additions	12,647	420	32,186	378	45,631
Disposals	-	-	(1,197)	(428)	(1,625)
Transfers	-	-	718	(718)	-
Balance at the end of the year	1,565,126	199,495	495,684	932	2,261,237
Accumulated depreciation					
Balance at the beginning of the year	552,197	181,984	385,592	-	1,119,773
Charge for the year	33,762	5,581	24,508	-	63,851
Disposals	-	-	(1,197)	-	(1,197)
Balance at the end of the year	585,959	187,565	408,903	-	1,182,427
Net book value	979,167	11,930	86,781	932	1,078,810

	2024 ٬'000				
	Land and buildings	Leasehold improvements	Furniture, equipment and vehicles	Projects pending completion	Total
Cost					
Balance at the beginning of the year	1,405,125	193,659	453,363	1,429	2,053,576
Additions	147,354	5,416	32,236	638	185,644
Disposals	-	-	(21,989)	-	(21,989)
Transfers	-	-	367	(367)	-
Balance at the end of the year	1,552,479	199,075	463,977	1,700	2,217,231
Accumulated depreciation					
Balance at the beginning of the year	508,409	174,720	385,648	-	1,068,777
Charge for the year	43,788	7,264	21,933	-	72,985
Disposals	-	-	(21,989)	-	(21,989)
Balance at the end of the year	552,197	181,984	385,592	-	1,119,773
Net book value	1,000,282	17,091	78,385	1,700	1,097,458

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) Right of Use Assets, net and lease liabilities as of December 31, 2025 and 2024 are summarized as follows:

Right of Use Assets	2025 ﷲ'000		2024 ﷲ'000
Balance at the beginning of the year	148,452		200,943
Additions	36,624		24,138
Modification	7,111		(13,452)
Terminations	(6,984)		(33,480)
Depreciation	(28,892)		(29,697)
Balance at the end of the year	156,311		148,452
Lease liabilities			
Balance at the beginning of the year	153,294		209,898
Additions	36,624		24,138
Remeasurements	7,111		(13,926)
Terminations	(6,123)		(38,549)
Interest	10,120		10,378
Payments	(30,543)		(38,645)
Balance at the end of the year	170,483		153,294

The lease term of leases included in ROU assets range from 2 years to 20 years (2024: 2 years to 25 years). The payment for rentals is made on a monthly, quarterly, and annual basis and is paid in advance or arrears.

c) Intangible assets, net as of December 31, 2025 and 2024 are summarized as follows:

	2025 ﷲ'000			
	Software	Projects pending completion	Goodwill	Total
Cost				
Balance at the beginning of the year	935,721	181,028	18,295	1,135,044
Additions	55,309	227,102	-	282,411
Transfers	62,398	(62,398)	-	-
Balance at the end of the year	1,053,428	345,732	18,295	1,417,455
Accumulated amortization				
Balance at the beginning of the year	504,471	-	-	504,471
Charge for the year	92,047	-	-	92,047
Impairment loss	2,079	-	-	2,079
Balance at the end of the year	598,597	-	-	598,597
Net book value	454,831	345,732	18,295	818,858

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2024 ﷲ'000			
	Software	Projects pending completion	Goodwill	Total
Cost				
Balance at the beginning of the year	780,365	116,580	18,295	915,240
Additions	46,088	173,716	-	219,804
Transfers	109,268	(109,268)	-	-
Balance at the end of the year	935,721	181,028	18,295	1,135,044
Accumulated amortization				
Balance at the beginning of the year	430,326	-	-	430,326
Charge for the year	74,145	-	-	74,145
Balance at the end of the year	504,471	-	-	504,471
Net book value	431,250	181,028	18,295	630,573

Projects pending completion includes software under development.

10. Other assets, net

a) Other assets, net as of December 31, 2025 and 2024 are summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Customer and other receivables	118,093	115,310
Prepaid expenses	89,797	108,828
Others (i)	1,141,623	1,027,766
Total other assets	1,349,513	1,251,904
Allowance for credit losses (note 10b)	(235)	(129)
Other assets, net	1,349,278	1,251,775

(i) Others include margins held by counterparties in favor of the Bank under Global Master Repurchase Agreements (“GMRA”) amounting to ﷲ 170.6 million (2024: ﷲ 346 million) and under European Market Infrastructure Regulation(“EMIR”) amounting to ﷲ 695 million (2024: ﷲ 649 million)

b) The movement of the allowance for credit losses for other assets for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Balances at the beginning of the year	129	82
Charge for the year	106	47
Balances at the end of the year	235	129

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

11. Derivatives

a) In the ordinary course of business, the Bank utilizes the following derivative financial instruments for trading and hedging purposes:

i. Swaps

Swaps are commitments to exchange one set of cash flows for another. For special commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging notional amounts. For cross-currency special commission rate swaps, notional amounts, and fixed and floating special commission payments are exchanged in different currencies. The notional amounts can also vary based upon the agreed terms in the case of variable notional swaps.

ii. Forwards and futures

Forwards and futures 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 market. Foreign currency and special commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

iii. Forward rate agreements

Forward rate agreements are individually negotiated special commission rate contracts that call for a cash settlement for the difference between a contracted special commission rate and the market rate on a specified future date, on a notional principal, for an agreed period of time.

iv. 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.

b) The derivative financial instruments are either held for trading or held for hedging purposes as described below:

i. Held for trading purposes

Most 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 profit from favorable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profit from price differentials, between markets or products.

ii. Held for hedging purposes

The Bank has adopted a comprehensive system for the measurement and management of risk. The risk management process involves managing the Bank’s exposure to fluctuations in currency and special commission rate risks to acceptable levels as determined by the Board of Directors and within the guidelines issued by SAMA.

The Board of Directors has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are routinely monitored and hedging strategies are used to ensure positions are maintained within the established limits. The Board of Directors has established the level of special commission rate risk by setting limits on special commission rate gaps for stipulated periods. Asset and liability special commission rate gaps are reviewed on a periodic basis and hedging strategies are periodically used to manage special commission rate gap within the established limits.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

As part of its asset and liability management, the Bank uses derivatives for hedging purposes in order to optimize its own exposure to currency and special commission rate risks. This is generally achieved by hedging specific transactions. The Bank uses forward foreign exchange contracts to also apply various hedging strategies against specifically identified currency risks. In addition, the Bank uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission-rate exposures.

c) The tables below summarize the positive and negative fair values of derivative financial instruments, together with the notional amounts, analyzed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at each year-end, do not necessarily reflect the amounts of future cash flows involved. The notional amounts are not indicative of the Bank’s exposure to credit risk which is generally limited to the net positive fair values of derivatives, nor market risk.

Derivative financial instruments as of December 31, 2025 and 2024 are summarized as follows:

	2025 ٠٠٠						
	Positive fair value	Negative fair value	Notional amounts by term to maturity				
			Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Forward foreign exchange contracts	12,084	821	7,987,941	7,836,603	151,338	-	-
Special commission rates instruments	380,686	326,148	54,174,494	-	3,704,422	33,013,740	17,456,332
OTC options	91	91	20,252	6,751	13,501	-	-
Held as fair value hedges:							
Special commission rates swaps	88,285	-	6,251,159	-	1,575,126	4,676,033	-
CSA / EMIR cash margins	(93,266)	(279,346)	-	-	-	-	-
Subtotal	387,880	47,714	68,433,846	7,843,354	5,444,387	37,689,773	17,456,332
Associated company put option (note 11e)	234,480	-	-	-	-	-	-
Total (note 30m)	622,360	47,714	68,433,846	7,843,354	5,444,387	37,689,773	17,456,332

	2024 ٠٠٠						
	Positive fair value	Negative fair value	Notional amounts by term to maturity				
			Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Forward foreign exchange contracts	4,897	13,019	5,887,835	5,760,490	127,345	-	-
Special Commission rate instruments	369,671	352,743	37,042,944	-	233,333	25,092,947	11,716,664
Held as fair value hedges:							
Special Commission rate swaps	278,145	-	7,247,308	398,125	570,897	6,278,286	-
CSA / EMIR cash margins	(310,125)	(307,005)	-	-	-	-	-
Subtotal	342,588	58,757	50,178,087	6,158,615	931,575	31,371,233	11,716,664
Associated company put option (note 11e)	183,910	-	-	-	-	-	-
Total (note 30m)	526,498	58,757	50,178,087	6,158,615	931,575	31,371,233	11,716,664

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

d) The Group, as part of its derivative management activities, has entered into a master agreement in accordance with the International Swaps and Derivative Association (“ISDA”) directives. Under this agreement, the terms and conditions for derivative products purchased or sold by the Group are unified. As part of the master agreement, a credit support annex (“CSA”) has also been signed. The CSA allows the Group to receive improved pricing by way of exchange of mark to market amounts in cash as collateral whether in favor of the group or the counter party.

For commission rate swaps entered into with European counterparties, the Bank and the European counterparty both comply with the European Market Infrastructure Regulation (“EMIR”). EMIR is a body of European legislation for the central clearing and regulation of Over the Counter (“OTC”) derivatives. The regulation includes requirements for reporting of derivatives contracts and implementation of risk management standards, and establishes common rules for central counterparties and trade repositories. Accordingly, all such standardized OTC derivatives contracts are traded on exchanges and cleared through a Central Counter Party (“CCP”) through netting arrangements and exchanges of cash to reduce counter party credit and liquidity risk.

The positive and negative fair values of derivatives including CSA and EMIR cash margins have been netted/offset when there is a legally enforceable right to set off the recognized amounts and the Group intends to settle on a net basis, or to realize the assets and settle the liability simultaneously. See note 30(m).

e) The Bank has a put option arising from an existing master agreement entered into by the Bank relating to an associate company (note 8b), the estimated value of which is included in note 11c. The terms of the agreement give the Bank a put option and give the counter party a call option that is exercisable for the remaining term of the agreement. The Bank has valued only the put option, as the call option is deemed to be out of the money. The put option, once exercised, grants the Bank the right to receive a payment in exchange for its shares one year after the exercise, based on pre-determined formulas included in the agreement.

f) The table below is a summary of the Bank’s fair value hedges and hedged portfolios as of December 31, 2025 and 2024, which includes the description of the hedged items and related fair values, the nature of the risk being hedged, and the hedging instruments and related fair values.

	2025 ٠'000					
	Hedged items			Hedging instruments		
	Current fair value	Inception fair value	Hedged risk	Instrument used	Positive fair value	Negative fair value
Fixed commission rate investments	6,252,244	6,235,970	Fair value risk	Commission rate swaps	88,285	-

	2024 ٠'000					
	Hedged items			Hedging instruments		
	Current fair value	Inception fair value	Hedged risk	Instrument used	Positive fair value	Negative fair value
Fixed commission rate investments	7,064,546	6,881,561	Fair value risk	Commission rate swaps	278,145	-

The net loss during the year on hedging instruments for fair value hedges were ٠ 182.3 million (2024: gains of ٠ 50.4 million). The net gains on hedged items attributable to hedged risk were ٠ 182.3 million (2024: gains of ٠ 50.4 million). The net positive fair value of all derivatives is approximately ٠ 574.6 million (2024: ٠ net positive ٠ 467.7 million). Approximately 64% (2024: 60%) of the positive fair value of the Bank’s derivatives are entered into with financial institutions, and 13% (2024: 13%) of the positive fair value contracts are with any single counterparty other than financial institutions as at the consolidated statement of financial position date. Derivative activities are mainly carried out under the Bank’s treasury segment.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

g) The amounts relating to items designated as hedged items as of December 31, 2025 and 2024 are as follows:

	December 31 ٠'000			
	Carrying Amount	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount	Line item in the consolidated statement of financial position in which hedge item is included	Line item in the consolidated statement of financial position in which hedge item is included
Fixed commission rate investments - 2025	6,252,244	(91,399)	Investments – debt securities	FVOCI

	December 31 ٠'000			
	Carrying Amount	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount	Line item in the consolidated statement of financial position in which hedge item is included	Line item in the consolidated statement of financial position in which hedge item is included
Fixed commission rate investments - 2024	7,064,546	(273,728)	Investments – debt securities	FVOCI

12. Due to banks, Saudi Central Bank and other financial institutions, net

a) Due to banks and other financial institutions, net as of December 31, 2025 and 2024 is summarized as follows:

	2025 ٠'000	2024 ٠'000
Current accounts (vostro)	4,029	2,761
Repurchase agreements (note 12b)	26,784,563	24,733,104
Money market deposits	3,810,104	3,806,151
Deposits from SAMA, net (note 12c)	4,960,390	11,358,982
Due to banks, Saudi Central Bank and other financial institutions, net	35,559,086	39,900,998

b) Debt securities pledged under repurchase agreements with other banks include corporate, bank, and non-government bonds. The fair values of assets pledged as collateral with financial institutions as security and the related balances of the repurchase agreements as of December 31, 2025 and 2024 are as follows:

	2025 ٠'000		2024 ٠'000	
	Pledged assets	Repurchase agreements	Pledged assets	Repurchase agreements
Debt securities	28,891,502	26,784,563	26,370,827	24,733,104

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

c) Deposits from SAMA, net comprise the following:

Maturing during the year ending	2025 ﷲ'000	2024 ﷲ'000
December 31, 2025	-	11,376,337
December 31, 2026	4,960,390	-
Undiscounted deposits from SAMA	4,960,390	11,376,337
Less: Unamortized discount	-	(17,355)
Deposits from SAMA, net	4,960,390	11,358,982

13. Customers' deposits

a) Customers' deposits as of December 31, 2025 and 2024 are summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Murabaha commodity deposits	39,350,254	22,943,391
Conventional time deposits	38,966,173	36,035,523
Time deposits	78,316,427	58,978,914
Savings deposits	3,446,117	3,325,313
Total special commission bearing deposits	81,762,544	62,304,227
Demand deposits	26,249,697	29,655,634
Other deposits	1,606,766	2,053,270
Customers' deposits	109,619,007	94,013,131

Other deposits include ﷲ 596.7 million (2024: ﷲ 591.3 million) of margin deposits held for financial guarantees.

Customers' deposits above include Sharia-Compliant, commodity deposits and demand deposits totaling ﷲ 58.3 billion (2024: ﷲ 42.7 billion).

The above amounts include foreign currency deposits (equivalent to Saudi Arabian Riyals) as of December 31, 2025 and 2024 as follows:

	2025 ﷲ'000	2024 ﷲ'000
Demand	2,350,652	1,409,834
Savings	625,605	1,539,712
Time	19,706,113	14,053,286
Other	139,936	55,859
Total	22,822,306	17,058,691

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

14. Term Loans, net

During the year ended December 31, 2025 group issued the USD denominated floating term loans amounting to ﷲ 2.8 billion repayable in 3-5 years.

