THE SAUDI INVESTMENT BANK

(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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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, 2024, 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 summary of 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 of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards 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") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

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"), that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. 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 year. 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.

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Expected credit losses over loans and advances

As of December 31, 2024, the gross loans and advances of the Group were Saudi Riyals (SAR) 101,119 million (2023: SAR 82,675 million) against which an allowance for expected credit losses ("ECL") of SAR 1,652 million (2023: SAR 1,924 million) 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) individually impaired / default 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').

The Group has applied additional judgments to identify and estimate the likelihood of borrowers experiencing SICR due to the current economic outlook.

</td><td>

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 key controls to determine if they had been appropriately designed and implemented.

We assessed the Group's allowance for ECL policy and ECL methodology against the requirements of IFRS 9.

For a sample of customers, 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;
- the classification of loans and advances into Stages 1,2 and 3, timely identification of SICR and determination of default or individually impaired exposures;
- the internal ratings determined by management based on the Group's internal rating model and considered these assigned ratings in light of external market conditions and available industry information, and also assessed that these were consistent with the ratings used as inputs in the ECL model;
- 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.

We assessed the Group's criteria for determination of SICR and identification of "default" or "individually impaired" exposures and their classification into stages. Furthermore, for a sample of exposures, we assessed the staging classification of the Group's loan portfolio.

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Key audit matter	How our audit addressed the key audit matter
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, continues to result in greater estimation uncertainty and associated audit risk around the determination of the allowance for ECL as of December 31, 2024. *Refer to the summary of material accounting policies note 3(c)(vii) 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 29 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.*	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, 2024. Where required, we involved our specialists to assist us in reviewing 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)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Valuation of derivative financial instruments

As of December 31, 2024, the positive and negative fair value of derivatives held by the Group, excluding the associated company put option referred to below, amounted to SAR 343 million and SAR 59 million, respectively (2023: SAR 572 million and SAR 25 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 commission rate and cross currency swaps, forward foreign exchange and commodity contracts, commission rate futures and options and currency and commodity options. Swaps, forwards and 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. Certain commission rate swaps are categorized as fair value hedges in the consolidated financial statements.

An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and a hedge accounting impact in the case of hedge ineffectiveness.

We considered this as a key audit matter as there is complexity and subjectivity involved in determining the valuation in general and, in certain cases, due to the use of complex modelling techniques.

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.</td><td>We obtained an understanding of the process adopted by management to determine the fair value of derivative financial instruments and determined if the key controls in this process had been appropriately designed and implemented. We selected a sample of derivative financial instruments and:

• Involved our specialists to assist us in performing an independent valuation of the derivatives sample and compared the result with management's valuation;
• Assessed the accuracy of the particulars of derivatives by comparing the terms and conditions with relevant agreements and deal confirmations;
• Assessed the key inputs to the derivative valuation models;
• Assessed the hedge effectiveness assessment performed by the Group and the appropriateness of related hedge accounting; and
• We assessed the adequecy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.</td></tr>
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Independent Auditors' Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company) (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Valuation of associate company put option

The Group's derivatives as of December 31, 2024, includes a put option with a positive fair value of SAR 184 million (2023: SAR 113 million).

This put option is embedded within the agreement ("the Agreement") with the other shareholder in an associate company and gives the Group an option to sell its share in the associate company to the other shareholder based on a strike price determined in accordance with the Agreement.

In accordance with the Group's accounting policy, this put option is segregated from the Agreement and is measured at its fair value.

The Group uses an option pricing model to fair value the put option, which requires certain inputs which are not observable in the current market. These inputs include historical results of the associate company and other inputs which require management's judgment, 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.

This is considered as a key audit matter as the valuation of this put option, as mentioned above, requires management to apply significant judgments and make significant estimates.

Refer to the following notes to the consolidated financial statements: summary of significant accounting policies note 3(f) which explains the accounting policy for derivative financial instruments and hedge accounting, note 2(d)(ii) which explains critical judgments and estimates for fair value measurement, note 11 which explains the put option positions and note 30 which explains the fair values of financial assets and liabilities.</td><td>We obtained an understanding of the process adopted by management to determine the fair value of the associate company put option and determined if the key controls in this process had been appropriately designed and implemented.

We inspected the Agreement to obtain an understanding of the principal terms of the put option.

We considered the put option valuation performed by management and assessed the methodology and key assumptions used by management against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.

We involved our valuation experts to assess the valuation of the associated company put option determined by management.

We assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.</td></tr>
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Independent Auditors' Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company) (continued)

Other Information

Other information consists of the information included in the Group's 2024 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 2024 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 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 IFRS accounting standards 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 Bylaws, 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.

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 consoldiated 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.

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.

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 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 Bylaws in so far as they affect the preparation and presentation of the consolidated financial statements for the year ended December 31, 2024.

Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. 366

R7
سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
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Deloitte and Touche & Co.
Chartered Accountants

Waleed bin Moh'd Sobahi
Certified Public Accountant
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HO-Riyadh
Chartered Accountants
Deloitte and Touche & Co.

Sha'ban 5, 1446 H
February 4, 2025

Consolidated Statement of Financial Position

As of December 31, 2024 and 2023

البنك السعودي للاستثمار
The Saudi Investment Bank

	Notes	2024 SAR'000	2023 SAR'000
ASSETS			
Cash and balances with Saudi Central Bank	4a	**9,918,878**	11,018,269
Due from banks and other financial institutions, net	5a,30c	**1,314,000**	1,473,418
Investments, net	6a	**40,431,316**	32,301,073
Positive fair values of derivatives, net	11c,30a	**526,498**	685,436
Loans and advances, net	7a,30c	**99,466,490**	80,750,770
Investments in associates	8b	**1,022,418**	967,945
Other real estate	29c	**858,830**	858,897
Property, equipment, and right of use assets, net	9a,9b	**1,245,910**	1,185,742
Intangible assets, net	9c	**630,573**	484,914
Other assets, net	10a	**1,251,775**	257,709
Total assets		**156,666,688**	129,984,173
LIABILITIES AND EQUITY			
Liabilities			
Due to banks, Saudi Central Bank and other financial institutions, net	12a,30c	**39,900,998**	27,288,658
Customers' deposits	13a,30c	**94,013,131**	83,233,264
Negative fair values of derivatives, net	11c,30a	**58,757**	25,273
Other liabilities	14a	**1,965,188**	2,201,925
Total liabilities		**135,938,074**	112,749,120
Equity			
Share capital	15a	**12,500,000**	10,000,000
Statutory reserve	16	**1,806,500**	3,817,000
Other reserves	15b	**(967,752)**	(1,008,408)
Treasury Shares	36	**(34,979)**	-
Retained earnings		**2,112,345**	1,711,461
Shareholders' equity		**15,416,114**	14,520,053
Tier I Sukuk	35	**5,312,500**	2,715,000
Total equity		**20,728,614**	17,235,053
Total liabilities and equity		**156,666,688**	129,984,173