15. Other liabilities

a) Other liabilities as of December 31, 2025 and 2024 are summarized as follows:

	Notes	2025 ﷲ'000	2024 ﷲ'000
Accrued expenses		235,508	272,453
Allowance for credit losses for financial guarantee contracts	15b	217,140	248,022
Accrued salaries and other employee related benefits		215,712	271,457
Accrued Zakat	25	439,290	331,681
Employee end of service benefits	35a	309,071	288,786
Lease liabilities	9b	170,483	153,294
Customer related liabilities		108,415	90,631
Allowance for legal proceedings	19a	38,679	42,878
Deferred fees and income		38,565	46,022
Margins received		108,848	52,973
Others		389,564	166,991
Total		2,271,275	1,965,188

b) The movement of the allowance for credit losses for financial guarantee contracts for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Balances at the beginning of the year	248,022	237,943
(Reversals) / Charge for the year	(30,882)	10,079
Balances at the end of the year (note 15a)	217,140	248,022

c) The maturity analysis of contractual undiscounted lease liabilities is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Less than one year	37,644	29,036
One to five years	82,369	112,216
More than five years	120,013	65,036
Total undiscounted lease liabilities	240,026	206,288
Lease liabilities (note 15a)	170,483	153,294

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

16. Share capital and other reserves

a) As of December 31, 2024, the authorized, issued and fully paid share capital of the Bank consists of 1,250 million shares of ﷲ 10 each (2024: 1,250 million shares of ﷲ 10 each). The ownership of the Bank’s share capital as of December 31, 2025 and 2024 is as follows in ﷲ millions:

	2025		2024	
	Amount	%	Amount	%
Saudi shareholders	12,500	100	12,500	100
	12,500	100	12,500	100

b) Other reserves, classified in shareholders’ equity, as of December 31, 2025 and 2024 are comprised of the following:

	2025 ﷲ’000	2024 Restated ﷲ’000
Unrealized losses on fair valuation of debt securities at FVOCI before allowance for credit losses	(638,232)	(1,062,978)
Allowance for credit losses on debt securities at FVOCI	5,444	6,018
Unrealized losses on fair valuation of debt securities at FVOCI after allowance for credit losses	(632,788)	(1,056,960)
Unrealized gains on fair valuation of equity securities held at FVOCI	328,851	548,655
Actuarial losses on defined benefit obligations	(56,860)	(56,029)
Share of other comprehensive income of associates	(627)	(675)
Other reserves	(361,424)	(565,009)

17. Statutory reserve

In accordance with Saudi Arabian Banking Control Law and the by laws of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up capital of the Bank. Accordingly, ﷲ 608 million has been transferred from 2025 net income (2024: ﷲ 489.5 million from net income). The statutory reserve is not currently available for distribution.

18. Dividends and Bonus share issuance

During the year ended December 31, 2025, the Board of Directors approved an interim cash dividend of ﷲ 498.9 million equal to ﷲ 0.40 per share, for each of the second half of the fiscal year 2024, and first half of the fiscal year 2025 to 1,247 million eligible shares. The proposed cash dividends amounting to ﷲ 997.8 million was paid during the year ended December 31, 2025.

During the year ended December 31, 2024, the Board of Directors approved a cash dividend of ﷲ 450 million equal to ﷲ 0.40 per share, for the second half of the fiscal year 2023, and interim cash dividend of ﷲ 449.5 million equal to ﷲ 0.36 per share for first half of the fiscal year 2024 to 1,247 million eligible shares. The proposed cash dividends amounting to ﷲ 899.5 million was paid during the year ended December 31, 2024.

During the year ended December 31, 2024, the capital was increased by issuing bonus shares to the Bank’s shareholders by capitalizing part of the Statutory Reserve by granting one share for every four shares.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

19. Commitments, contingencies, and financial guarantee contracts

a) Legal proceedings

The Bank receives legal claims against it in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions which are made for legal cases where management foresees the probability of an adverse outcome based on professional advice.

The movement of the allowance for such legal cases, included in other liabilities, for the years ended December 31, 2025 and 2024 is summarized as follows :-

	2025 ﷲ’000	2024 ﷲ’000
Balance at beginning of the year	42,878	43,278
Utilized during the year	(4,199)	(400)
Balance at end of the year (note 15a)	38,679	42,878

b) Capital commitments

As of December 31, 2025, the Group had capital commitments of ﷲ 158 million (2024: ﷲ 130.1 million) for property, equipment and intangible assets.

c) Credit related commitments and contingencies

The Group enters into certain credit related facilities to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

Documentary letters of credit which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally collateralized by the underlying shipments of goods to which they relate and therefore have significantly less risk.

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be presented before being reimbursed by the customers.

Commitments to extend credit represent the unused portion of authorizations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss is expected to be considerably less than the total unused commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of these commitments could expire or terminate without being funded.

i) The contractual maturity structure for the Group’s Commitments, contingencies, and financial guarantee contracts as of December 31, 2025 and 2024 are as follows:

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2025 ٬'000				
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	318,145	634,075	2,788,537	32,809	3,773,566
Letters of guarantee	725,181	1,710,576	11,101,454	1,498,970	15,036,181
Acceptances	367,668	310,223	1,082,242	26,731	1,786,864
Irrevocable commitments to extend credit	812,770	-	2,980,351	6,502,316	10,295,437
Commitments, contingencies, and financial guarantee contracts	2,223,764	2,654,874	17,952,584	8,060,826	30,892,048

	2024 ٬'000				
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	424,307	287,447	2,189,044	67,681	2,968,479
Letters of guarantee	604,070	1,783,976	10,424,319	1,470,790	14,283,155
Acceptances	254,806	166,455	854,771	259,892	1,535,924
Irrevocable commitments to extend credit	-	445,110	1,181,324	6,298,380	7,924,814
Commitments, contingencies, and financial guarantee contracts	1,283,183	2,682,988	14,649,458	8,096,743	26,712,372

The movement of the allowance for credit losses for financial guarantee contracts is summarized in note 15b.

The outstanding unused portion of commitments as of December 31, 2025 which can be revoked unilaterally at any time by the Group, amounts to ٬ 50.1 billion (2024: ٬ 41.1 billion).

ii) The analysis of commitments and contingencies by counterparty as of December 31, 2025 and 2024 is as follows:

	2025 ٬'000	2024 ٬'000
Corporate	29,685,212	25,580,302
Banks and other financial institutions	1,195,869	953,255
Other	10,967	178,815
Total	30,892,048	26,712,372

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

20. Special commission income and expense

Special commission income and expense for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025 ٬'000	2024 ٬'000
Special commission income:		
Loans and advances	7,295,455	6,757,435
Investments	2,085,233	1,794,420
Banks and other financial institutions	311,311	312,224
Total special commission income	9,691,999	8,864,079
Special commission expense:		
Customers' deposits	4,052,129	3,632,313
Banks and other financial institutions	2,073,898	1,695,074
Term loans	38,204	-
Total special commission expense	6,164,231	5,327,387
Net special commission income	3,527,768	3,536,692

21. Fee income from banking services, net

Fee income from banking services, net for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025 ٬'000	2024 ٬'000
Fee income:		
Share trading and fund management	237,744	255,029
Trade finance	172,455	156,085
Corporate and retail finance	18,645	27,322
Other banking services	280,880	319,158
Total fee income	709,724	757,594
Fee expense:		
Share trading and fund management	61,508	98,504
Other banking services	273,989	316,236
Total fee expense	335,497	414,740
Fee income from banking services, net	374,227	342,854

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

22. Gains on disposals of FVOCI debt securities, net

Gains on disposals of FVOCI debt securities, net for the years ended December 31, 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Gains on the sale of FVOCI debt securities	11,123	1,215
Gains on disposals of FVOCI debt securities	11,123	1,215

23. Compensation and related governance and practices

a) As required by SAMA, the following table summarizes the Group’s employee categories defined in accordance with SAMA’s rules on compensation practices. It includes the total amounts of fixed and variable compensation paid to employees, and the forms of such payments, and also includes the variable compensation accrued, and other employee benefits and related expenses incurred during the years ended December 31, 2025 and 2024.

Category	Number of Employees	2025	
		Compensation Paid	
		Fixed	Variable
Senior executives requiring SAMA no objection	14	44,810	41,844
Employees engaged in risk taking activities	86	57,682	24,850
Employees engaged in control functions	113	58,114	15,312
Other employees	1,277	310,432	55,464
Total	1,490	471,038	137,470
Other employee benefits and related expenses		227,034	-
Variable compensation		137,470	-
Total salaries and employee related expenses		835,542	-

Category	Number of Employees	2024	
		Compensation Paid	
		Fixed	Variable
Senior executives requiring SAMA no objection	14	42,723	31,631
Employees engaged in risk taking activities	83	55,113	21,964
Employees engaged in control functions	116	64,541	14,954
Other employees	1,270	318,300	59,196
Total	1,483	480,677	127,745
Other employee benefits and related expenses		213,938	-
Variable compensation		127,745	-
Total salaries and employee related expenses		822,360	-

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) The Board of Directors of the Bank has established a Nomination and Remuneration Committee (the Committee) which consists of four board members. The Committee is primarily responsible for recommending appointments to membership of the Board of Directors and key executives of the Bank in compliance with the Bank’s Corporate Governance Guidelines, completing annual reviews for the requirements of suitable skills and independence for membership of the Bank’s Board of Directors, reviewing the structure of the Board of Directors, establishing policies for the compensation of members of the Board of Director’s, and overseeing the Bank’s employee compensation system’s design.

The Committee is also responsible to recommend to the Board of Directors the approval of the Bank’s Compensation Policy and any amendments thereto, to ensure that the Bank’s remuneration policies are in compliance with SAMA Rules on Compensation Practices and the Financial Stability Board’s (FSB) Principles for Sound Compensation Practices, to periodically review the Bank’s compensation policy, to evaluate practices by which compensation is paid, and to determine the performance bonuses for the Bank’s employees based on the risk adjusted profit of the Bank.

The Bank’s Compensation Policy is designed to attract, retain and motivate high performing and high potential employees. Employees participate in various variable pay arrangements. Discretionary variable pay as well as fixed pay reviews are dependent on the achievement of objectives, which is monitored/measured via a robust performance management system. The grant of the variable component of the reward is strictly dependent on the achievement of set targets, both financial and non-financial, level of achievements and the Bank’s overall performance, including key risk indicators. Higher achievements will warrant a better performance rating and higher variable compensation. The Balanced Scorecard concept is used as a performance management tool and Performance objectives are typically categorized into four segments including financial, customer, process, and people.

Financial and non-financial metrics are used to measure performance against the objectives, which include profitability, expense control, customer satisfaction, quality assurance, employee development and engagement, workforce diversity, sustainable business practices, lending guidelines, internal controls, compliance with regulations, and business systems and processes. Effective risk management is emphasized to maintain a strong and secure operating platform. A Risk Appetite Framework Policy has been established and compliance with the annual Risk Appetite Statement is key to all remuneration decisions including variable pay arrangements.

In addition to the above, the Bank’s employees are encouraged to participate in employee share savings and incentive schemes. Variable remuneration is linked to long-term value creation and risk horizons. It is also based on individual, business segment and Bank performance criteria. Accordingly, for certain variable remunerations, a portion of the incentive earned for the annual performance bonus program is deferred in line with long term risk realization. The vesting is subject to claw back mechanisms over a three-year period.

The Bank’s subsidiaries have adopted a similar approach to remuneration and compensation practices as described above, including policies within a framework of prudent risk management.

The total amount of compensation paid to key management for the year ended December 31, 2025 was ﷲ 86.7 million (2024: ﷲ 74.4 million). The post-employment benefits accrued to key management for the year ended December 31, 2025 was ﷲ 3.4 million (2024: ﷲ 10.1 million).

The total end of service payments made for all employees who left their employment with the Group during the year ended December 31, 2025 totaled ﷲ 25.1 million (2024: ﷲ 19.3 million). These payments were made to 127 beneficiaries (2024: 124). The highest payment to a single individual in 2025 was ﷲ 1.7 million (2024: ﷲ 1.4 million).

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

24. Basic and diluted earnings per share

a) Details of basic and diluted earnings per share are as follows:

	2025 ﷲ'000	2024 ﷲ'000
Profit attributable to ordinary shareholders		
Net income	2,431,485	1,956,630
Tier I Sukuk costs	(334,731)	(169,558)
Net income adjusted for Tier I Sukuk costs	2,096,754	1,787,072
Weighted average number of outstanding shares	1,247,325	1,248,974
Basic and diluted earnings per share (ﷲ)	1.68	1.43

b) Basic earnings per share for the year ended December 31, 2024 have been adjusted to reflect the issuance of the bonus shares. Also, the effect of treasury shares is included in calculation of weighted average number of outstanding shares for the year ended December 31, 2024.

25. Zakat

The Bank has filed the required Zakat returns with the ZATCA which are due on April 30 each year, through the year ended December 31, 2025. The Bank's Zakat calculations and corresponding accruals and payments for Zakat are basedt on the ownership percentages disclosed in note 15. The assessments for Bank's 2024 zakat declarations are in progress.

The movement zakat for the year ended December 31, 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Balance at the beginning of the year	331,681	283,933
Provisions for Zakat	409,035	313,242
Payment of Zakat	(301,426)	(265,494)
Balance at the end of the year	439,290	331,681

a) The Bank has provided for Zakat for the year ended December 31, 2025 and 2024 on the basis of the Bank's understanding of these rules.

26. Operating segments

a) Operating segments are identified based on internal reports about components of the Group that are regularly reviewed by the Bank's Board of Directors in its function as the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. Performance is measured based on segment profit, as management believes that this indicator is the most relevant in evaluating the results of segments relative to other entities that operate within these sectors.

Transactions between the operating segments are on normal commercial terms and conditions as approved by management. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated statement of income. Segment assets and liabilities are comprised of operating assets and liabilities. The Group's primary business is conducted in KSA.

There has been no change to the measurement basis or classification for the segment profit or loss during the year ended December 31, 2025.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) The Group's reportable segments are as follows:

Retail banking. Loans, deposits, and other products for public institutions, high-net worth individuals and consumers.

Corporate banking. Loans, deposits and other credit products for corporate, small to medium-sized businesses.

Treasury and Investments. Money market, investments and treasury services, and investments in associates and related activities.

Asset management and brokerage. Dealing, managing, advising and custody of securities services.

Other. Support functions, special credit, and other management and control units.

Commission is charged to operating segments based on Funds Transfer Price (FTP) rates. The net FTP contribution included in the segment information below includes the segmental net special commission income after FTP asset charges and liability credits (FTP net transfers). All other segment income is from external customers.

c) The segment information provided to the Bank's Board of Directors for the reportable segments for the Group's total assets and liabilities as of December 31, 2025 and 2024, and its total operating income, expenses, and Income before provisions for Zakat for the years then ended, are as follows:

	2025 ﷲ'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Total assets	27,303,133	84,360,387	56,748,209	1,041,521	3,267,026	172,720,276
Total liabilities	79,546,100	14,260,984	53,695,653	72,264	2,711,803	150,286,804
Net special commission income (loss)	(1,302,599)	5,319,980	(532,590)	79,136	(36,159)	3,527,768
FTP net transfers	2,462,210	(3,803,371)	1,361,441	-	(20,280)	-
Net FTP contribution	1,159,611	1,516,609	828,851	79,136	(56,439)	3,527,768
Fee income (loss) from banking services, net	14,163	152,377	33,865	186,599	(12,777)	374,227
Other operating income (loss)	123,900	656,977	355,734	4,165	(248,589)	892,187
Total operating income (loss)	1,297,674	2,325,963	1,218,450	269,900	(317,805)	4,794,182
Direct operating expenses	387,040	88,092	40,973	125,854	-	641,959
Indirect operating expenses	529,949	270,382	281,197	-	-	1,081,528
Allowance (reversal) for credit and other losses	63,058	285,392	6,369	106	(67)	354,858
Total operating expenses	980,047	643,866	328,539	125,960	(67)	2,078,345
Operating income (loss)	317,627	1,682,097	889,911	143,940	(317,738)	2,715,837
Share in earnings of associates	-	-	124,683	-	-	124,683
Income (loss) before provisions for Zakat	317,627	1,682,097	1,014,594	143,940	(317,738)	2,840,520

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

26. Operating segments – continued

	2024 ٠'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Total assets	26,229,955	72,822,886	53,776,091	935,750	3,304,749	157,069,431
Total liabilities	68,873,653	11,234,598	53,419,513	67,162	2,343,148	135,938,074
Net special commission income (loss)	(851,481)	4,879,740	(514,405)	67,835	(44,997)	3,536,692
FTP net transfers	2,288,295	(3,532,744)	1,260,494	-	(16,045)	-
Net FTP contribution	1,436,814	1,346,996	746,089	67,835	(61,042)	3,536,692
Fee income (loss) from banking services, net	4,032	154,120	46,735	164,978	(27,011)	342,854
Other operating income (loss)	105,799	90,534	296,772	1,671	(196,274)	298,502
Total operating income (loss)	1,546,645	1,591,650	1,089,596	234,484	(284,327)	4,178,048
Direct operating expenses	508,550	86,076	39,959	118,130	-	752,715
Indirect operating expenses	490,894	196,357	294,535	-	-	981,786
Allowance (reversal) for credit and other losses	9,408	276,437	4,059	(17)	67	289,954
Total operating expenses	1,008,852	558,870	338,553	118,113	67	2,024,455
Operating income (loss)	537,793	1,032,780	751,043	116,371	(284,394)	2,153,593
Share in earnings of associates	-	-	116,279	-	-	116,279
Income (loss) before provisions for Zakat	537,793	1,032,780	867,322	116,371	(284,394)	2,269,872

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

d) The Group’s credit exposure by business segment as of December 31, 2025 and 2024 is as follows:

	2025 ٠'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Consolidated statement of financial position assets	25,819,651	84,360,387	53,992,971	671,955	1,217,959	166,062,923
Commitments and contingencies	236,169	22,516,872	1,199,969	-	-	23,953,010
Derivatives	-	-	5,770,663	-	-	5,770,663
Totals	26,055,820	106,877,259	60,963,603	671,955	1,217,959	195,786,596

	2024 ٠'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Consolidated statement of financial position assets	24,742,542	72,822,886	50,805,646	737,987	1,163,075	150,272,136
Commitments and contingencies	243,031	19,380,072	529,000	-	-	20,152,103
Derivatives	-	-	1,808,011	-	-	1,808,011
Totals	24,985,573	92,202,958	53,142,657	737,987	1,163,075	172,232,250

Consolidated statement of financial position credit exposure comprises of the carrying value of consolidated statement of financial position assets excluding cash in hand, property, equipment, right of use assets, net and Intangible assets, net, investments in associates, investments in equities, mutual funds, and other securities, other real estate, and other assets, net. The credit equivalent value of commitments, contingencies and derivatives are included in credit exposure.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

27. Geographical concentration

The distribution by geographical region for assets, liabilities, and for commitments, contingencies, and derivatives as of December 31, 2025 and 2024 is as follows

	2025 ٠'000						Total
	Kingdom of Saudi Arabia	Other GCC countries	Europe & UK	North America	South East Asia	Other countries	
Assets							
Cash and balances with SAMA	6,130,601	-	-	-	-	-	6,130,601
Due from banks and other financial institutions, net	410,839	104,415	928,018	96,404	25,632	55,686	1,620,994
Investments, net							
Held at FVTPL	40,550	59,719	-	419	-	-	100,688
Held at amortized, cost	7,416,085	6,965,210	9,207,117	5,588,291	777,109	-	29,953,812
Held at FVOCI	14,275,321	1,595,705	659,502	376,607	235,343	-	17,142,478
Positive fair values of derivatives, net	284,329	246,354	91,677	-	-	-	622,360
Loans and advances, net							
Commercial	100,083,062	-	-	-	-	-	100,083,062
Retail	11,986,890	-	-	-	-	-	11,986,890
Investments in associates	1,083,124	-	-	-	-	-	1,083,124
Other real estate	593,010	-	-	-	-	-	593,010
Property, equipment, and right of use assets, net	1,235,121	-	-	-	-	-	1,235,121
Intangible assets, net	818,858	-	-	-	-	-	818,858
Other assets, net	1,349,278	-	-	-	-	-	1,349,278
Total	145,707,068	8,971,403	10,886,314	6,061,721	1,038,084	55,686	172,720,276
Liabilities and equity							
Due to banks and other financial institutions, net	5,759,553	10,954,007	18,843,347	-	542	1,637	35,559,086
Customers' deposits:							
Time	75,193,106	-	-	-	3,123,321	-	78,316,427
Saving	3,446,117	-	-	-	-	-	3,446,117
Demand	26,249,697	-	-	-	-	-	26,249,697
Other	1,606,766	-	-	-	-	-	1,606,766
Term Loans	116,259	112,500	300,000	-	2,260,963	-	2,789,722
Negative fair values of derivatives, net:	-	1,084	46,630	-	-	-	47,714
Other liabilities	2,271,275	-	-	-	-	-	2,271,275
Total	114,642,773	11,067,591	19,189,977	-	5,384,826	1,637	150,286,804
Commitments and contingencies	29,729,684	958,811	176,820	15,448	8,781	2,504	30,892,048
Maximum credit exposure (stated at credit equivalent amounts)	22,790,950	958,507	176,820	15,448	8,781	2,504	23,953,010
Derivatives notional	2,566,770	170,695	3,033,199	-	-	-	5,770,664

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2024 ٠'000						Total
	Kingdom of Saudi Arabia	Other GCC countries	Europe & UK	North America	South East Asia	Other countries	
Assets							
Cash and balances with SAMA	9,918,878	-	-	-	-	-	9,918,878
Due from banks and other financial institutions, net	427,506	149,252	229,928	413,963	22,638	70,713	1,314,000
Investments, net:							
Held at FVTPL	42,178	19,982	-	666	-	-	62,826
Held at amortized, cost	7,226,519	5,010,541	4,569,072	3,838,322	779,116	-	21,423,570
Held at FVOCI	15,419,167	2,712,288	629,476	363,010	223,722	-	19,347,663
Positive fair values of derivatives, net	301,228	183,910	-	41,360	-	-	526,498
Loans and advances, net:							
Commercial	87,047,333	-	-	-	-	-	87,047,333
Retail	12,419,157	-	-	-	-	-	12,419,157
Investments in associates	1,022,418	-	-	-	-	-	1,022,418
Other real estate	858,830	-	-	-	-	-	858,830
Property, equipment, and right of use assets, net	1,245,910	-	-	-	-	-	1,245,910
Intangible assets, net	630,573	-	-	-	-	-	630,573
Other assets, net	1,251,775	-	-	-	-	-	1,251,775
Total	137,811,472	8,075,973	5,428,476	4,657,321	1,025,476	70,713	157,069,431
Liabilities and equity							
Due to banks and other financial institutions, net	13,122,722	10,211,744	16,564,869	-	542	1,121	39,900,998
Customers' deposits							
Time	58,978,914	-	-	-	-	-	58,978,914
Saving	3,325,313	-	-	-	-	-	3,325,313
Demand	29,655,634	-	-	-	-	-	29,655,634
Other	2,053,270	-	-	-	-	-	2,053,270
Negative fair values of derivatives, net:	41,912	7,834	9,011	-	-	-	58,757
Other liabilities	1,965,188	-	-	-	-	-	1,965,188
Total	109,142,953	10,219,578	16,573,880	-	542	1,121	135,938,074
Commitments and contingencies	25,793,433	730,043	165,059	17,579	2,701	3,557	26,712,372
Maximum credit exposure (stated at credit equivalent amounts)	20,469,141	191,843	165,059	17,579	2,701	3,557	20,849,880
Derivatives notional	150,879	208,169	1,582,376	50,497	-	-	1,991,921

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

a) The distribution by geographical concentration of non-performing loans and advances and provision for credit losses are as follows:

	Non-performing loans and advances		Allowance for credit losses	
	2025 ﷲ'000	2024 ﷲ'000	2025 ﷲ'000	2024 ﷲ'000
Kingdom of Saudi Arabia				
Commercial	1,001,951	966,293	1,862,330	1,509,121
Retail	80,629	88,357	130,760	143,110
	1,082,580	1,054,650	1,993,090	1,652,231

28. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as commission rates, foreign exchange rates, and equity prices. The Group classifies exposures to market risk into either a trading or banking book.

a) Market risk-trading book

The Board of Directors has set limits for the acceptable level of risks in managing the trading book. The Group currently has trading book exposures in foreign exchange contracts and commission rate swaps. Market risk management uses the mandated standardized approach, e.g. sensitivity based method, to access the market risk exposure in the trading book for foreign exchange and interest rate exposure of the Bank. Additionally, the Value at Risk (VaR) tool is leveraged for accessing any additional exposure over the standardized approach.

b) Market risk-banking book

Market risk in the banking book mainly arises from commission rate risk, liquidity risk, currency risk, and equity price risk.

i. Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect either the fair values or the future cash flows of the financial instruments and obligations. The Board of Directors has established commission rate gap limits for stipulated periods. The Group monitors positions and uses hedging strategies to ensure maintenance of positions within the established gap limits.

The following table depicts the sensitivity to a reasonably possible change in commission rates, with other variables held constant, on the Group’s consolidated statement of income or shareholders’ equity. A positive effect shows a potential net increase in the consolidated net income or shareholders’ equity, whereas a negative effect shows a potential net reduction in consolidated net income or shareholders’ equity.

The sensitivity of net special commission income is the effect of the assumed changes in commission rates on the net special commission income for one year, based on the floating rate financial assets and financial liabilities held as of December 31, 2025 and 2024, including the effect of hedging instruments.

The sensitivity of equity is calculated by revaluing the fixed rate FVOCI debt securities, excluding the effect of any associated fair value hedges as of December 31, 2025 and 2024 for the effect of assumed changes in commission rates. The sensitivity of shareholders’ equity is analyzed by maturity of the asset or swap. The entire banking book exposures are monitored and analyzed by currency and relevant sensitivities and are disclosed in ﷲ thousands. For presentation purposes in the tables below, short-term fixed rate deposit liabilities are treated as variable rate deposits.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Commission rate	Increase (decrease) in basis points	2025 ﷲ'000	2025 Sensitivity of equity ﷲ'000				
		Sensitivity of net special commission income	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
ﷲ	+ 100	33,873	(3,315)	(5,957)	(312,314)	(4,237)	(325,823)
USD	+ 100	(215,067)	-	-	(30,618)	(159,422)	(190,040)
EUR	+ 100	3,846	-	-	-	-	-

Commission rate	Increase (decrease) in basis points	2025 ﷲ'000	2025 Sensitivity of equity ﷲ'000				
		Sensitivity of net special commission income	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
ﷲ	-100	(33,873)	3,315	5,957	312,314	4,237	325,823
USD	-100	215,067	-	-	30,618	159,422	190,040
EUR	-100	(3,846)	-	-	-	-	-

Commission rate	Increase (decrease) in basis points	2024 ﷲ'000	2024 Sensitivity of equity ﷲ'000				
		Sensitivity of net special commission income	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
ﷲ	+ 100	157,488	(550)	-	(18,787)	(188,516)	(207,853)
USD	+ 100	(85,429)	(3,625)	(2,740)	(215,252)	(197,082)	(418,699)
EUR	+ 100	2,276	-	-	-	-	-

Commission rate	Increase (decrease) in basis points	2024 ﷲ'000	2024 Sensitivity of equity ﷲ'000				
		Sensitivity of net special commission income	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
ﷲ	-100	(157,488)	550	-	18,787	188,516	207,853
USD	-100	85,429	3,625	2,740	215,252	197,082	418,699
EUR	-100	(2,276)	-	-	-	-	-

The Group manages exposure to the effects of various risks associated with fluctuations in prevailing levels of market special commission rates on its financial position and cash flows. The Board of Directors also sets limits on the level of mismatch of special commission rate re-pricing that may be undertaken, which is monitored by the Treasury unit.

The Group is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Group manages this risk by matching the re-pricing of assets and liabilities through special commission rate risk management strategies.