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Ahmed AlMohsen
Chief Financial Officer

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

The Saudi Investment Bank

Consolidated Statement of Income

For the years ended December 31, 2024 and 2023

البنك السعودي للاستثمار
The Saudi Investment Bank

	Notes	2024 SAR'000	2023 SAR'000
Special commission income	19	**8,864,079**	7,415,176
Special commission expense	19	**(5,327,387)**	(3,997,959)
Net special commission income		**3,536,692**	3,417,217
Fee income from banking services	20	**757,594**	638,867
Fee expense from banking services	20	**(414,740)**	(336,622)
Net fee income from banking services		**342,854**	302,245
Exchange income, net		**207,580**	215,824
Unrealized gain on FVTPL financial instruments, net		**89,646**	13,875
Realized gain on FVTPL financial instruments, net		**-**	2,185
Gains on disposals of FVOCI debt securities, net	21	**1,215**	15,234
Other income		**61**	3
Total operating income		**4,178,048**	3,966,583
Salaries and employee-related expenses	22a	**822,360**	786,700
Rent and premises related expenses		**61,119**	76,365
Depreciation and amortization	9	**176,827**	183,459
Other general and administrative expenses	37b	**674,195**	610,322
Operating expenses before provisions for credit and other losses		**1,734,501**	1,656,846
Provisions for credit and other losses	37a	**289,954**	358,657
Total operating expenses		**2,024,455**	2,015,503
Operating income		**2,153,593**	1,951,080
Share in earnings of associates	8b	**116,279**	77,254
Income before provisions for Zakat		**2,269,872**	2,028,334
Provisions for Zakat	24	**313,242**	266,727
Net income		**1,956,630**	1,761,607
Basic and diluted earnings per share (expressed in SAR per share)	23a	**1.43**	1.28

Abdallah Salih Jum'ah	Faisal Al-Omran	Ahmed AlMohsen
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

The Saudi Investment Bank

Consolidated Statement of Comprehensive Income

البنك السعودي للاستثمار
The Saudi Investment Bank

For the years ended December 31, 2024 and 2023

	Notes	2024 SAR'000	2023 SAR'000
Net income		**1,956,630**	1,761,607
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		**232,161**	115,333
Net amount transferred to retained earnings on disposal of equity investments held at fair value through other comprehensive income		**2,843**	1,642
Net change in present value of defined benefit obligations due to change in actuarial assumptions		**(21,302)**	(21,131)
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		**(162,520)**	120,637
Net change in expected credit loss impairment provision		**(966)**	(630)
Fair value gains transferred to the consolidated statement of income on disposals of FVOCI debt securities, net	21	**(1,215)**	(15,234)
Share in other comprehensive income of associates	8b	**(5,502)**	561
Total other comprehensive income		**43,499**	201,178
Total comprehensive income attributable to equity shareholders		**2,000,129**	1,962,785

Abdallah Salih Jum'ah	**Faisal Al-Omran**	**Ahmed AlMohsen**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements

The Saudi Investment Bank

Consolidated Statement of Changes in Equity

For the years ended December 31, 2024 and 2023

البنك السعودي للاستثمار
The Saudi Investment Bank

	Notes	2024 (SAR'000)							
		Share capital	Statutory reserve	Other reserves	Retained earnings	Treasury Shares	Shareholders' equity	Tier I Sukuk	Total equity
Balances at the beginning of the year		**10,000,000**	**3,817,000**	**(1,008,408)**	**1,711,461**	-	**14,520,053**	**2,715,000**	**17,235,053**
Net income		-	-	-	1,956,630	-	**1,956,630**	-	**1,956,630**
Total other comprehensive income		-	-	43,499	-	-	**43,499**	-	**43,499**
Total comprehensive income		-	-	**43,499**	**1,956,630**	-	**2,000,129**	-	**2,000,129**
Tier I Sukuk costs		-	-	-	(169,558)	-	**(169,558)**	-	**(169,558)**
Realized gain on disposal of FVOCI equity		-	-	(2,843)	2,843	-	-	-	-
Increase in share capital through issuance of bonus shares	17	2,500,000	(2,500,000)	-	-	-	-	-	-
Dividends paid	17	-	-	-	(899,531)	-	**(899,531)**	-	**(899,531)**
Treasury shares purchased	36	-	-	-	-	(34,979)	**(34,979)**	-	**(34,979)**
Repayment of Tier I Sukuk	38	-	-	-	-	-	-	(215,000)	**(215,000)**
Additional Tier I Sukuk issued	35	-	-	-	-	-	-	2,812,500	**2,812,500**
Transfer to statutory reserve	16	-	489,500	-	(489,500)	-	-	-	-
Balances at the end of the year		**12,500,000**	**1,806,500**	**(967,752)**	**2,112,345**	**(34,979)**	**15,416,114**	**5,312,500**	**20,728,614**

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Ahmed AlMohsen
Chief Financial Officer

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity - continued

For the years ended December 31, 2024 and 2023

البنك السعودي للاستثمار
The Saudi Investment Bank

2023 (SAR'000)

	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividend	Shareholders' equity	Tier I Sukuk	Total equity
Balances at the beginning of the year		10,000,000	3,376,000	(1,207,944)	956,640	450,000	13,574,696	3,215,000	16,789,696
Net income		-	-	-	1,761,607	-	1,761,607	-	1,761,607
Total other comprehensive income		-	-	201,178	-	-	201,178	-	201,178
Total comprehensive income		**-**	**-**	**201,178**	**1,761,607**	**-**	**1,962,785**	**-**	**1,962,785**
Dividends paid	17	-	-	-	(400,000)	(450,000)	(850,000)	-	(850,000)
Tier I Sukuk costs		-	-	-	(167,428)	-	(167,428)	-	(167,428)
Realized gain on disposal of FVOCI equity securities		-	-	(1,642)	1,642	-	-	-	-
Repayment of Tier I Sukuk	38	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Tier I Sukuk issued	35	-	-	-	-	-	-	500,000	500,000
Transfer to statutory reserve	16	-	441,000	-	(441,000)	-	-	-	-
Balances at the end of the year		**10,000,000**	**3,817,000**	**(1,008,408)**	**1,711,461**	**-**	**14,520,053**	**2,715,000**	**17,235,053**

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Ahmed AlMohsen
Chief Financial Officer

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended December 31, 2024 and 2023