The tables below summarize the Group’s exposure to special commission rate risks as of December 31, 2025 and

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

2024. Included in the tables are the Group’s assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

	2025 ٠'000					
	Within 3 months	3-12 months	1 to 5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA	299,000	-	-	-	5,831,601	6,130,601
Due from banks and other financial institutions, net:	1,619,977	1,009	-	-	8	1,620,994
Investments, net						
Held at FVTPL	-	-	-	-	100,688	100,688
Held at amortized, cost	498,327	967,310	7,964,668	20,062,641	460,866	29,953,812
Held at FVOCI	172,546	1,891,533	11,251,013	2,983,771	843,615	17,142,478
Positive fair values of derivatives, net:	-	-	-	-	622,360	622,360
Loans and advances, net	-	-	-	-	-	-
Commercial	70,650,216	25,614,057	1,978,238	248	1,840,303	100,083,062
Retail	2,689,865	1,501,211	4,955,286	2,767,151	73,377	11,986,890
Investments in associates	-	-	-	-	1,083,124	1,083,124
Other real estate	-	-	-	-	593,010	593,010
Property, equipment, and right of use assets, net	-	-	-	-	1,235,121	1,235,121
Intangible assets, net	-	-	-	-	818,858	818,858
Other assets, net	-	-	-	-	1,349,278	1,349,278
Total	75,929,931	29,975,120	26,149,205	25,813,811	14,852,209	172,720,276
Liabilities and equity						
Due to banks and other financial institutions, net:	35,083,810	243,770	-	-	231,506	35,559,086
Customers’ deposits	-	-	-	-	-	-
Time	65,178,026	12,578,651	12,000	-	547,750	78,316,427
Saving	3,446,117	-	-	-	-	3,446,117
Demand	-	-	-	-	26,249,697	26,249,697
Other	-	-	-	-	1,606,766	1,606,766
Term Loans	2,788,995	-	-	-	727	2,789,722
Negative fair values of derivatives, net	-	-	-	-	47,714	47,714
Other liabilities	-	-	-	-	2,271,275	2,271,275
Total equity	-	-	-	-	22,433,472	22,433,472
Total	106,496,948	12,822,421	12,000	-	53,388,907	172,720,276
Total commission rate sensitivity gap - on balance sheet	(30,567,017)	17,152,699	26,137,205	25,813,811	(38,536,698)	-
Derivatives, commitments and contingencies	6,251,159	(1,575,126)	(4,676,033)	-	-	-
Total commission rate sensitivity gap	(24,315,858)	15,577,573	21,461,172	25,813,811	(38,536,698)	-
Cumulative commission rate sensitivity gap	(24,315,858)	(8,738,285)	12,722,887	38,536,698	-	-

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2024 ٠'000					Total
	Within 3 months	3-12 months	1 to 5 years	Over 5 years	Non commission bearing	
Assets						
Cash and balances with SAMA	4,244,000	-	-	-	5,674,878	9,918,878
Due from banks and other financial institutions, net:	650,587	160,000	-	-	503,413	1,314,000
Investments, net:						
Held at FVTPL	-	-	-	-	62,826	62,826
Held at amortized, cost	514,157	964,822	6,215,779	13,449,679	279,133	21,423,570
Held at FVOCI	821,582	1,623,201	8,027,308	7,782,378	1,093,194	19,347,663
Positive fair values of derivatives, net:	-	-	-	-	526,498	526,498
Loans and advances, net:						
Commercial	59,835,136	25,315,521	40,147	248	1,856,281	87,047,333
Retail	2,595,269	1,572,298	5,758,451	2,479,684	13,455	12,419,157
Investments in associates	-	-	-	-	1,022,418	1,022,418
Other real estate	-	-	-	-	858,830	858,830
Property, equipment, and right of use assets, net	-	-	-	-	1,245,910	1,245,910
Intangible assets, net	-	-	-	-	630,573	630,573
Other assets, net	-	-	-	-	1,251,775	1,251,775
Total	68,660,731	29,635,842	20,041,685	23,711,989	15,019,184	157,069,431
Liabilities and equity						
Due to banks and other financial institutions, net:	22,685,343	16,924,151	-	-	291,504	39,900,998
Customers’ deposits:						
Time	50,902,522	7,510,250	12,000	-	554,142	58,978,914
Saving	3,325,313	-	-	-	-	3,325,313
Demand	-	-	-	-	29,655,634	29,655,634
Other	-	-	-	-	2,053,270	2,053,270
Negative fair values of derivatives, net	-	-	-	-	58,757	58,757
Other liabilities	-	-	-	-	1,965,188	1,965,188
Total equity	-	-	-	-	21,131,357	21,131,357
Total	76,913,178	24,434,401	12,000	-	55,709,852	157,069,431
Total commission rate sensitivity gap - on balance sheet	(8,252,447)	5,201,441	20,029,685	23,711,989	(40,690,668)	-
Derivatives, commitments and contingencies	6,849,183	(570,897)	(6,278,286)	-	-	-
Total commission rate sensitivity gap	(1,403,264)	4,630,544	13,751,399	23,711,989	(40,690,668)	-
Cumulative commission rate sensitivity gap	(1,403,264)	3,227,280	16,978,679	40,690,668	-	-

The off-balance sheet gap position represents the net notional amounts of derivative financial instruments, which are used to manage special commission rate risk.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

ii. Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Board of Directors has set limits on currency positions, which are monitored daily. Hedging strategies are also used to ensure that positions and market risks are maintained within the limits.

The table below shows the currencies to which the Group has a significant exposure as of December 31, 2025 and 2024, on its banking book assets and liabilities and forecasted cash flows. The table depicts the effect of a reasonably possible movement of the currency rates against the ﷲ, with other variables held constant, on the consolidated statement of income (due to the change in the fair value of the currency sensitive banking book assets and liabilities). A positive effect shows a potential net increase in the consolidated statement of income, whereas a negative effect shows a potential net reduction in the consolidated statement of income.

Currency Exposures	Change in currency rate in %	Effect on Income before provisions for Zakat	
		2025 ﷲ'000	2024 ﷲ'000
USD	± 5%	+110,802	+100,282
EUR	± 5%	+198	+40
GBP	± 5%	+4	+105

iii. Currency position

The Group manages the exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. As of December 31, 2025 and 2024, the Group had the following significant net exposures denominated in foreign currencies:

Currency	2025 ﷲ'000	2024 ﷲ'000
	Long / (short)	Long / (short)
US Dollar	2,216,045	2,005,650
Euro	(3,956)	805
Pound Sterling	(78)	2,090
U.A.E Dirham	41,153	48,311
Others	89,862	85,218

iv. Equity price risk

Equity price risk refers to the risk of a decrease in fair values of equities, mutual funds and other securities in the Group’s investment portfolio as a result of reasonably possible changes in levels of equity indices and the value of individual investments.

The following table depicts the effect on the Group’s investments in equities and mutual funds from a reasonably possible change in relevant indices, with other variables held constant, and the related effect on the Group’s net income and shareholders’ equity as of December 31, 2025 and 2024. A positive effect shows a potential increase in consolidated shareholders’ equity, whereas a negative effect shows a potential decrease in consolidated shareholders’ equity.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Market Indices	2025		
	Change in equity price %	Effect on Income before provisions for Zakat ﷲ'000	Shareholders' equity Effect ﷲ'000
TADAWUL	± 5%	-	+11,541
Unquoted	± 5%	+5,034	+23,810

	2024		
	Change in equity price %	Effect on Income before provisions for Zakat ﷲ'000	Shareholders' equity Effect ﷲ'000
TADAWUL	± 5%	-	+ 25,985
Unquoted	± 5%	+ 3,141	+ 232

29. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources, and assets are managed with liquidity in perspective. Management therefore maintains a healthy balance of cash, cash equivalents, and readily marketable securities as of part of its high liquid assets. Management also monitors the asset and liability maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Asset Liability Committee. A summary report, including any exceptions and remedial actions taken, is submitted regularly to the Asset Liability Committee.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA equal to 7% (2024: 7%) of average demand deposits and 4% (2024: 4%) of average saving and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash and balances with SAMA, Saudi Government Development Bonds, or other assets which can be converted into cash within a period not exceeding 30 days. The Group has the ability to raise additional funds through repo facilities with SAMA against Saudi Government Development Bonds up to 98% of the nominal value of Saudi Riyal denominated bonds held.

The Bank has an established Liquidity Risk Appetite that is approved by Board of Directors and that is reviewed monthly through ALCO and with quarterly reports to the Board Risk Committee (BRC). The Risk Appetite statement is based on a range of key monitoring metrics, including the short-term Liquidity Coverage Ratio and the long-term Net Stable Funding Ratio along with Liquidity Gap limits giving due consideration to stress factors relating to both the market in general and Bank specific conditions. The Bank has also established a comprehensive Contingency Funding Plan (CFP) using early warning monitoring metrics to forewarn Senior Management of impending stress and which establishes a clear allocation of roles and clear lines of management responsibility to address any liquidity stress situations.

a) Contractual maturity profile of assets and liabilities

The tables below summarize the contractual maturity profile of the Group’s assets, liabilities, as of December 31, 2025 and 2024. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the consolidated statement of financial position date to the contractual maturity date, and do not take into account the effective maturities as indicated by the Group’s deposit retention history. The amounts disclosed for derivatives, and commitments and contingencies are not indicative of future payment obligations.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2025 ٣'000					
	Within 3 months	3-12 months	1 to 5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	299,000	-	-	-	5,831,601	6,130,601
Due from banks and other financial institutions, net	8	1,009	-	-	1,619,977	1,620,994
Investments, net						
Held at FVTPL	-	-	-	-	100,688	100,688
Held at amortized, cost	446,060	967,311	8,447,800	20,092,641	-	29,953,812
Held at FVOCI	136,591	1,568,732	11,673,564	3,056,568	707,023	17,142,478
Positive fair values of derivatives, net	-	387,880	-	-	234,480	622,360
Loans and advances, net						
Commercial	24,917,110	34,881,120	24,137,621	16,147,211	-	100,083,062
Retail	2,435,089	1,501,211	5,283,439	2,767,151	-	11,986,890
Investments in associates	-	-	-	-	1,083,124	1,083,124
Other real estate	-	-	-	-	593,010	593,010
Property, equipment, and right of use assets, net	-	-	-	-	1,235,121	1,235,121
Intangible assets, net	-	-	-	-	818,858	818,858
Other assets, net	-	-	-	-	1,349,278	1,349,278
Total	28,233,858	39,307,263	49,542,424	42,063,571	13,573,160	172,720,276
Liabilities and equity						
Due to banks and other financial institutions, net	15,735,475	12,786,082	7,033,500	-	4,029	35,559,086
Customers' deposits						
Time	59,737,745	14,734,382	3,844,300	-	-	78,316,427
Saving	-	-	-	-	3,446,117	3,446,117
Demand	-	-	-	-	26,249,697	26,249,697
Other	-	-	-	-	1,606,766	1,606,766
Term loans, net	-	-	2,789,722	-	-	2,789,722
Negative fair values of derivatives, net	-	47,714	-	-	-	47,714
Other liabilities	2,271,275	-	-	-	-	2,271,275
Total equity	-	-	-	-	22,433,472	22,433,472
Total	77,744,495	27,568,178	13,667,522	-	53,740,081	172,720,276
Commitments and contingencies	2,223,764	2,654,874	17,952,584	8,060,826	-	30,892,048
Derivatives notional amounts	7,836,603	5,451,137	37,689,774	17,456,332	-	68,433,846

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2024 ٣'000					
	Within 3 months	3-12 months	1 to 5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA:	4,244,000	-	-	-	5,674,878	9,918,878
Due from banks and other financial institutions, net	29,968	160,000	-	-	1,124,032	1,314,000
Investments, net						
Held at FVTPL	-	-	-	-	62,826	62,826
Held at amortized, cost	279,144	964,822	6,649,925	13,529,679	-	21,423,570
Held at FVOCI	813,386	1,301,186	8,451,352	7,854,656	927,083	19,347,663
Positive fair values of derivatives, net	-	342,588	-	-	183,910	526,498
Loans and advances, net						
Commercial	19,893,108	29,666,927	22,115,036	15,372,262	-	87,047,333
Retail	2,608,724	1,572,298	5,758,451	2,479,684	-	12,419,157
Investments in associates	-	-	-	-	1,022,418	1,022,418
Other real estate	-	-	-	-	858,830	858,830
Property, equipment, and right of use assets, net	-	-	-	-	1,245,910	1,245,910
Intangible assets, net	-	-	-	-	630,573	630,573
Other assets, net	-	-	-	-	1,251,775	1,251,775
Total	27,868,330	34,007,821	42,974,764	39,236,281	12,982,235	157,069,431
Liabilities and equity						
Due to banks and other financial institutions, net:	16,855,562	21,724,470	1,318,205	-	2,761	39,900,998
Customers' deposits:						
Time	45,493,649	7,260,250	6,225,015	-	-	58,978,914
Saving	-	-	-	-	3,325,313	3,325,313
Demand	-	-	-	-	29,655,634	29,655,634
Other	-	-	-	-	2,053,270	2,053,270
Negative fair values of derivatives, net:	-	58,757	-	-	-	58,757
Other liabilities	1,965,188	-	-	-	-	1,965,188
Total equity	-	-	-	-	21,131,357	21,131,357
Total	64,314,399	29,043,477	7,543,220	-	56,168,335	157,069,431
commitments and contingencies	1,283,183	2,682,988	14,649,458	8,096,743	-	26,712,372
Derivatives notional amounts	6,158,615	931,575	31,371,233	11,716,664	-	50,178,087

Assets available to meet all the liabilities and to cover outstanding loan commitments include cash and balances with SAMA, due from banks and other financial institutions, investments, and loans and advances. The Group regularly monitors the maturity profile to ensure adequate liquidity is maintained. The cumulative maturities of commitments and contingencies is disclosed in note 18(c)(i).

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) Analysis of financial liabilities by remaining undiscounted maturities

The tables below summarize the estimated maturity profile of the Group’s financial liabilities as of December 31, 2025 and 2024 based on contractual undiscounted future repayment obligations. As special commission payment estimates up to the contractual maturities are included in the tables, the totals do not match the amounts included in the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the consolidated statement of financial position date to the contractual maturity date and do not take into account the effective expected maturities. The Group expects that many customers will not request repayment on the earliest date that the Group could be required to pay and the tables therefore do not reflect the expected cash flows indicated by the Group’s deposit retention history. The undiscounted maturity profile of financial liabilities is as follows:

	2025 ٢٠٢٥					Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity / on demand	
Due to banks and other financial institutions:	15,508,000	12,786,082	7,033,500	-	4,029	35,331,611
Customers’ deposits:	59,322,918	15,185,640	3,971,946	-	31,254,821	109,735,325
Term Loans, net	-	-	2,822,964	-	-	2,822,964
Negative fair values of derivatives, net:	-	47,714	-	-	-	47,714
Total	74,830,918	28,019,436	13,828,410	-	31,258,850	147,937,614
Derivatives	19,218	2,204,439	19,056,456	14,302,422	-	35,582,535
Total	74,850,136	30,223,875	32,884,866	14,302,422	31,258,850	183,520,149

	2024 ٢٠٢٤					Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity / on demand	
Due to banks and other financial institutions:	16,904,041	22,157,198	1,337,003	-	2,761	40,401,003
Customers’ deposits:	46,020,361	7,255,872	6,221,262	-	35,034,217	94,531,712
Negative fair values of derivatives, net:	-	58,757	-	-	-	58,757
Total	62,924,402	29,471,827	7,558,265	-	35,036,978	134,991,472
Derivatives	5,697,170	63,674	9,390,879	4,619,635	-	19,771,358
Total	68,621,572	29,535,501	16,949,144	4,619,635	35,036,978	154,762,830

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

30. Credit and financial risk management

The Bank’s Board of Directors is responsible for establishing Corporate Governance processes and approving the Risk Appetite and related risk management framework. It is also responsible for approving and implementing policies to ensure compliance with SAMA guidelines, accounting and reporting standards and best industry practices including Basel guidelines. The Board of Directors has approved the Bank’s Risk Management Guide Policy as an overarching Risk Policy under which the Bank has a suite of policies including a Risk Appetite Framework Policy, Credit Policy Guide, Treasury Policy Guide, Stress Test Policy, Internal Capital Adequacy Assessment Plan Policy, Operational Risk Policy, Fraud Risk Policies, Information Security Policies, among others.

The Board of Directors has also approved the Bank’s comprehensive IFRS 9 Governance Framework Policy, addressing the Group’s IFRS 9 Approach and Methodology Policy, which is supplemented with additional management level policies including an IFRS 9 Data Management and Control Framework Policy, and the IFRS 9 governance framework, along with standard operating and accounting procedures.

The Board of Directors is supported by the Board Risk Committee, a committee of the Board, responsible for recommending policies for Board approval and for monitoring risks within the Bank. At the management level, the Bank operates various committees including an Enterprise Risk Management Committee, a Credit Committee, and an Asset Liability Committee (ALCO), which are responsible for various areas of risk management. A management level Expected Credit Loss (ECL) Committee linked to the Group’s IFRS 9 Governance and Framework Policy also operates which is responsible for all aspects of IFRS 9 including expected credit losses.

Other management level committees include the Operational Risk Management Committee, Financial Fraud Control Committee, Business Continuity Management Committee, Information Technology Steering Committee, and the Cybersecurity steering committee.

At the departmental level, the Bank has a Risk Management Group headed by a Chief Risk Officer who is assisted by assistant general managers in charge of Risk Management, Credit Risk Review, Credit Administration, Collections and other functions.

a) Credit Risk

The Group manages its exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in customer lending activities that lead to loans and advances, and other investment activities. There is also credit risk in off Balance sheet financial instruments, such as loan commitments and financial guarantee contracts. The Group assesses the Probability of Default (PD) of counterparties using internal rating tools which can be mapped to external ratings where available. The Group’s credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their obligation, and to control the level of credit risk taken. The Group assesses wholesale counterparties using the same techniques as for its lending activities to clients.

Concentrations of credit risk arise when several counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location.

The Group has a comprehensive Board approved framework for managing credit risk which includes an independent credit risk review function and credit risk monitoring process. The Group seeks to control credit risk by monitoring credit exposures, limiting concentration risks, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group’s risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are regularly monitored. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) Credit Risk management

The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations, businesses, or economic sectors.

The Group uses a credit classification system as a tool to assist in managing the quality of credit risk within the lending portfolio. It maintains classification grades that differentiate between portfolios and allocates expected credit loss allowances. The Group determines each individual borrower’s grade based on specific objective and subjective financial and business assessment criteria covering debt service, profitability, liquidity, capital structure, industry, management quality, and company standing. The Group conducts periodic quality classification exercises over all of its existing borrowers and the results of these exercises are validated by the independent risk management unit established for that purpose. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products, external economic environment, emerging best practices, and regulatory guidance.

c) Credit Risk Mitigation (“CRM”)

The Group in the ordinary course of lending activities holds collateral as security for Credit Risk Mitigation (CRM) on its loans and advances. The collateral includes primarily time, demand, and other cash deposits, financial guarantees, local and international equities, real estate, and other assets. The collateral is held mainly against commercial and similar loans and is managed against relevant exposures at their net realizable value. Management monitors the market value of collateral, requests additional collateral in accordance with underlying agreements, and assesses the adequacy of the allowance for credit losses. The Group also seeks additional collateral from counterparties when impairment indicators are observed.

(i) The estimated fair value of collateral held as CRM by the Group for total loans and advances is approximately ﷲ 91.8 billion (2024: ﷲ 83.6 billion). The amount of real estate, local and international equities and other cash deposits held as CRM for Stage 3 exposures is as follows:

	Exposure ﷲ’000	Credit Risk Mitigation ﷲ’000	ECL ﷲ’000
December 31, 2025	2,283,120	1,884,263	1,154,046
December 31, 2024	1,945,521	1,513,539	897,532

(ii) The amount of collateral held as security for credit-impaired loans along with collateral coverage as of December 31, 2025 and 2024 is as follows:

	2025 ﷲ’000	2024 ﷲ’000
Less than 50%	65,321	61,797
51% to 70%	60,133	13,942
More than 70%	1,758,809	1,437,800
Total	1,884,263	1,513,539

(iii) The Group, in the ordinary course of business, acquires real estate against settlement of loans and advances. The Group acquires the real estate with an intention to sell. The real estate acquired is presented as ‘Other real estate’ in the consolidated statement of financial position. The movement of Other real estate for the years ended December 31, 2025 and 2024 is summarized as follows:

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2025 ﷲ’000	2024 ﷲ’000
Balance at the beginning of the year	858,830	858,897
Disposals during the year	(265,887)	-
Fair valuation loss for the year	67	(67)
Balance at the end of the year	593,010	858,830

d) Credit Risk disclosures

The Group’s credit quality for financial assets and financial guarantee contracts is included in note 30(o).

The debt securities included in the investment portfolio are due mainly from corporates, banks, financial institutions, and sovereigns. An analysis of the Group’s investments by type of counterparty is included in note 6d.

Information of the credit quality for loans and advances is provided in note 7d.

Economic sector risk concentrations for loans and advances are provided in note 7e.

The Group’s credit risk relating to derivative financial instruments is included in note 11.

An analysis of the Group’s financial guarantee contracts by type of counterparty is included in notes 18(b)(ii). The Group’s credit exposure by business segment is included in note 26d. The Group’s distribution of geographic concentration is provided in note 27.

e) Credit analysis of investments held at FVTPL

The Group’s investments held at FVTPL comprise of Mutual fund investments and other securities which are unrated.

f) Credit risk grades

The Group allocates exposures to a credit risk grade based on an array of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of a risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases non-linearly as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Each non-consumer exposure is allocated a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring of exposures involves the use of the following data:

Non-Consumer exposures	Consumer exposures	All exposures
- Information obtained during periodic reviews of customer files – e.g. audited financial statements, management accounts, budgets, and projections. Examples of areas of particular focus include gross profit margins, financial leverage ratios, debt service coverages, compliance with covenants, quality management, and senior management changes. - Data from credit reference agencies, press articles, and changes in external credit ratings - Quoted bond and credit default swap (CDS) prices for the borrower where available - Actual and expected significant changes in the political, regulatory, and technological environment of the borrower, or in its business activities	- Internally collected data and customer behavior – e.g. utilization of credit card facilities - External data from credit reference agencies including industry-standard credit scores - Affordability metrics	- Payment record – this includes overdue status as well as a range of variables about payment ratios - Utilization of the granted limit - Requests for and granting of forbearance - Existing and forecast changes in business, financial and economic conditions

g) Generating the term structure for the Probability of Default (PD)

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures and analyzes the information by type of product and borrower as well as by credit risk grading. For some portfolios, information sourced from external credit reference agencies is also used.

The Group employs models developed based on the analysis of the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time due to the impact of macro-economic factors. This analysis includes the identification and calibration of relationships of portfolio default rates against macro-economic variables. For most exposures, key macro-economic indicators include Real GDP, Nominal GDP, Government expenditure, Consumer price index and interest rate.

Based on a variety of external actual and forecasted information, the Group formulates a base case view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts to adjust its estimates of the PD term-structures. The range of PDs for corporate portfolio are as follow:

Internal rating grade	Internal rating description	12 month PD range
Performing		
1	Exceptional	0.01%-0.05%
2	Excellent	0.06%- 0.46%
3	Strong	0.47%-0.78%
4	Good	0.79% - 2.19%
5	Acceptable	2.20% -3.74%
6	Marginal	3.75% -8.21%
7	Special Mention	8.22%- 25.89%
Non - Performing		
8 to 10		100%

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

h) Determining whether credit risk has increased significantly

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and credit assessments, including forward-looking information.

The criteria for determining whether credit risk has increased significantly varies by portfolio and includes quantitative as well as qualitative factors, including a backstop based on delinquency. One of the key quantitative indicators used by the Group is the relative downgrade of the internal rating of a borrower since origination and thereby the consequent change in the PD.

Using credit judgment and, where possible, relevant historical experience, the Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and for which the effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The qualitative indicators include specific high risk rating grades, cross facility defaults, and renegotiation of loans to customers in financial difficulty (referred to as forbearance).

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 29 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in the expected credit loss allowance resulting from transfers between 12-month PD (Stage 1) and lifetime PD (Stages 2 or 3).

No change has been made in the backstop criteria for all types of exposures.

The Group uses three main components to measure ECL, which are Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The Group has leveraged existing regulatory practices and SAMA guidance to develop the methodology for model inputs which are adjusted when and where necessary to comply with IFRS 9 requirements.

Financial assets and financial guarantee contracts reflecting a significant increase in credit risk are classified in Stage 2 and the Group recognizes loss allowances at an amount equal to lifetime expected credit losses, reflecting a lifetime expected PD that represents the probability of default over the remaining life of the financial asset. The allowances for Stage 2 are higher than for Stage 1, reflecting the impact of a longer time horizon compared to a 12-month horizon used for the allowance in Stage 1.

i) Definition of Default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the borrower is past due more than 90 days.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default the Group considers indicators that are:

- qualitative, e.g. breaches of covenants;
- quantitative, e.g. overdue status and non-payment of another obligation of the same borrower; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. IFRS 9 does not define the term ‘default’, but instead requires each entity to do so. For financial reporting, the Group has leveraged existing regulatory practices and SAMA definition of default which are adjusted when and where necessary to comply with IFRS 9 requirements.

The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a PD of 100% and recoverable cash flows on the asset. These financial assets are credit impaired and are classified under Stage 3.

j) Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention, and other factors not related to a current or potential credit deterioration of the credit of the customer. An existing loan for which the terms have been modified may be derecognized and the renegotiated loan is recognized as a new loan at fair value in accordance with the Group’s policies.

The Group may also renegotiate loans to customers in financial difficulty to maximize collection opportunities and minimize the risk of default. Loan forbearance is granted on a selective basis:

- if there is a high risk of default; or
- if there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually can include extending the maturity, changing the timing of commission and/or principal payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Group’s ability to collect special commission and principal and the Group’s previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower’s payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk. A customer needs to demonstrate consistently good payment behavior over a period of time before the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to a 12-month ECL. The Group considers a period of 12 months as a curing period to move assets from loss allowance measurement at Lifetime ECL (Stage 2 and 3) to a 12-month ECL (Stage 1).

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

k) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These parameters are generally derived from internally developed models and external benchmarks. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on internal rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between ratings classes, then this can lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated repayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties as well as external benchmarks. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and the net recovery amount of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or financial guarantee.

For retail overdrafts and other facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period which may be longer than the maximum contractual period if the Group’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group’s exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect. This contractual right may not be enforced in the normal day-to-day management but only when the Group becomes aware of an increase in credit risk at the facility level.

This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These can include a reduction in limits, or cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modeling of a parameter is carried out on a collective basis, the financial instruments are grouped based on shared risk characteristics that include the instrument type, credit risk rating, time to maturity, collateral type, industry; and geographic location of the borrower. Regular reviews are also conducted to ensure that exposures within a particular portfolio remain appropriately homogeneous.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

For portfolios where the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

	PD	LGD
Due from banks and other financial institutions	Fitch	SAMA LGD Estimates
Investments	S&P Global	SAMA LGD Estimates

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime PD at the reporting date with the remaining lifetime PD for the point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

I) Incorporation of forward-looking information

Based on a consideration of a variety of external actual and forecasted information, the Group formulates a base case view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities and selected private sector forecasters.

The baseline scenario represents a most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The upturn scenario reflects a more favorable economic environment relative to the baseline, while the downturn scenario represents a plausible adverse economic outcome indicative of a moderate recession. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Predicted relationships between the key indicators and default and loss rates on the portfolios of financial assets and financial guarantee contracts have been developed based on analyzing historical data from 2013 onwards.

The group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December included the following ranges of key indicators as shown below as per Moody’s data analytics:

Economic Indicators	2026
Real GDP – In ﷲ billions	Upside: - 5,092 Base case: - 5,026 Downside: - 4,924
Nominal GDP – In ﷲ billions	Upside: - 4,983 Base case: - 4,888 Downside: - 4,654
Government Expenditure - In ﷲ billions	Upside: - 1,330.2 Base case: - 1,329.9 Downside: - 1,329.0
Interest Rate (Government Bond Yields, 1 Year) %	Upside: - 4.01% Base case: - 3.93% Downside: - 4.82%
Consumer Price Index	Upside: - 115.2 Base case: - 115.1 Downside: - 114.5

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Sensitivity of allowance for credit losses:

A sensitivity analysis has been conducted on the macro-economic variables that have been found to show statistical significance with the default patters which are Real GDP, Nominal GDP, Government expenditure, Consumer Price Index and Interest rate (Government Bond Yields) in order to assess the potential change in ECL. The following table summarizes the results of this sensitivity analysis as of December 31, 2025 and 2024 showing the effect of more optimistic and more pessimistic scenarios on ECL. The current scenario represents a most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. This is weighted across upturn, downturn and baseline scenarios. The following scenarios have also been considered for the purpose of this exercise : Baseline scenario, Upturn Scenario, and Downturn scenario. ECL for these scenarios are calculated based on the values of the macroeconomic variables obtained from Moody’s Data Analytics for these three scenarios. While the downturn scenario is indicative of a moderate recession the upturn scenario characterizes strong near-term growth.