البنك السعودي للاستثمار
The Saudi Investment Bank

	Notes	2024 (SAR`000)	2023 (SAR`000)
OPERATING ACTIVITIES			
Income before provisions for Zakat		**2,269,872**	2,028,334
Adjustments to reconcile net income to net cash generated from operating activities			
Net accretion of discounts and amortization of premiums on investments		**(67,506)**	(46,663)
Net change in deferred loan fee		**(86,527)**	(51,957)
Gains on sales of property and equipment		**(61)**	(3)
Gains on disposals of FVOCI debt securities, net	21	**(1,215)**	(15,234)
Unrealized gain on FVTPL financial instruments, net		**(89,646)**	(13,875)
Realized gain on FVTPL financial instruments, net		**-**	(2,185)
Depreciation and amortization	9	**176,827**	183,459
Lease interest expense	9b	**10,378**	13,281
Provision of end of service benefit obligation	34a	**37,879**	34,388
Net effect of commission free deposit from Saudi central Bank		**(86,708)**	(89,276)
Provisions for credit and other losses	37a	**289,954**	358,657
Share in earnings of associates	8b	**(116,279)**	(77,254)
		2,336,968	2,321,672
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		**(919,058)**	(465,593)
Due from banks and other financial institutions maturing after three months from acquisition date		**(155,922)**	(4,078)
Loans and advances		**(18,530,198)**	(12,178,477)
Positive fair values of derivatives, net		**158,938**	(102,454)
Other real estate	29c	**-**	(406,916)
Other assets		**(941,577)**	333,337
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions, net		**12,612,340**	6,485,463
Customers' deposits		**10,779,867**	13,654,738
Negative fair value of derivatives, net		**33,484**	(21,772)
Other liabilities		**(575,390)**	443,054
Interest paid on lease liabilities	9b	**(10,378)**	(13,281)
		4,789,074	10,045,693
Zakat payments		**(265,494)**	(324,783)
Net cash generated from operating activities		**4,523,580**	9,720,910

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Ahmed AlMohsen
Chief Financial Officer

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows - continued

For the years ended December 31, 2024 and 2023

البنك السعودي للاستثمار
The Saudi Investment Bank

	Notes	2024 (SAR'000)	2023 (SAR'000)
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments		**1,843,380**	2,459,607
Purchase of investments		**(9,839,364)**	(6,151,430)
Dividends received from associates	8b	**56,304**	32,855
Purchase of property, equipment		**(382,654)**	(218,430)
Proceeds from disposal of property, equipment		**61**	3
Net cash used in investing activities		**(8,322,273)**	(3,877,395)
FINANCING ACTIVITIES			
Dividend paid	17	**(899,531)**	(850,000)
Repayment of Tier I Sukuk	38	**(215,000)**	(1,000,000)
Payment of principal portion of lease liabilities		**(28,267)**	(10,986)
Additional Tier I Sukuk issued	35	**2,812,500**	500,000
Treasury shares purchased		**(34,979)**	-
Tier I Sukuk cost		**(169,558)**	(167,428)
Net cash generated from / (used in) financing activities		**1,465,165**	(1,528,414)
Net (decrease) / increase in cash and cash equivalents		**(2,333,528)**	4,315,101
Cash and cash equivalents at the beginning of the year	4b	**8,471,482**	4,156,381
Cash and cash equivalents at the end of the year	4b	**6,137,954**	8,471,482
Supplemental special commission information			
Special commission received		**8,570,619**	6,893,698
Special commission paid		**5,113,782**	3,402,882
Other supplemental information			
Right of use assets	9b	**148,452**	200,943
Lease liabilities	9b	**153,294**	209,898

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Chief Executive Officer

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Chief Financial Officer

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

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 51 branches (2023: 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:

	Ownership			
Name of subsidiaries	**December 31, 2024**	December 31, 2023	**Functional Currency**	**Description**
Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital)	**100%**	100%	Saudi Riyal	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%	Saudi Riyal	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%	Saudi Riyal	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.

البنك السعودي للاستثمار
The Saudi Investment Bank

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, 2024 have been prepared

- In accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA); as collectively referred to IFRSs that are endorsed in KSA.

- In compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and by-laws of the Bank.

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 financial assets held at fair value 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 obligation. 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 broadly in order of liquidity.

c) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SAR) which is the Group's functional currency. Except as otherwise indicated, financial information presented in SAR 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.

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);
-

2. Basis of preparation - continued

- 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 allowances.

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 are considered 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 Real import 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.

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 30c.

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.

2. Basis of preparation - continued

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 on a recurring basis, 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.

The Group determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets, and for any non-recurring measurement, such as assets held for distribution in discontinued operations.

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

iii) Impairment of non-financial assets

The carrying amount of non-financial assets are 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.

2. Basis of preparation – continued

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.

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.

2. Basis of preparation - continued

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 obligation

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".

3. Summary of material accounting policies

The significant 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, 2023 except for the below standards, interpretations, and amendments that became applicable for annual reporting periods beginning on or after January 1, 2024:

3. Summary of material accounting policies – continued

Standard, interpretation,	Description
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 1, 2025
IFRS 18- Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

3. Summary of material accounting policies – continued

Standard, interpretation, amendments	Description	Effective date
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 Group has assessed that these amendments have no significant impact on the consolidated financial statements.

b) Basis of consolidation

These consolidated financial statements are comprised of 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.

3. Summary of material accounting policies – continued

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.

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.

3. **Summary of material accounting policies – continued**

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.

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.

3. Summary of material accounting policies - continued

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.

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.

3. Summary of material accounting policies - continued

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.

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) Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, then the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

3. Summary of material accounting policies – continued

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When the changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes

vii) 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.

No impairment loss is recognized on equity investments.

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.

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

3. Summary of material accounting policies – continued

- 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

3. Summary of material accounting policies – continued

- 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.

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.

viii) 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 are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. 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 balance sheet.

3. **Summary of material accounting policies – continued**

ix) 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.

x) 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.

xi) 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 income statement 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 commitment that are measured at FVTPL.
- Liabilities arising from financial guarantees and loan commitments are included within provisions

3. Summary of material accounting policies - continued

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.

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.

3. Summary of material accounting policies - continued

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

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.

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 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.

3. Summary of material accounting policies – continued

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.

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

(a) 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

(b) 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.

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.

3. Summary of material accounting policies – continued

g) Foreign currencies

Transactions in foreign currencies are translated into SAR at the exchange rates prevailing at transaction dates. Monetary assets and liabilities at year-end, denominated in foreign currencies, are translated into SAR 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) Government grants

Grants received from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the conditions associated with the grant. The benefit of a SAMA deposit at a below-market commission rate is treated as a government grant related to income. Below-market rate deposits are recognized and measured in accordance with IFRS 9 – Financial Instruments and included in due to banks and other financial institutions.

The benefit of the below-market rate of commission is measured as the difference between the initial fair value of the deposit determined in accordance with IFRS 9 and the proceeds received and is presented as a discount to deposits from SAMA.

The benefit is accounted for in accordance with the requirements of IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance. The grant income is only recognized when the ultimate beneficiary is the Group. Where the customer is the ultimate beneficiary, the Group only records the respective receivable and payable amounts. Government grant income is recognized in special commission income on a systematic basis to the extent of related costs for which the grant is intended to compensate, with the remaining discount deferred and included in other liabilities.

i) 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.

3. Summary of material accounting policies – continued

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.