	Due from banks and other financial institutions	Investments - Debt securities	Loans and advances	Financial guarantee contracts	Total
2025 ﷲ’000					
Baseline scenario	1,842	20,248	1,992,975	217,139	2,232,204
Upturn scenario	1,840	20,244	1,992,751	217,137	2,231,972
Downturn scenario	1,847	20,251	1,993,662	217,143	2,232,903

	Due from banks and other financial institutions	Investments - Debt securities	Loans and advances	Financial guarantee contracts	Total
2024 ﷲ’000					
Baseline scenario	1,056	14,681	1,652,046	248,007	1,915,790
Upturn scenario	1,053	14,656	1,651,994	247,979	1,915,682
Downturn scenario	1,058	14,701	1,652,836	248,103	1,916,698

Predicted relationships between the key indicators and default / loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 10 years. The Group has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

Forecast macroeconomic data used in ECL model - 2025	2026	2027	2028
Real GDP In ﷲ billions	5,138	5,293	5,445
Nominal GDP In ﷲ billions	5,050	5,316	5,587
Government Expenditure In ﷲ billions	1,354.7	1,400.3	1,461.3
Interest Rate (Government Bond Yields, 1.Year) - %	3.36%	3.29%	3.29%
Consumer Price Index	116.9	119.4	121.8

Forecast macroeconomic data used in ECL model - 2024	2025	2026	2027
Real GDP ﷲ billions	3,671	3,780	3,893
Government Expenditure ﷲ billions	1,314	1,358	1,413
Interest Rate (Government Bond Yields, 1.Year) - %	4.18%	3.42%	3.25%
Real Import ﷲ billions	939	969	1,002

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

The table below illustrates the sensitivity of ECL to key macroeconomic factors used in determining it as at the year end 2025 by increase and decreasing one macroeconomic variable :-

Sensitivity of Macroeconomic factors	Consolidated statement of income impact ﷲ'000
Increase 5% Real GDP remaining indicator same	200
Increase 5% Nominal GDP remaining indicator same	109
Increase 5% Government Expenditure remaining indicator same	274
Increase 5% Interest Rate (Government Bond Yields, 1Year) remaining indicator same	126
Increase 5% Consumer Price Index remaining indicator same	13
Decrease 5% Real GDP remaining indicator same	(192)
Decrease 5% Nominal GDP remaining indicator same	(102)
Decrease 5% Government Expenditure remaining indicator same	(267)
Decrease 5% Interest Rate (Government Bond Yields, 1Year) remaining indicator same	(119)
Decrease 5% Consumer Price Index remaining indicator same	(4)

m) Offsetting financial assets and financial liabilities

The table set out below includes financial assets and financial liabilities as of December 31, 2025 and 2024 that are offset in the Group’s consolidated statement of financial position or are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

	2025 ﷲ'000		
	Gross assets / liabilities before offset	Offset with gross assets / liabilities	Net assets / liabilities recognized
Positive fair values of derivatives	715,626	(93,266)	622,360
Negative fair values of derivatives	327,060	(279,346)	47,714

	2024 ﷲ'000		
	Gross assets / liabilities before offset	Offset with gross assets / liabilities	Net assets / liabilities recognized
Positive fair values of derivatives	836,623	(310,125)	526,498
Negative fair values of derivatives	365,762	(307,005)	58,757

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

n) Reconciliations of gross carrying amounts and allowances for credit losses
Combined – Financial Assets and Financial guarantee contracts

A combined reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for all financial assets and financial guarantee contracts, for the years ended December 31, 2025 and 2024 is summarized as follows:

	Gross Carrying Amounts ﷲ'000				Allowances for credit losses ﷲ'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2023	126,415,734	3,840,922	2,384,418	132,641,074	481,861	363,376	1,328,653	2,173,890
Transfers from Stage 1 to Stage 2	(178,879)	178,879	-	-	(1,880)	1,880	-	-
Transfers from Stage 1 to Stage 3	(44,513)	-	44,513	-	(704)	-	704	-
Transfers from Stage 2 to Stage 1	88,405	(88,405)	-	-	7,763	(7,763)	-	-
Transfers from Stage 2 to Stage 3	-	(252,294)	252,294	-	-	(59,999)	59,999	-
Transfers from Stage 3 to Stage 1	5,386	-	(5,386)	-	1,124	-	(2,049)	(925)
Transfers from Stage 3 to Stage 2	-	2,328	(2,328)	-	-	1,256	(1,256)	-
Changes in exposures and re-measurements								
existing facilities	11,510,104	(204,626)	65,613	11,371,091	53,774	4,362	107,491	165,627
transfer facilities	86,099	(29,955)	29,450	85,594	(7,042)	18,477	95,477	106,912
new facilities	35,207,233	65,168	6,943	35,279,344	129,005	8,208	3,516	140,729
matured facilities	(8,356,443)	(1,352,504)	(120,955)	(9,829,902)	(45,855)	(29,655)	(46,972)	(122,482)
Write-offs, net	-	-	(548,249)	(548,249)	-	-	(547,771)	(547,771)
Balances as of December 31, 2024	164,733,126	2,159,513	2,106,313	168,998,952	618,046	300,142	997,792	1,915,980
Transfers from Stage 1 to Stage 2	(968,833)	968,833	-	-	(5,749)	5,749	-	-
Transfers from Stage 1 to Stage 3	(184,587)	-	184,587	-	(1,081)	-	1,081	-
Transfers from Stage 2 to Stage 1	322,111	(322,111)	-	-	17,678	(17,678)	-	-
Transfers from Stage 2 to Stage 3	-	(165,867)	165,867	-	-	(13,432)	13,432	-
Transfers from Stage 3 to Stage 1	4,534	-	(4,534)	-	2,501	-	(2,501)	-
Transfers from Stage 3 to Stage 2	-	2,241	(2,241)	-	-	1,330	(1,330)	-
Changes in exposures and re-measurements								
existing facilities	6,162,556	(111,978)	76,324	6,126,902	(46,307)	30,808	204,437	188,938
transfer facilities	(14,975)	72,559	(3,433)	54,151	(17,743)	26,156	119,026	127,439
new facilities	32,540,115	53,324	5,634	32,599,073	135,422	3,782	3,396	142,600
matured facilities	(14,595,818)	(118,748)	(44,035)	(14,758,601)	(74,733)	(9,906)	(19,519)	(104,158)
Write-offs, net	-	-	(38,473)	(38,473)	-	-	(38,473)	(38,473)
Balances as of December 31, 2025	187,998,229	2,537,766	2,446,009	192,982,004	628,034	326,951	1,277,341	2,232,326

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Due from banks and other financial institutions

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for due from banks and other financial institutions for the years ended December 31, 2025 and 2024 is summarized as follows:

	Gross Carrying Amounts ٬'000				Allowances for credit losses ٬'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2023	1,473,223	990	-	1,474,213	734	61	-	795
Changes in exposures and re-measurements								
existing facilities	(29,801)	1,258	-	(28,543)	173	84	-	257
new facilities	182,824	-	-	182,824	7	-	-	7
matured facilities	(313,438)	-	-	(313,438)	(3)	-	-	(3)
Balances as of December 31, 2024	1,312,808	2,248	-	1,315,056	911	145	-	1,056
Transfers from Stage 1 to Stage 2	(15,386)	15,386	-	-	(65)	65	-	-
Transfers from Stage 2 to Stage 1	2,248	(2,248)	-	-	145	(145)	-	-
Changes in exposures and re-measurements								
existing facilities	493,867	-	-	493,867	159	-	-	159
transfer facilities	(165)	(3,504)	-	(3,669)	(144)	775	-	631
new facilities	10,030	-	-	10,030	4	-	-	4
matured facilities	(192,444)	-	-	(192,444)	(4)	-	-	(4)
Balances as of December 31, 2025	1,610,958	11,882	-	1,622,840	1,006	840	-	1,846

Investments – debt securities

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for Investments- debt securities for the years ended December 31, 2025 and 2024 is summarized as follows:

	Gross Carrying Amounts ٬'000				Allowances for credit losses ٬'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2023	31,974,127	-	-	31,974,127	10,872	-	-	10,872
Changes in exposures and re-measurements								
existing facilities	(117,308)	-	-	(117,308)	(351)	-	-	(351)
new facilities	9,839,364	-	-	9,839,364	4,437	-	-	4,437
matured facilities	(1,843,380)	-	-	(1,843,380)	(287)	-	-	(287)
Balances as of December 31, 2024	39,852,803	-	-	39,852,803	14,671	-	-	14,671
Changes in exposures and re-measurements								
existing facilities	474,124	-	-	474,124	1,710	-	-	1,710
new facilities	8,613,661	-	-	8,613,661	5,923	-	-	5,923
matured facilities	(2,536,514)	-	-	(2,536,514)	(2,054)	-	-	(2,054)
Balances as of December 31, 2025	46,404,074	-	-	46,404,074	20,250	-	-	20,250

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Total loans and advances

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for total loans and advances for the years ended December 31, 2025 and 2024 is summarized as follows:

	Gross Carrying Amounts ٬'000				Allowances for credit losses ٬'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2023	76,902,923	3,555,842	2,216,285	82,675,050	359,462	342,150	1,222,668	1,924,280
Transfers from Stage 1 to Stage 2	(173,888)	173,888	-	-	(1,871)	1,871	-	-
Transfers from Stage 1 to Stage 3	(44,513)	-	44,513	-	(704)	-	704	-
Transfers from Stage 2 to Stage 1	68,471	(68,471)	-	-	7,551	(7,551)	-	-
Transfers from Stage 2 to Stage 3	-	(231,861)	231,861	-	-	(58,144)	58,144	-
Transfers from Stage 3 to Stage 1	3,265	-	(3,265)	-	1,123	-	(1,123)	-
Transfers from Stage 3 to Stage 2	-	2,328	(2,328)	-	-	1,256	(1,256)	-
Changes in exposures and re-measurements								
existing facilities	9,616,162	(204,024)	69,006	9,481,144	45,411	3,868	109,906	159,185
transfer facilities	92,067	(29,400)	29,450	92,117	(6,848)	18,470	87,993	99,615
new facilities	14,584,255	33,497	6,943	14,624,695	79,448	7,814	3,516	90,778
matured facilities	(3,821,237)	(1,286,104)	(98,695)	(5,206,036)	(24,467)	(14,140)	(35,249)	(73,856)
Write-offs, net	-	-	(548,249)	(548,249)	-	-	(547,771)	(547,771)
Balances as of December 31, 2024	97,227,505	1,945,695	1,945,521	101,118,721	459,105	295,594	897,532	1,652,231
Transfers from Stage 1 to Stage 2	(871,214)	871,214	-	-	(5,004)	5,004	-	-
Transfers from Stage 1 to Stage 3	(178,262)	-	178,262	-	(1,021)	-	1,021	-
Transfers from Stage 2 to Stage 1	282,443	(282,443)	-	-	17,056	(17,056)	-	-
Transfers from Stage 2 to Stage 3	-	(165,692)	165,692	-	-	(13,426)	13,426	-
Transfers from Stage 3 to Stage 1	4,534	-	(4,534)	-	2,501	-	(2,501)	-
Transfers from Stage 3 to Stage 2	-	2,241	(2,241)	-	-	1,330	(1,330)	-
Changes in exposures and re-measurements								
existing facilities	6,181,920	(79,856)	79,342	6,181,406	14,577	32,429	187,069	234,075
transfer facilities	(14,810)	86,356	(3,274)	68,272	(17,205)	25,417	112,759	120,971
new facilities	16,280,502	47,539	5,634	16,333,675	102,022	3,713	3,396	109,131
matured facilities	(9,485,725)	(72,025)	(42,809)	(9,600,559)	(57,936)	(8,056)	(18,853)	(84,845)
Write-offs, net	-	-	(38,473)	(38,473)	-	-	(38,473)	(38,473)
Balances as of December 31, 2025	109,426,893	2,353,029	2,283,120	114,063,042	514,095	324,949	1,154,046	1,993,090

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Loans and advances – commercial

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for commercial loans for the years ended December 31 2025 and 2024 is summarized as follows:

	Gross Carrying Amounts ١٠٠٠				Allowances for credit losses ١٠٠٠			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2023	66,624,966	3,487,407	2,126,055	72,238,428	305,742	315,614	1,171,448	1,792,804
Transfers from Stage 1 to Stage 2	(115,678)	115,678	-	-	(762)	762	-	-
Transfers from Stage 1 to Stage 3	(8,338)	-	8,338	-	(33)	-	33	-
Transfers from Stage 2 to Stage 1	49,988	(49,988)	-	-	521	(521)	-	-
Transfers from Stage 2 to Stage 3	-	(219,209)	219,209	-	-	(53,257)	53,257	-
Transfers from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Transfers from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements								
existing facilities	10,414,894	(201,239)	71,717	10,285,372	54,802	5,358	111,526	171,686
transfer facilities	95,910	(21,325)	33,407	107,992	915	2,094	65,547	68,556
new facilities	9,909,494	12,940	571	9,923,005	51,206	39	60	51,305
matured facilities	(2,125,538)	(1,268,163)	(56,393)	(3,450,094)	(11,471)	(7,275)	(8,235)	(26,981)
Write-offs, net	-	-	(548,249)	(548,249)	-	-	(548,249)	(548,249)
Balances as of December 31, 2024	84,845,698	1,856,101	1,854,655	88,556,454	400,920	262,814	845,387	1,509,121
Transfers from Stage 1 to Stage 2	(806,364)	806,364	-	-	(4,125)	4,125	-	-
Transfers from Stage 1 to Stage 3	(149,286)	-	149,286	-	(347)	-	347	-
Transfers from Stage 2 to Stage 1	250,494	(250,494)	-	-	5,193	(5,193)	-	-
Transfers from Stage 2 to Stage 3	-	(151,917)	151,917	-	-	(8,310)	8,310	-
Transfers from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Transfers from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements	-	-	-	-	-	-	-	-
existing facilities	7,519,577	(76,145)	82,268	7,525,700	20,080	34,130	188,511	242,721
transfer facilities	(7,914)	95,650	(113)	87,623	(3,255)	7,206	94,414	98,365
new facilities	13,336,142	38,197	551	13,374,890	87,215	395	450	88,060
matured facilities	(7,511,388)	(50,521)	(7,881)	(7,569,790)	(44,646)	(843)	(963)	(46,452)
Write-offs, net	-	-	(29,485)	(29,485)	-	-	(29,485)	(29,485)
Balances as of December 31, 2025	97,476,959	2,267,235	2,201,198	101,945,392	461,035	294,324	1,106,971	1,862,330

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Loans and advances – Retail

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for retail loans for the years ended December 31, 2025 and 2024 is summarized as follows:

	Gross Carrying Amounts ١٠٠٠				Allowances for credit losses ١٠٠٠			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2023	10,277,957	68,435	90,230	10,436,622	53,720	26,536	51,220	131,476
Transfers from Stage 1 to Stage 2	(58,210)	58,210	-	-	(1,109)	1,109	-	-
Transfers from Stage 1 to Stage 3	(36,175)	-	36,175	-	(671)	-	671	-
Transfers from Stage 2 to Stage 1	18,483	(18,483)	-	-	7,030	(7,030)	-	-
Transfers from Stage 2 to Stage 3	-	(12,652)	12,652	-	-	(4,887)	4,887	-
Transfers from Stage 3 to Stage 1	3,265	-	(3,265)	-	1,123	-	(1,123)	-
Transfers from Stage 3 to Stage 2	-	2,328	(2,328)	-	-	1,256	(1,256)	-
Changes in exposures and re-measurements								
existing facilities	(798,732)	(2,785)	(2,711)	(804,228)	(9,391)	(1,490)	(1,620)	(12,501)
transfer facilities	(3,843)	(8,075)	(3,957)	(15,875)	(7,763)	16,376	22,446	31,059
new facilities	4,674,761	20,557	6,372	4,701,690	28,242	7,775	3,456	39,473
matured facilities	(1,695,699)	(17,941)	(42,302)	(1,755,942)	(12,996)	(6,865)	(27,014)	(46,875)
Recoveries, net	-	-	-	-	-	-	478	478
Balances as of December 31, 2024	12,381,807	89,594	90,866	12,562,267	58,185	32,780	52,145	143,110
Transfers from Stage 1 to Stage 2	(64,850)	64,850	-	-	(879)	879	-	-
Transfers from Stage 1 to Stage 3	(28,976)	-	28,976	-	(674)	-	674	-
Transfers from Stage 2 to Stage 1	31,949	(31,949)	-	-	11,863	(11,863)	-	-
Transfers from Stage 2 to Stage 3	-	(13,775)	13,775	-	-	(5,116)	5,116	-
Transfers from Stage 3 to Stage 1	4,534	-	(4,534)	-	2,501	-	(2,501)	-
Transfers from Stage 3 to Stage 2	-	2,241	(2,241)	-	-	1,330	(1,330)	-
Changes in exposures and re-measurements								
existing facilities	(1,337,657)	(3,711)	(2,926)	(1,344,294)	(5,503)	(1,701)	(1,442)	(8,646)
transfer facilities	(6,896)	(9,294)	(3,161)	(19,351)	(13,950)	18,211	18,345	22,606
new facilities	2,944,360	9,342	5,083	2,958,785	14,807	3,318	2,946	21,071
matured facilities	(1,974,337)	(21,504)	(34,928)	(2,030,769)	(13,290)	(7,213)	(17,890)	(38,393)
Write offs, net	-	-	(8,988)	(8,988)	-	-	(8,988)	(8,988)
Balances as of December 31, 2025	11,949,934	85,794	81,922	12,117,650	53,060	30,625	47,075	130,760

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Financial guarantee contracts

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for financial guarantee contracts for the years ended December 31, 2025 and 2024 is summarized as follows:

	Gross Carrying Amounts ١٠٠٠				Allowances for credit losses ١٠٠٠			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2023	16,065,461	284,090	168,133	16,517,684	110,793	21,165	105,985	237,943
Transfers from Stage 1 to Stage 2	(4,991)	4,991	-	-	(9)	9	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	19,934	(19,934)	-	-	212	(212)	-	-
Transfers from Stage 2 to Stage 3	-	(20,433)	20,433	-	-	(1,855)	1,855	-
Transfers from Stage 3 to Stage 1	2,121	-	(2,121)	-	926	-	(926)	-
Transfers from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements								
existing facilities	2,041,051	(1,860)	(3,393)	2,035,798	8,541	410	(2,415)	6,536
transfer facilities	(5,968)	(555)	-	(6,523)	(1,119)	7	7,484	6,372
new facilities	10,600,790	31,671	-	10,632,461	45,113	394	-	45,507
matured facilities	(2,378,388)	(66,400)	(22,260)	(2,467,048)	(21,098)	(15,515)	(11,723)	(48,336)
Balances as of December 31, 2024	26,340,010	211,570	160,792	26,712,372	143,359	4,403	100,260	248,022
Transfers from Stage 1 to Stage 2	(82,233)	82,233	-	-	(680)	680	-	-
Transfers from Stage 1 to Stage 3	(6,325)	-	6,325	-	(60)	-	60	-
Transfers from Stage 2 to Stage 1	37,420	(37,420)	-	-	477	(477)	-	-
Transfers from Stage 2 to Stage 3	-	(175)	175	-	-	(6)	6	-
Transfers from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Transfers from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements								
existing facilities	(987,355)	(32,122)	(3,018)	(1,022,495)	(62,752)	(1,621)	17,368	(47,005)
transfer facilities	-	(10,293)	(159)	(10,452)	(394)	(36)	6,267	5,837
new facilities	7,635,922	5,785	-	7,641,707	27,472	69	-	27,541
matured facilities	(2,381,135)	(46,723)	(1,226)	(2,429,084)	(14,739)	(1,850)	(666)	(17,255)
Balances as of December 31, 2025	30,556,304	172,855	162,889	30,892,048	92,683	1,162	123,295	217,140

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

o) Credit quality analysis

Due from banks and other financial institutions

The following table sets out information about the credit quality of due from banks and other financial institutions as of December 31, 2025 and 2024:

	2025 ١٠٠٠				2024 ١٠٠٠			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	1,543,560	-	-	1,543,560	1,211,397	-	-	1,211,397
Non-investment grade	64,332	11,882	-	76,214	95,122	2,248	-	97,370
Unrated	3,066	-	-	3,066	6,289	-	-	6,289
Total	1,610,958	11,882	-	1,622,840	1,312,808	2,248	-	1,315,056

Investments – debt securities

The following table sets out information about the credit quality of Investments- debt securities as of December 31, 2025 and 2024:

	2025 ١٠٠٠				2024 ١٠٠٠			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	38,166,474	-	-	38,166,474	32,862,666	-	-	32,862,666
Non-investment grade	5,894,894	-	-	5,894,894	4,320,717	-	-	4,320,717
Unrated	2,342,706	-	-	2,342,706	2,669,420	-	-	2,669,420
Total	46,404,074	-	-	46,404,074	39,852,803	-	-	39,852,803

Investment grade securities / counterparties generally have a minimum external rating from approved rating agencies exhibiting minimal to moderate credit risk. Unrated investment securities primarily include Saudi corporate securities.

Total loans and advances

The following table sets out information about the credit quality of total loans and advances as of December 31, 2025 and 2024:

	2025 ١٠٠٠				2024 ١٠٠٠			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1 to 6 and unrated	109,426,893	1,576,980	-	111,003,873	97,227,505	1,282,831	-	98,510,336
Grade 7 – Special Mention	-	776,049	-	776,049	-	662,864	-	662,864
Lifetime ECL credit impaired	-	-	2,283,120	2,283,120	-	-	1,945,521	1,945,521
Total	109,426,893	2,353,029	2,283,120	114,063,042	97,227,505	1,945,695	1,945,521	101,118,721

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Loans and advances – commercial

The following table sets out information about the credit quality of commercial, overdrafts, and other loans and advances as of December 31, 2025 and 2024:

	2025 ٠'000				2024 ٠'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1 to 6 and unrated	97,476,959	1,491,186	-	98,968,145	84,845,698	1,193,237	-	86,038,935
Grade 7 – Special Mention	-	776,049	-	776,049	-	662,864	-	662,864
Lifetime ECL credit impaired	-	-	2,201,198	2,201,198	-	-	1,854,655	1,854,655
Total	97,476,959	2,267,235	2,201,198	101,945,392	84,845,698	1,856,101	1,854,655	88,556,454

Refer to note 7(d)(i) for a description of the grading categories for loans and advances.

Loans and advances – retail

The following table sets out information about the credit quality of consumer loans and advances as of December 31, 2025 and 2024:

	2025 ٠'000				2024 ٠'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Unrated	11,949,934	85,794	-	12,035,728	12,381,807	89,594	-	12,471,401
Lifetime ECL credit impaired	-	-	81,922	81,922	-	-	90,866	90,866
Total	11,949,934	85,794	81,922	12,117,650	12,381,807	89,594	90,866	12,562,267

Financial guarantee contracts

The following table sets out information about the credit quality of financial guarantee contracts as of December 31, 2025 and 2024:

	2025 ٠'000				2024 ٠'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1 to 6 and unrated	30,556,304	172,561	-	30,728,865	26,340,010	211,277	-	26,551,287
Grade 7 – Special Mention	-	294	-	294	-	293	-	293
Lifetime ECL credit impaired	-	-	162,889	162,889	-	-	160,792	160,792
Total	30,556,304	172,855	162,889	30,892,048	26,340,010	211,570	160,792	26,712,372

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

p) Summary of financial assets and financial liabilities

The following tables summarize the balances of financial and other assets and financial and other liabilities by measurement category in the consolidated statement of financial position as of December 31, 2025 and 2024:

	2025 ٠'000				
	Amortized cost	FVTPL	FVOCI – equity securities	FVOCI – debt securities	Total carrying amount
Financial and other assets:					
Cash and balances with SAMA	6,130,601	-	-	-	6,130,601
Due from banks and other financial institutions, net	1,620,994	-	-	-	1,620,994
Investments, net	29,953,812	100,688	707,022	16,435,456	47,196,978
Positive fair values of derivatives, net	-	622,360	-	-	622,360
Loans and advances, net	112,069,952	-	-	-	112,069,952
Other assets, net	1,349,278	-	-	-	1,349,278
Total financial and other assets	151,124,637	723,048	707,022	16,435,456	168,990,163
Financial and other liabilities:					
Due to banks and other financial institutions, net	35,559,086	-	-	-	35,559,086
Customers’ deposits	109,619,007	-	-	-	109,619,007
Negative fair value of derivatives, net	-	47,714	-	-	47,714
Term Loans, net	2,789,722	-	-	-	2,789,722
Other liabilities	2,271,275	-	-	-	2,271,275
Total financial and other liabilities	150,239,090	47,714	-	-	150,286,804

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2024 ﷲ'000 - Restated				
	Amortized cost	FVTPL	FVOCI – equity securities	FVOCI – debt securities	Total carrying amount
Financial and other assets:					
Cash and balances with SAMA	9,918,878	-	-	-	9,918,878
Due from banks and other financial institutions, net	1,314,000	-	-	-	1,314,000
Investments, net	21,423,570	62,826	927,083	18,420,580	40,834,059
Positive fair values of derivatives, net	-	526,498	-	-	526,498
Loans and advances, net	99,466,490	-	-	-	99,466,490
Other assets, net	1,251,775	-	-	-	1,251,775
Total financial and other assets	133,374,713	589,324	927,083	18,420,580	153,311,700
Financial and other liabilities:					
Due to banks and other financial institutions, net	39,900,998	-	-	-	39,900,998
Customers' deposits	94,013,131	-	-	-	94,013,131
Negative fair value of derivatives, net	-	58,757	-	-	58,757
Other liabilities	1,965,188	-	-	-	1,965,188
Total financial and other liabilities	135,879,317	58,757	-	-	135,938,074

31. Fair values of financial assets and liabilities

a) The Group uses the fair value hierarchy disclosed in note 2dii for determining and disclosing the fair value of financial instruments. The following table shows an analysis of financial assets and liabilities recorded at fair value as of December 31, 2025 and 2024 by level of the fair value hierarchy.

	2025 ﷲ'000			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL, net	-	387,880	234,480	622,360
Investments at FVOCI	15,798,010	868,267	476,201	17,142,478
Investments at FVTPL	-	40,550	60,138	100,688
Total	15,798,010	1,296,697	770,819	17,865,526
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL, net	-	47,714	-	47,714
Total	-	47,714	-	47,714

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	2024 ﷲ'000 - Restated			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL, net	-	342,588	183,910	526,498
Investments at FVOCI	17,833,274	1,107,004	407,385	19,347,663
Investments at FVTPL	-	42,178	20,648	62,826
Total	17,833,274	1,491,770	611,943	19,936,987
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL, net	-	58,757	-	58,757
Total	-	58,757	-	58,757

The total amount of the changes in fair value recognized in the consolidated statement of income for the year ended December 31, 2025 which was estimated using valuation models, is a gain of ﷲ 50.6 million (2024: a gain of ﷲ 70.8 million), which primarily relates to changes in the valuation of the associated company put option described in note 11e, which is included in unrealized gain on FVTPL financial instruments. Cash and balances with SAMA, due from banks 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 the short-term nature.

Level 2 investments include debt securities which are comprised of Saudi corporate and bank securities, and Saudi Arabian Government securities. These securities are generally unquoted. In the absence of a quoted price in an active market, these securities are valued using observable inputs such as yield information for similar instruments or last executed transaction prices in securities of the same issuer or based on indicative market quotes. Adjustments are also considered as part of the valuations when necessary to account for the different features of the instruments including difference in tenors. Because the significant inputs for these investments are observable, the Bank categorizes these investments within Level 2.

Level 2 derivative financial instruments include various derivatives contracts including forward foreign exchange contracts, commission rate options, and commission rate swaps. These derivatives are valued using widely recognized valuation models. The most frequently applied valuation techniques include the use of forward pricing standard models using present value calculations and well-recognized Black - Scholes option pricing models. These models incorporate various market observable inputs including foreign exchange rates, forward rates, and yield curves, and are therefore included within Level 2.

Level 3 investments include private equity funds and certain unquoted strategic investments in equities. These securities are generally not quoted in an active market, and therefore are valued using indicative market quotes from an issuer / counter-party in the absence of any such alternative reliable indicative estimate.

Level 3 derivative financial instruments include the embedded derivative put option arising from the existing master agreement entered into by the Bank relating to its investment in an associated company (see note 11e). For purposes of determining the fair value of the put option, the Bank uses a well-recognized and frequently used Binomial Option Pricing Model. This model requires certain inputs which are not observable in the current market place. Certain inputs are specifically stated within the master agreement with the associated company. Other inputs are based on the historical results of the associated company. These other inputs may require management's judgement including estimations about the future results of the associated company, the detrimental effects on the operating results of the associated company which may arise from an exercise of the option, and an estimate of the fair value of the underlying investment. Several of the inputs are also interdependent.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Should the significant estimations of inputs vary by plus or minus ten percent, the fair value could increase or decrease by approximately ﷲ 45.8 million (2024: ﷲ 29.5 million) due to estimating operating results of the associated company, and could increase or decrease by approximately ﷲ 26.8 million (2024: ﷲ 18.6 million) due to estimating the detrimental effects on the operating results of the associated company which may arise from an exercise of the option, and could increase or decrease by approximately ﷲ 44.4 million (2024: ﷲ 28.4 million) due to estimating the fair value of the underlying investment.

In all respects, the Group’s significant estimates are based on experience and judgement relevant to each input, and in all cases, due care is taken to ensure that the inputs are prudent to ensure that the estimation of fair value is reasonable in the circumstances. However, any amounts which may be realized in the future may differ from the Bank’s estimates of fair value.

b) The following table summarizes the movement of the Level 3 fair values for the years ended December 31 2025 and 2024 is summarized as follows:

	2025 ﷲ’000	2024 Restated ﷲ’000
Fair values at the beginning of the year	611,943	481,736
Net change during the year	117,626	107,703
Purchase during the year	41,250	22,504
Fair values at the end of the year	770,819	611,943

c) The following table summarizes the estimated fair values of financial assets and financial liabilities as of December 31, 2025 and 2024 that are not carried at fair value in the consolidated statement of financial position, along with the comparative carrying amounts for each.

	Carrying values ﷲ’000	Estimated fair values ﷲ’000
December 31, 2025		
Financial assets:		
Due from banks and other financial institutions, net	1,620,994	1,620,971
Investments – held at amortized cost	29,953,812	30,115,992
Level 1	29,052,922	29,248,519
Level 2	900,890	867,473
Loans and advances, net	112,069,952	112,446,747
Total	143,644,758	144,183,710
Financial liabilities:		
Due to banks and other financial institutions, net	35,559,086	35,569,750
Customers’ deposits	109,619,007	109,783,085
Term Loans, net	2,789,722	2,822,964
Total	147,967,815	148,175,799

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

	Carrying values ﷲ’000	Estimated fair values ﷲ’000
December 31, 2024		
Financial assets:		
Due from banks and other financial institutions, net	1,314,000	1,313,886
Investments – held at amortized cost	21,423,570	20,831,682
Level 1	20,521,793	19,984,287
Level 2	901,777	847,395
Loans and advances, net	99,466,490	99,690,975
Total	122,204,060	121,836,543
Financial liabilities:		
Due to banks and other financial institutions, net	39,900,998	39,903,458
Customers’ deposits	94,013,131	94,230,190
Total	133,914,129	134,133,648

The estimated fair values of loans and advances, net are calculated using market based discounted cash flow models of individual loans. The estimated fair values of customers’ deposits are calculated using market based discounted cash flow models of individual deposit classes using the weighted average estimated maturities of each individual deposits. Fair value estimates for Due from banks and other financial institutions, net, loans and advances, net , customers’ deposits, Term Loans, net are considered as level 3 in the fair value hierarchy.