3. Summary of material accounting policies – continued

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) Day 1 profit or loss

Where a transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognizes the difference between the transaction price and fair value (a Day 1 profit or loss) in the consolidated statement of income. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable, or when the instrument is derecognized.

3. Summary of material accounting policies – continued

vi) 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.

j) 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.

k) 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.

l) 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 net realizable 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.

3. Summary of material accounting policies – continued

m) 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 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.

n) 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.

3. Summary of material accounting policies – continued

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.

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.

o) 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.

p) 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.

q) Zakat and Value Added 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.

3. Summary of material accounting policies – continued

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.

r) 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.

s) 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.

t) 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.

4. Cash and balances with SAMA

a) Cash and balances with SAMA as of December 31, 2024 and 2023 are summarized as follows:

	2024 SAR'000	2023 SAR'000
Cash in hand	**797,881**	678,550
Reverse repurchase agreements	**4,244,000**	6,440,000
Other balances	**(58,983)**	(117,203)
Cash and balances with SAMA excluding statutory deposit (note 4b)	**4,982,898**	7,001,347
Statutory deposit	**4,935,980**	4,016,922
Cash and balances with SAMA	**9,918,878**	11,018,269

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, 2024 and 2023 are comprised of the following:

	2024 SAR'000	2023 SAR'000
Cash and balances with SAMA excluding statutory deposit (note 4a)	**4,982,898**	7,001,347
Due from banks and other financial institutions maturing within three months from the date of acquisition	**1,155,056**	1,470,135
Cash and cash equivalents	**6,137,954**	8,471,482

5. Due from banks and other financial institutions, net

a) Due from banks and other financial institutions, net as of December 31, 2024 and 2023 are summarized as follows:

	2024 SAR'000	2023 SAR'000
Current accounts	**1,124,032**	1,126,516
Money market placements	**191,024**	347,697
Total due from banks and other financial institutions	**1,315,056**	1,474,213
Allowance for credit losses (note 5b)	**(1,056)**	(795)
Due from banks and other financial institutions, net	**1,314,000**	1,473,418

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 29.

b) The movement of the allowance for credit losses, for due from banks and other financial institutions, for the years ended 31 December 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'00
Balances at the beginning of the year	**795**	1,751
Charge / (Reversal) of credit losses	**261**	(956)
Balances at the end of the year	**1,056**	795

6. Investments, net

a) Investments, net as of December 31, 2024 and 2023 are classified as follows:

	2024 SAR'000	2023 SAR'000
Held at amortized cost – debt securities	**21,432,223**	12,303,445
Allowance for credit losses	**(8,653)**	(3,888)
Held at amortized cost – debt securities, net	**21,423,570**	12,299,557
FVOCI — debt securities	**18,420,580**	19,670,682
FVOCI – equity securities	**524,340**	291,923
FVTPL	**62,826**	38,911
Investments, net	**40,431,316**	32,301,073

6. Investments, net – continued

b) Investments, net as of December 31, 2024 and 2023 by type of securities are summarized as follows:

	2024 SAR'000			2023 SAR'000		
	Domestic	**International**	**Total**	Domestic	International	Total
Investments - FVOCI						
Fixed rate debt securities	**13,732,564**	**3,928,497**	**17,661,061**	14,352,573	4,500,402	18,852,975
Bonds	**6,429,242**	**3,463,642**	**9,892,884**	6,479,418	3,740,310	10,219,728
Sukuk	**7,303,322**	**464,855**	**7,768,177**	7,873,155	760,092	8,633,247
Floating rate debt securities	**759,519**	**-**	**759,519**	817,707	-	817,707
Bonds	**-**	**-**	**-**	-	-	-
Sukuk	**759,519**	**-**	**759,519**	817,707	-	817,707
Total debt securities	**14,492,083**	**3,928,497**	**18,420,580**	15,170,280	4,500,402	19,670,682
Equities	**524,340**	**-**	**524,340**	291,923	-	291,923
Investments – FVOCI	**15,016,423**	**3,928,497**	**18,944,920**	15,462,203	4,500,402	19,962,605
Investments – FVTPL						
Mutual funds	**60,928**	**-**	**60,928**	36,608	-	36,608
Other securities	**-**	**1,898**	**1,898**	-	2,303	2,303
Investments – FVTPL	**60,928**	**1,898**	**62,826**	36,608	2,303	38,911
Investments – Amortized cost, net						
Fixed rate debt securities	**7,094,483**	**13,809,084**	**20,903,567**	4,112,838	8,045,439	12,158,277
Bonds	**4,550,552**	**12,574,393**	**17,124,945**	2,043,646	7,858,750	9,902,396
Sukuk	**2,543,931**	**1,234,691**	**3,778,622**	2,069,192	186,689	2,255,881
Floating rate debt securities	**132,037**	**387,966**	**520,003**	132,128	9,152	141,280
Bonds	**-**	**387,966**	**387,966**	-	9,152	9,152
Sukuk	**132,037**	**-**	**132,037**	132,128	-	132,128
Investments – amortized cost, net	**7,226,520**	**14,197,050**	**21,423,570**	4,244,966	8,054,591	12,299,557
Investments, net	**22,303,871**	**18,127,445**	**40,431,316**	19,743,777	12,557,296	32,301,073

The Group holds strategic investments in equity securities totaling SAR 524.3 million as of December 31, 2024 (2023: SAR 291.9 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.

Fixed rate bonds include investments in SAMA treasury bills totaling SAR 962.6 million as of December 31, 2024 (2023: Nil). These are valued through quoted prices in an active market (Saudi Exchange).

6. Investments, net – continued

c) The composition of Investments, net as of December 31, 2024 and 2023 is as follows:

	2024 SAR'000			2023 SAR'000		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
Investments - FVOCI						
Fixed rate debt securities	**17,313,576**	**347,485**	**17,661,061**	18,469,598	383,377	18,852,975
Bonds	**9,892,884**	**-**	**9,892,884**	10,219,728	-	10,219,728
Sukuk	**7,420,692**	**347,485**	**7,768,177**	8,249,870	383,377	8,633,247
Floating rate debt securities	**-**	**759,519**	**759,519**	-	817,707	817,707
Bonds	**-**	**-**	**-**	-	-	-
Sukuk	**-**	**759,519**	**759,519**	-	817,707	817,707
Total debt securities	**17,313,576**	**1,107,004**	**18,420,580**	18,469,598	1,201,084	19,670,682
Equities	**519,697**	**4,643**	**524,340**	287,280	4,643	291,923
Investments – FVOCI	**17,833,273**	**1,111,647**	**18,944,920**	18,756,878	1,205,727	19,962,605
Investments – FVTPL						
Mutual funds	**-**	**60,928**	**60,928**	-	36,608	36,608
Other securities	**-**	**1,898**	**1,898**	-	2,303	2,303
Investments – FVTPL	**-**	**62,826**	**62,826**	-	38,911	38,911
Investments – amortized cost, net						
Fixed rate debt securities	**20,133,827**	**769,740**	**20,903,567**	11,465,293	692,984	12,158,277
Bonds	**17,124,945**	**-**	**17,124,945**	9,902,396	-	9,902,396
Sukuk	**3,008,882**	**769,740**	**3,778,622**	1,562,897	692,984	2,255,881
Floating rate debt securities	**387,966**	**132,037**	**520,003**	9,152	132,128	141,280
Bonds	**387,966**	**-**	**387,966**	9,152	-	9,152
Sukuk	**-**	**132,037**	**132,037**	-	132,128	132,128
Investments – amortized cost, net	**20,521,793**	**901,777**	**21,423,570**	11,474,445	825,112	12,299,557
Investments, net	**38,355,066**	**2,076,250**	**40,431,316**	30,231,323	2,069,750	32,301,073

The unquoted debt securities above are principally comprised of Saudi corporate securities and Saudi Government Development Bonds. Mutual funds are considered as unquoted in the table above when the daily net asset values are published on the Saudi Stock Exchange (Tadawul).

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. 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 SAR 26.4 billion (2023: SAR 19.7 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.

6. Investments, net – continued

d) Investments, net are classified by counterparty as of December 31, 2024 and 2023 as follows:

	2024 SAR'000	2023 SAR'000
Government and quasi-government	**22,527,049**	18,801,266
Corporate	**5,311,170**	4,855,884
Banks and other financial institutions	**12,593,097**	8,643,923
Total	**40,431,316**	32,301,073

e) The movement of the allowance for credit losses, for investments, for the years ended December 31, 2024 and 2023 is as follows:

	2024 SAR'000	2023 SAR'000
Balances at the beginning of the year	**10,872**	10,439
Allowance for credit losses	**3,799**	433
Balances at the end of the year	**14,671**	10,872

7. Loans and advances, net

a) Loans and advances, net, held at amortized cost, as of December 31, 2024 and 2023 are comprised of the following:

	2024 SAR '000			
	Commercial and other	**Overdrafts**	**Consumer**	**Total**
Stage 1	**80,321,892**	**4,523,806**	**12,381,807**	**97,227,505**
Stage 2	**1,152,220**	**703,881**	**89,594**	**1,945,695**
Stage 3	**673,778**	**214,584**	**2,509**	**890,871**
Total performing loans and advances	**82,147,890**	**5,442,271**	**12,473,910**	**100,064,071**
Non- performing loans and advances	**183,282**	**783,011**	**88,357**	**1,054,650**
Total loans and advances	**82,331,172**	**6,225,282**	**12,562,267**	**101,118,721**
Allowance for credit losses	**(696,884)**	**(812,237)**	**(143,110)**	**(1,652,231)**
Loans and advances, net	**81,634,288**	**5,413,045**	**12,419,157**	**99,466,490**

	2023 SAR '000			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	62,714,331	3,910,635	10,277,957	76,902,923
Stage 2	2,774,036	713,371	68,435	3,555,842
Stage 3	742,173	233,731	441	976,345
Total performing loans and advances	66,230,540	4,857,737	10,346,833	81,435,110
Non -performing loans and advances	448,149	702,002	89,789	1,239,940
Total loans and advances	66,678,689	5,559,739	10,436,622	82,675,050
Allowance for credit losses	(903,295)	(889,509)	(131,476)	(1,924,280)
Loans and advances, net	65,775,394	4,670,230	10,305,146	80,750,770

7. Loans and advances, net – continued

b) Total loans and advances as of December 31, 2024 and 2023 are comprised of the following:

	2024 SAR'000	2023 SAR'000
Conventional loans and advances	**36,135,039**	28,564,937
Non-Interest based loans and advances:	**64,983,682**	54,110,113
Murabaha, including Tawarruq	**64,933,892**	54,044,475
Ijarah	**49,790**	65,638
Total loans and advances	**101,118,721**	82,675,050

c) The movement of the allowance for credit losses, for loans and advances, for the years ended December 31, 2024 and 2023 is as follows:

	2024 SAR'000	2023 SAR'000
Balances at the beginning of the year	**1,924,280**	1,804,869
Allowance for credit losses	**275,722**	362,863
Write-offs	**(605,503)**	(312,961)
Recoveries	**57,732**	69,509
Balances at the end of the year	**1,652,231**	1,924,280

d) The credit quality of loans and advances as of December 31, 2024 and 2023 is summarized as follows:

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

	2024 SAR'000	2023 SAR'000
Grade 1 - Exceptional	**6,382,271**	2,040,524
Grade 2 - Excellent	**15,306,962**	14,475,509
Grade 3 - Strong	**28,285,284**	21,787,870
Grade 4 - Good	**21,788,071**	16,084,267
Grade 5 - Acceptable	**13,709,331**	14,398,466
Grade 6 - Marginal	**244,304**	513,890
Grade 7 – Special Mention	**9,162**	16,962
Unrated	**11,810,149**	9,813,169
Total	**97,535,535**	79,130,657

The above table includes neither past due nor credit impaired loans and advances classified as Stage 2 amounting to SAR 1.2 billion (2023: SAR 2.8 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.

7. Loans and advances, net – continued

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 with no past due balances.

(ii) Past due but not credit impaired loans and advances as of December 31, 2024 and 2023 are as follows:

	2024 SAR'000		
	Commercial, overdrafts and others	**Consumer**	**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**

	2023 SAR'000		
	Commercial, overdrafts and others	Consumer	Total
From 1 day to 30 days	408,122	218,631	626,753
31 days and above	632,920	68,435	701,355
Total	1,041,042	287,066	1,328,108

7. Loans and advances, net – continued

e) The economic sector risk concentrations as of December 31, 2024 and 2023 are as follows:

	2024 SAR'000					
	Performing					
	Stage 1	**Stage 2**	**Stage 3**	**Non-performing**	**Allowance for credit losses**	**Loans and advances, net**
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**

	2023 SAR'000					
	Performing					
	Stage 1	Stage 2	Stage 3	Non-performing	Allowance for credit losses	Loans and advances, net
Government and quasi-government	1,413,508	-	-	-	(1,408)	1,412,100
Finance and Investment Institutions	5,528,072	-	-	-	(27,024)	5,501,048
Agriculture and fishing	208,865	-	80,126	-	(8,333)	280,658
Manufacturing	3,684,317	69,363	71	142,421	(142,716)	3,753,456
Building and construction	5,546,034	1,858,398	49,911	399,055	(406,306)	7,447,092
Commerce	12,296,688	387,252	176,268	431,115	(521,585)	12,769,738
Transportation and communication	801,746	-	1	13,391	(17,498)	797,640
Services	3,358,799	291,500	1,741	35,511	(60,525)	3,627,026
Mining and quarrying	143,576	-	-	-	(669)	142,907
Electricity, water, gas and health services	7,215,487	-	-	-	(38,961)	7,176,526
Consumer loans	10,277,957	68,435	441	89,789	(131,476)	10,305,146
Other	26,427,874	880,894	667,786	128,658	(567,779)	27,537,433
Total	76,902,923	3,555,842	976,345	1,239,940	(1,924,280)	80,750,770

8. Investments in associates

a) Investments in associates as of December 31, 2024 and 2023 include the Bank's ownership interest in associated companies in KSA, as follows:

	2024	2023
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 SAR 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 SAR 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 SAR 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, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Balance at beginning of the year	**967,945**	922,985
Share in earnings	**116,279**	77,254
Dividends	**(56,304)**	(32,855)
Share of other comprehensive income	**(5,502)**	561
Balance at end of the year	**1,022,418**	967,945

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 Bank believes that the probable time frame to exercise the potential voting rights range between six to ten months.