The fair values of other financial instruments that are not carried in the consolidated statement of financial position at fair value are not significantly different from the carrying values. The fair values of due from banks and other financial institutions 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 consolidated financial statements, since the current market special commission rates for similar financial instruments are not significantly different from the special commission rates at initial recognition, and because of the short duration of due from banks and other financial institutions.

32. Related party transactions

a) In the ordinary course of its activities, the Group transacts business with related parties. Related parties, balances, and transactions are governed by the Banking Control Law and other regulations issued by SAMA.

The Bank’s related party identification and disclosure of transactions complies with the guidelines issued by SAMA, and has been approved by the Bank’s Board of Directors. These guidelines include the following definitions of related parties:

- Management of the Bank, their relatives and/or their affiliated entities;
- Principal shareholders of the Bank and/or their relatives;
- Affiliates of the Bank, entities for which the investment is accounted for using the equity method of accounting, their management and relatives;
- Trusts for the benefit of the Bank’s employees such as pension or other benefit plans that are managed by the Bank; and
- Any other parties whose management and operating policies can be directly or indirectly significantly influenced by the Bank.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

Management of the Bank includes those persons who are responsible for achieving the objectives of the Bank and who have the authority to establish policies and make decisions by which those objectives are pursued. Management therefore includes the members of the Bank’s Board of Directors, Sharia Board members, CEO, GMs, their deputies, CFO, Managers of key departments, officers of risk management, Internal audit, and Compliance functions, and similar positions in the Bank, in addition to incumbents of any other positions determined by SAMA.

Principal shareholders include those owners of record of more than five percent of the Bank’s voting ownership and/or voting interest of the Bank.

Relatives include spouses, children, parents, grandparents, siblings, grandchildren, and offspring to whom a member of management of either the Bank, principal shareholder, or affiliate, might control or influence or by whom they might be controlled or influenced, because of the family relationship.

b) The balances as of December 31, 2025 and 2024, resulting from such transactions included in the consolidated statement of financial position are as follows:

	2025 ﷲ’000	2024 ﷲ’000
Management of the Bank, their relatives and/or their affiliated entities:		
Loans and advances	362,407	442,205
Customers’ deposits	836,894	502,867
Tier I Sukuk	55,500	55,800
Commitments and contingencies	355,818	595,397
Investments	-	250,145
Principal shareholders of the Bank and/or their relatives:		
Customers’ deposits	9,034,832	8,132,947
Tier I Sukuk	50,000	50,000

Affiliates of the Bank, entities for which the investment is accounted for using the equity method of accounting, their management and relatives:		
Loans and advances	1,751,455	1,423,209
Customers’ deposits	627,188	706,396
Tier I Sukuk	10,000	10,000
Commitments, contingencies and derivatives	565,313	530,865
Trusts for the benefit of the Bank’s employees such as pension or other benefits plans that are managed by the Bank:		
Customers’ deposits and other liabilities	351,904	370,994

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

c) Income and expense for the years ended December 31, 2025 and 2024, pertaining to transactions with related parties included in the consolidated statement of income are as follows:

	2025 ﷲ’000	2024 ﷲ’000
Management of the Bank and/or members of their immediate family:		
Special commission income	43,074	92,330
Special commission expense	50,839	103,351
Fee income from banking services	7	1,119
Other expenses	-	38,419
Principal shareholders of the Bank and/or members of their immediate family:		
Special commission expense	130,116	143,806
Other expense		122
Affiliates of the Bank and entities for which the investment is accounted for using the equity method of accounting:		
Special commission income	251,119	219,114
Special commission expense	16,382	40,389
Fee income from banking services	301	281
Other income	82	120
Other expenses	4,731	4,838
Board of Directors and other Board Committee member Remuneration	18,815	19,000

All related party transactions are conducted on terms approved by the management.

The total amount of compensation charged or paid to key management personnel during the year is included in note 23a.

33. Capital adequacy

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

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

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

The following table summarizes the Bank’s Pillar I Risk Weighted Assets (RWA), Tier I and Tier II Capital, and corresponding Capital adequacy ratio percentages as of December 31, 2025 and 2024.

	2025 ﷲ'000	2024 Restated ﷲ'000
Credit Risk RWA	113,774,521	104,116,865
Operational Risk RWA	5,303,485	4,414,078
Market Risk RWA	414,467	598,099
Total Pillar- I RWA	119,492,473	109,129,042
Tier I Capital	22,415,177	21,113,062
Tier II Capital	666,659	668,667
Total Tier I plus II Capital	23,081,836	21,781,729
Capital Adequacy Ratios:		
CET I Ratio	14.31%	14.48%
Tier I Ratio	18.76%	19.35%
Tier I plus Tier II Ratio	19.32%	19.96%

The Tier I and Tier II capital as of December 31, 2025 and 2024 is comprised of the following:

	2025 ﷲ'000	2024 ﷲ'000
Total Equity	22,433,472	21,131,357
Goodwill adjustment	(18,295)	(18,295)
Tier I Capital	22,415,177	21,113,062
Qualifying general provisions, net	666,659	668,667
Tier II Capital	666,659	668,667
Tier I plus Tier II Capital	23,081,836	21,781,729

Capital adequacy and the use of Regulatory capital are regularly monitored by the Bank’s management. SAMA requires the Bank to hold a minimum level of regulatory capital and maintain a ratio of total Regulatory capital to Risk Weighted Assets (RWA) at or above the requirement of 10.5%, which includes additional buffers as required by the Basel Committee on Banking Supervision. As at 31 December 2025, the Bank is in compliance with all externally imposed capital requirements.

As of December 31, 2025 and 2024, the RWA, Tier I and Tier II capital, and capital adequacy ratios are calculated in accordance with SAMA’s framework and guidelines regarding implementation of the capital reforms under Basel III.

b) The following additional disclosures are required under the Basel III framework.

- Pillar III, Qualitative disclosures (Annually)
- Pillar III, Quantitative disclosures (Annually/Semi-annually)
- Pillar III, Quantitative / Qualitative disclosures (Quarterly)

These disclosures are made available to the public on the Bank’s website within the prescribed time frames as required by SAMA.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

34. Asset management and brokerage services

The Group offers investment services to its customers, through a subsidiary, which includes management of investment funds in consultation with professional investment advisors, with assets under management totaling ﷲ 40,526 million (2024: ﷲ 38,270 million). This includes funds managed under Shariah approved portfolios amounting to ﷲ 21,688 million (2024: ﷲ 16,862 million).

35. Employee end of service benefits

a) The actuarial obligation amounts recognized in the consolidated statement of financial position which is included in other liabilities and the corresponding movement during the years ended December 31, 2025 and 2024 is as follows:

	2025 ﷲ'000	2024 ﷲ'000
Actuarial obligation at the beginning of the year	288,786	248,907
Current service and net interest cost	45,213	37,878
Benefits paid	(25,759)	(19,301)
Effect of changes in actuarial assumptions	831	21,302
Actuarial obligation at the end of the year (note 15a)	309,071	288,786

b) The principal actuarial assumptions used in the calculation of the actuarial obligations as of December 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate	5.55%	5.10%
Expected rate of salary increment	5.00%	5.00%
Normal retirement age (years)	60	60

c) Should the above actuarial assumptions change in the future, the actuarial obligation could be higher or lower. The table below illustrates the sensitivity of the actuarially determined obligation as of December 31, 2025 and 2024 to the discount rate of 5.55% as of December 31, 2024 (2024: 5.10%), and the salary increment rate of 5% as of December 31, 2025 (2024: 5.00%).

	2025			2024		
	Impact on actuarially determined obligation Increase (Decrease)			Impact on actuarially determined obligation Increase (Decrease)		
	Change in assumption	Increase in assumption ﷲ'000	Decrease in assumption ﷲ'000	Change in assumption	Increase in assumption ﷲ'000	Decrease in assumption ﷲ'000
Discount rate	± 100	(24,937)	28,983	± 100	(26,073)	30,419
Salary increment rate	± 100	28,850	(25,281)	± 100	30,186	(26,363)

The above sensitivity analyses is based on a change in a single assumption holding other assumptions constant.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

d) The approximate expected maturity analysis of the undiscounted actuarially determined obligation as of December 31, 2025 and 2024 is as follows:

	2025 ﷲ'000	2024 ﷲ'000
Less than one year	35,242	33,727
One to two years	21,410	19,798
Two to five years	81,410	80,007
Over five years	178,217	164,429
Total	316,279	297,961

e) The weighted average duration of the actuarially determined obligation is approximately 11.7 years (2024: 12 years).

36. Tier I Sukuk

The Bank completed the establishment of a Sharia compliant Tier I Sukuk Program (the Program) in 2016 and 2023. During the year ended December, 2024 Bank completed the establishment of US Dollar denominated additional tier 1 capital sustainable sukuk by way of an offer to eligible investors in the Kingdom of Saudi Arabia and internationally. The Program was approved by the Bank’s regulatory authorities. The following tranches of Tier I Sukuk issued under the program on the dates indicated below are outstanding as of December 31, 2025 and 2024:

	2025 ﷲ'000	2024 ﷲ'000
June 29, 2022	2,000,000	2,000,000
February 6, 2023	500,000	500,000
November 28, 2024	2,812,500	2,812,500
Total	5,312,500	5,312,500

The Tier I Sukuk securities are perpetual with no fixed redemption dates and represent an undivided ownership interest in the Sukuk assets, constituting an unsecured conditional and subordinated obligation of the Bank classified under equity. However, the Bank has the exclusive right to redeem or call the Tier I Sukuk debt securities in a specific period of time, subject to the terms and conditions stipulated in the Program.

The applicable profit rate on the Tier I Sukuk is payable on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such a non-payment event or non-payment election are not considered to be an event of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

37. Treasury shares

On 21 December 2023 the extra ordinary general assembly approved to buy-back of Bank’s shares with a maximum of 5,000,000 shares to retain them as Treasury shares and allocate them to the Employees Stock Incentive Plan. As at December 31, 2025 the group holds 2.7 million treasury shares.

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

38. Operating expenses

a) Provisions for credit and other losses for the years ended December 31 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Provisions for credit losses:		
Due from banks and other financial institutions (note 5b)	790	261
Investments (note 6e)	5,579	3,799
Loans and advances (note 7c)	379,332	275,722
Financial guarantee contracts (note 15b)	(30,882)	10,079
Other assets (note 10b)	106	43
Provisions for credit losses	354,925	289,904
Provisions for real estate and other losses	(67)	50
Provisions for credit and other losses	354,858	289,954

b) Other general and administrative expenses for the years ended December 31 2025 and 2024 is summarized as follows:

	2025 ﷲ'000	2024 ﷲ'000
Professional and other related services	168,484	198,257
Advertising and contributions	66,177	106,129
Communications	59,554	57,782
Licenses and Subscriptions	45,654	56,854
Postal, shipping and supplies	21,779	32,810
Lease liability interest	10,120	10,378
Auditor’s remuneration	5,289	5,294
Others	265,049	206,691
Operating expenses	642,106	674,195

Auditor’s remuneration

	2025 ﷲ'000	2024 ﷲ'000
Audit fee of the Bank	4,400	4,200
Audit fee of the subsidiaries	337	340
Fee for other statutory and related certification of Bank	49	126
Tax services	503	516
Others	-	112
Total	5,289	5,294

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

39. Analysis of changes in financing during the year

A reconciliation from the opening to the closing balances of the liabilities and equity due to changes in cash flows arising from financing activities for the years ended December 31, 2025 and 2024 is summarized as follows:

	Note	ﷲ'000 Tier I Sukuk
Balances as of December 31, 2023		2,715,000
Redemption of Tier I Sukuk		(215,000)
Issuance of Tier I Sukuk	36	2,812,500
Net movement during the year		2,597,500
Balances as of December 31, 2024		5,312,500
Redemption of Tier I Sukuk		-
Issuance of Tier I Sukuk	36	-
Net movement during the year		-
Balances as of December 31, 2025		5,312,500

	Note	ﷲ'000 Term Loans, net
Balances as of December 31, 2024		-
Repayment of Term Loans, net		-
Proceeds from Term Loans, net	14	2,789,722
Net movement during the year		-
Balances as of December 31, 2025		2,789,722

40. Profit sharing investment accounts (“PSIA”)

The deposits raised through Islamic Saving Account forms a pool of funds, invested in Islamic assets. The size of these keeps varying depending upon placement of new deposits or withdrawal by the customers. Bank have a share in the profit earned on the pool of funds based on a Profit-Sharing Ratio.

a) Analysis of PSIA income according to types of investments and their financing:

As of December 31, 2025, all joint financing is funded by comingled pool which includes funds from Unrestricted Investment Accountholder (“IAH”).

Gross Financing by type of contract:

	2025 ﷲ'000	2024 ﷲ'000
Investment in Sukuks	1,358,517	361,764
Total financing and investments	1,358,517	361,764

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

b) The basis for calculating and allocating profits between the bank and the IAHs;

	2025 ﷲ'000	2024 ﷲ'000
Pool Income from Investment	52,658	8,986
Total Pool Income	52,658	8,986
Total amount paid to IAH Mudaraba	6,224	362
Total amount attributable to shareholders pool	6,224	362

41. Comparative figures

Certain comparative amounts have been reclassified to conform to current year presentation. However, there was no impact of such reclassifications on the consolidated statement of changes in equity and the consolidated statement of cash flows.

42. Restatement

During the year ended December 31, 2025, the Group corrected its valuation of its equity interest in an equity investment that is classified as investment at Fair Value through Other Comprehensive Income which was historically valued at cost. These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and are material to the consolidated financial information and accordingly the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity have been restated. Accordingly, the Group has restated the impacted line items to correct the financial information for prior year as follows:

ﷲ `000	Restated		
Balance Sheet captions	December 31, 2024	Restatement Adjustment	December 31, 2024
Investments	40,431,316	402,743	40,834,059
Other reserves	(967,752)	402,743	(565,009)

ﷲ `000	Year ended December 31, 2024		
Statement of Other Comprehensive Income	Previously Reported	Restatement Adjustment	Restated
Net change in fair value of equity investments held at fair value through other comprehensive income	232,161	41,018	273,179

43. Events after the reporting date

There were no significant events after the reporting date which require disclosure or adjustment to these consolidated financial statements

44. Board of Director’s approval

These consolidated financial statements were authorized for issue by the Board of Directors on February 05, 2026 corresponding to Shaaban 17, 1447 AH.