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.

8. Investments in associates - continued

c) The following table summarizes the associates' assets, liabilities, and equity as of December 31, 2024 and 2023, and income and expense for the years then ended:

	2024 SAR'000		
	AMEX	**YANAL**	**AMLAK**
Total assets	**1,589,247**	**1,654,714**	**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**

	2023 SAR'000		
	AMEX	YANAL	AMLAK
Total assets	1,289,906	1,540,649	3,634,156
Total liabilities	817,853	589,876	2,438,571
Total equity	472,053	950,773	1,195,585
Total income	504,368	165,855	294,386
Total expenses	422,902	93,296	261,319

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

		2024 SAR`000	2023 SAR`000
Property and equipment, net	(a)	**1,097,458**	984,799
Right of use assets, net	(b)	**148,452**	200,943
Property, equipment, and right of use assets, net		**1,245,910**	1,185,742
Intangible assets, net	(c)	**630,573**	484,914

a) Property and equipment, net as of December 31, 2024 and 2023 are summarized as follows:

	2024 SAR '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**

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

	2023 SAR '000				
	Land and buildings	Leasehold improvements	Furniture, equipment and vehicles	Projects pending completion	Total
Cost					
Balance at the beginning of the year	1,376,677	198,413	441,463	2,375	2,018,928
Additions	28,448	3,131	25,216	-	56,795
Disposals	-	(7,885)	(14,262)	-	(22,147)
Transfers	-	-	946	(946)	-
Balance at the end of the year	1,405,125	193,659	453,363	1,429	2,053,576
Accumulated depreciation					
Balance at the beginning of the year	469,130	172,743	377,292	-	1,019,165
Charge for the year	39,279	9,775	22,618	-	71,672
Disposals	-	(7,798)	(14,262)	-	(22,060)
Balance at the end of the year	508,409	174,720	385,648	-	1,068,777
Net book value	896,716	18,939	67,715	1,429	984,799

b) Right of Use Assets, net and lease liabilities as of December 31, 2024 and 2023 are summarized as follows:

Right of Use Assets	**2024 SAR'000**	2023 SAR'000
Balance at the beginning of the year	**200,943**	212,611
Additions	**24,138**	13,261
Modification	**(13,452)**	527
Terminations	**(33,480)**	(557)
Depreciation	**(29,697)**	(24,899)
Balance at the end of the year	**148,452**	200,943
Lease liabilities		
Balance at the beginning of the year	**209,898**	202,601
Additions	**24,138**	13,261
Remeasurements	**(13,926)**	5,559
Terminations	**(38,549)**	(537)
Interest	**10,378**	13,281
Payments	**(38,645)**	(24,267)
Balance at the end of the year	**153,294**	209,898

The lease term of leases included in ROU assets range from 2 years to 25 years (2023: 2 years to 35 years). The payment for rentals is made on a monthly, quarterly, and annual basis and is paid in advance or arrears.

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

c) Intangible assets, net as of December 31, 2024 and 2023 are summarized as follows:

	2024 SAR '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**

	2023 SAR '000			
	Software	Projects pending completion	Goodwill	Total
Cost				
Balance at the beginning of the year	677,779	75,706	18,295	771,780
Additions	27,546	115,914	-	143,460
Transfers	75,040	(75,040)	-	-
Balance at the end of the year	780,365	116,580	18,295	915,240
Accumulated amortization				
Balance at the beginning of the year	343,438	-	-	343,438
Charge for the year	86,888	-	-	86,888
Balance at the end of the year	430,326	-	-	430,326
Net book value	350,039	116,580	18,295	484,914

10. Other assets, net

a) Other assets, net as of December 31, 2024 and 2023 are summarized as follows:

	2024 SAR'000	2023 SAR'000
Customer and other receivables	**115,310**	98,084
Prepaid expenses	**108,828**	92,845
Others (i)	**1,030,648**	69,748
Total other assets	**1,254,786**	260,677
Allowance for credit losses (note 10b)	**(3,011)**	(2,968)
Other assets, net	**1,251,775**	257,709

(i) Others include margins held by counterparties in favor of the Bank under Global Master Repurchase Agreements ("GMRA') amounting to SAR 346 million (2023: SAR 40.8 million).

b) The movement of the allowance for credit losses for other assets for the years ended December 31, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Balances at the beginning of the year	**2,968**	2,906
Allowance for credit losses	**43**	62
Balances at the end of the year	**3,011**	2,968

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.

11. Derivatives – continued

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.

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.

11. Derivatives - continued

Derivative financial instruments as of December 31, 2024 and 2023 are summarized as follows:

				Notional amounts by term to maturity			
	Positive fair value	**Negative fair value**	**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 rates instruments	**369,671**	**352,743**	**37,042,944**	**-**	**233,333**	**25,092,947**	**11,716,664**
Held as fair value hedges:							
Special commission rates 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 29m)	**526,498**	**58,757**	**50,178,087**	**6,158,615**	**931,575**	**31,371,233**	**11,716,664**

				Notional amounts by term to maturity			
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Forward foreign exchange contracts	7,512	7,189	6,339,797	-	6,339,797	-	-
Special Commission rate instruments	284,569	284,569	15,085,529	3,200,000	-	8,450,918	3,434,611
Held as fair value hedges:							
Special Commission rate swaps	328,546	-	8,285,158	-	1,031,278	5,060,070	2,193,810
CSA / EMIR cash margins	(48,257)	(266,485)	-	-	-	-	-
Subtotal	572,370	25,273	29,710,484	3,200,000	7,371,075	13,510,988	5,628,421
Associated company put option (note 11e)	113,066	-	-	-	-	-	-
Total (note 29m)	685,436	25,273	29,710,484	3,200,000	7,371,075	13,510,988	5,628,421

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.

11. Derivatives - continued

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 29m.

e) The Bank has a put option arising from an existing master agreement entered into by the Bank relating to an associated company, 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, 2024 and 2023, 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.

2024 SAR'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**	**-**

2023 SAR'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	8,140,719	8,365,437	Fair value risk	Commission rate swaps	328,546	-

The net loss during the year on hedging instruments for fair value hedges were SAR 50.4 million (2023: gains of SAR 134.6 million). The net gains on hedged items attributable to hedged risk were SAR 50.4 million (2023: losses of SAR 134.6 million). The net positive fair value of all derivatives is approximately SAR 467.7 million (2023: SAR net positive SAR 660 million). Approximately 60% (2023: 85%) of the positive fair value of the Bank's derivatives are entered into with financial institutions, and 13% (2023: 15%) 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.

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11. Derivatives - continued

g) The amounts relating to items designated as hedged item as of December 31, 2024 and 2023 are as follows:

2024 SAR'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	**7,064,546**	**(273,728)**	**Investments – debt securities**	**FVOCI**

2023 SAR'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	8,140,719	(300,057)	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, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Current accounts	**2,761**	13,777
Repurchase agreements (note 12b)	**24,733,104**	17,946,193
Money market deposits	**3,806,151**	2,166,891
Deposits from SAMA, net (note 12c)	**11,358,982**	7,161,797
Due to banks, Saudi Central Bank and other financial institutions, net	**39,900,998**	27,288,658

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, 2024 and 2023 are as follows:

	2024 SAR'000		2023 SAR'000	
	Pledged assets	**Repurchase agreements**	Pledged assets	Repurchase agreements
Debt securities	**26,370,827**	**24,733,104**	19,702,945	17,946,193

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

c) Deposits from SAMA, net are comprised of the following:

Maturing during the year ending	2024 SAR'000	2023 SAR'000
December 31, 2024	-	4,455,791
December 31, 2025	11,376,337	2,810,069
Undiscounted deposits from SAMA	**11,376,337**	7,265,860
Less: Unamortized discount	(17,355)	(104,063)
Deposits from SAMA, net	**11,358,982**	7,161,797

13. Customers' deposits

a) Customers' deposits as of December 31, 2024 and 2023 are summarized as follows:

	2024 SAR'000	2023 SAR'000
Murabaha commodity deposits	22,943,391	20,472,459
Conventional time deposits	36,035,523	29,485,629
Time deposits	58,978,914	49,958,088
Savings deposits	3,325,313	3,301,306
Total special commission bearing deposits	**62,304,227**	53,259,394
Demand deposits	29,655,634	27,754,612
Other deposits	2,053,270	2,219,258
Customers' deposits	**94,013,131**	83,233,264

Other deposits include SAR 591.3 million (2023: SAR 655.1 million) of margin deposits held for financial guarantees.

Customers' deposits above include Sharia-Compliant, commodity deposits and demand deposits totaling SAR 42.7 billion (2023: SAR 40.8 billion).

The above amounts include foreign currency deposits (equivalent to Saudi Arabian Riyals) as of December 31, 2024 and 2023 as follows:

	2024 SAR'000	2023 SAR'000
Demand	1,409,834	1,272,424
Savings	1,539,712	1,733,068
Time	14,053,286	9,540,392
Other	55,859	58,840
Total	**17,058,691**	12,604,724

14. Other liabilities

a) Other liabilities as of December 31, 2024 and 2023 are summarized as follows:

		2024 SAR '000	2023 SAR '000
Accrued expenses		**272,453**	329,256
Allowance for credit losses for financial guarantee contracts	14b	**248,022**	237,943
Accrued salaries and other employee related benefits		**271,457**	226,545
Accrued Zakat		**331,681**	283,933
Employee end of service benefits	34a	**288,786**	248,907
Lease liabilities	9b	**153,294**	209,898
Customer related liabilities		**90,631**	101,452
Allowance for legal proceedings	18a	**42,878**	43,278
Deferred fees and income		**46,022**	15,646
Margins received		**52,973**	319,822
Others		**166,991**	185,245
Total		**1,965,188**	2,201,925

b) The movement of the allowance for credit losses for financial guarantee contracts for the years ended December 31, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Balances at the beginning of the year	**237,943**	241,688
Allowance / (Reversals) for credit losses	**10,079**	(3,745)
Balances at the end of the year (note 14a)	**248,022**	237,943

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

	2024 SAR '000	2023 SAR '000
Less than one year	**29,036**	47,316
One to five years	**112,216**	110,064
More than five years	**65,036**	122,610
Total undiscounted lease liabilities	**206,288**	279,990
Lease liabilities (note 14a)	**153,294**	209,898

15. 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 SAR 10 each (2023: 1,000 million shares of SAR 10 each). The ownership of the Bank's share capital as of December 31, 2024 and 2023 is as follows in SAR millions:

	2024		2023	
	Amount	**%**	Amount	%
Saudi shareholders	**12,500**	**100**	10,000	100
	12,500	**100**	10,000	100

15. Share capital and other reserves – continued

b) Other reserves, classified in shareholders' equity, as of December 31, 2024 and 2023 are comprised of the following:

	2024 SAR'000	2023 SAR'000
Unrealized losses on fair valuation of debt securities at FVOCI before allowance for credit losses	**(1,062,978)**	(899,243)
Allowance for credit losses on debt securities at FVOCI	**6,018**	6,984
Unrealized losses on fair valuation of debt securities at FVOCI after allowance for credit losses	**(1,056,960)**	(892,259)
Unrealized gains/ (losses) on fair valuation of equity securities held at FVOCI	**145,912**	(86,249)
Actuarial losses on defined benefit obligation	**(56,029)**	(34,727)
Share of other comprehensive income of associates	**(675)**	4,827
Other reserves	**(967,752)**	(1,008,408)

16. 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, SAR 489.5 million has been transferred from 2024 net income (2023: SAR 441 million from net income). The statutory reserve is not currently available for distribution.

Refer to note 17 for capital increase by way of issuing bonus shares through capitalization from statutory reserve.

17. Dividends and Bonus share issuance

The Board of Directors approved on February 15, 2024, distribution of dividends for second half of 2023 to shareholders, amounting to SAR 450 million being SAR 0.45 per share after deduction of zakat. These dividends were paid on March 6, 2024.

On August 10, 2024, the Board of Directors approved an interim cash dividend of SAR 449.7 million equal to SAR 0.36 per share for the fiscal year 2024. The interim cash dividends were paid on August 28, 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.

18. 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.

18. Commitments, contingencies, and financial guarantee contracts – continued

The movement of the allowance for such legal cases, included in other liabilities, for the years ended December 31, 2024 and 2023 is summarized as follows :-

	2024 SAR'000	2023 SAR'000
Balance at beginning of the year	**43,278**	47,164
Utilized during the year	**(400)**	(3,886)
Balance at end of the year (note 14a)	**42,878**	43,278

b) Capital commitments

As of December 31, 2024, the Group had capital commitments of SAR 176.6 million (2023: SAR 115.7 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.

18. Commitments, contingencies, and financial guarantee contracts - continued

i) The contractual maturity structure for the Group's Commitments, contingencies, and financial guarantee contracts as of December 31, 2024 and 2023 are as follows:

	2024 SAR'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**

	2023 SAR'000				
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	478,663	677,138	2,003,511	21,622	3,180,934
Letters of guarantee	504,831	2,179,920	7,856,866	382,380	10,923,997
Acceptances	69,754	211,415	641,575	92,908	1,015,652
Irrevocable commitments to extend credit	-	644,434	395,504	357,163	1,397,101
Commitments, contingencies, and financial guarantee contracts	1,053,248	3,712,907	10,897,456	854,073	16,517,684

The movement of the allowance for credit losses for financial guarantee contracts is summarized in note 14b.

The outstanding unused portion of commitments as of December 31, 2024 which can be revoked unilaterally at any time by the Group, amounts to SAR 41.1 billion (2023: SAR 37.8 billion).

ii) The analysis of commitments and contingencies by counterparty as of December 31, 2024 and 2023 is as follows:

	2024 SAR'000	2023 SAR'000
Government and quasi-Government	**-**	544
Corporate	**25,580,302**	15,049,008
Banks and other financial institutions	**953,255**	1,450,362
Other	**178,815**	17,770
Total	**26,712,372**	16,517,684

19. Special commission income and expense

Special commission income and expense for the years ended December 31, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Special commission income:		
- Loans and advances	**6,757,435**	5,527,976
- Investments	**1,794,420**	1,496,344
- Banks and other financial institutions	**312,224**	390,856
Total special commission income	**8,864,079**	7,415,176
Special commission expense:		
- Customers' deposits	**3,632,313**	2,763,567
- Banks and other financial institutions	**1,695,074**	1,230,210
- Zakat settlement liability	**-**	4,182
Total special commission expense	**5,327,387**	3,997,959
Net special commission income	**3,536,692**	3,417,217

20. Fee income from banking services, net

Fee income from banking services, net for the years ended December 31, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Fee income:		
- Share trading and fund management	**255,029**	174,629
- Trade finance	**156,085**	118,260
- Corporate and retail finance	**27,322**	26,161
- Other banking services	**319,158**	319,817
Total fee income	**757,594**	638,867
Fee expense:		
- Share trading and fund management	**98,504**	40,783
- Other banking services	**316,236**	295,839
Total fee expense	**414,740**	336,622
Fee income from banking services, net	**342,854**	302,245

21. Gains on disposals of FVOCI debt securities, net

Gains on disposals of FVOCI debt securities, net for the years ended December 31, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Gains on the sale of FVOCI debt securities	**1,215**	15,234
Gains on disposals of FVOCI debt securities	**1,215**	15,234

22. 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, 2024 and 2023.

2024

Category	Number of Employees	Compensation Paid Fixed	Compensation Paid 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		**341,683**	
Total salaries and employee related expenses		**822,360**	

2023

Category	Number of Employees	Compensation Paid Fixed	Compensation Paid Variable
Senior executives requiring SAMA no objection	13	35,410	21,844
Employees engaged in risk taking activities	83	52,937	15,331
Employees engaged in control functions	119	63,940	14,406
Other employees	1,273	304,282	48,462
Total	1,488	456,569	100,043
Other employee benefits and related expenses		330,131	
Total salaries and employee related expenses		786,700	

22. Compensation and related governance and practices – continued

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, 2024 was SAR 73.9 million (2023: SAR 56.1 million). The post-employment benefits accrued to key management for the year ended December 31, 2024 was SAR 10.1 million (2023: SAR 2.9 million).

The total end of service payments made for all employees who left their employment with the Group during the year ended December 31, 2024 totaled SAR 19.3 million (2023: SAR 13.9 million). These payments were made to 124 beneficiaries (2023: 129). The highest payment to a single individual in 2024 was SAR 1.4 million (2023: SAR 1.2 million).

23. Basic and diluted earnings per share

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

	2024 SAR'000	2023 SAR'000
Profit attributable to ordinary shareholders		
Net income	**1,956,630**	1,761,607
Tier I Sukuk costs	**(169,558)**	(167,428)
Net income adjusted for Tier I Sukuk costs	**1,787,072**	1,594,179
Weighted average number of outstanding shares	**1,247,178**	1,250,000
Basic and diluted earnings per share (SAR)	**1.43**	1.28

b) Basic earnings per share for the year ended December 31, 2024 and 2023 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.

24. 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, 2023. The Bank's Zakat calculations and corresponding accruals and payments for Zakat are based 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, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Balance at the beginning of the year	**283,933**	217,917
Provisions for Zakat	**313,242**	266,727
Payment of Zakat	**(265,494)**	(200,711)
Balance at the end of the year	**331,681**	283,933

a) In December 2018, the Bank agreed with the ZATCA to a settlement of Zakat assessments for the years 2006 to 2017 for SAR 775.5 million. The discounted Zakat liability of SAR 711.8 million was fully provided for through a charge to the consolidated statement of income with the corresponding liability included in other liabilities as of December 31, 2018. The Bank has paid SAR 155 million on January 1, 2019 and SAR 124 million on December 1, 2019, December 1, 2020, December 1, 2021, December 1, 2022 and December 1, 2023 respectively, as per the settlement agreement.

b) The Bank has provided for Zakat for the year ended December 31, 2024 and 2023 on the basis of the Bank's understanding of these rules.

25. 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, 2024.

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25. Operating segments (continued)

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.

During the year ended December 31, 2024 Public Institution related products were moved to Retail banking segment from Treasury and Investment segment.

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, 2024 and 2023, and its total operating income, expenses, and Income before provisions for Zakat for the years then ended, are as follows:

	2024 SAR'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Total assets	**26,229,955**	**72,822,886**	**53,373,348**	**935,750**	**3,304,749**	**156,666,688**
Total liabilities	**68,873,653**	**11,234,596**	**53,419,513**	**67,162**	**2,343,150**	**135,938,074**
Net special commission income (loss)	**(851,480)**	**4,879,741**	**(514,405)**	**67,836**	**(45,000)**	**3,536,692**
FTP net transfers	**2,288,295**	**(3,532,744)**	**1,260,494**	**-**	**(16,045)**	**-**
Net FTP contribution	**1,436,815**	**1,346,997**	**746,089**	**67,836**	**(61,045)**	**3,536,692**
Fee income (loss) from banking services, net	**14,635**	**154,120**	**46,735**	**164,978**	**(37,614)**	**342,854**
Other operating income (loss)	**105,799**	**90,534**	**296,772**	**1,671**	**(196,274)**	**298,502**
Total operating income (loss)	**1,557,249**	**1,591,651**	**1,089,596**	**234,485**	**(294,933)**	**4,178,048**
Direct operating expenses	**508,550**	**86,076**	**39,959**	**118,130**	**-**	**752,715**
Indirect operating expenses	**490,893**	**196,357**	**294,536**	**-**	**-**	**981,786**
Allowance (reversal) for credit and other losses	**9,364**	**276,437**	**4,060**	**(17)**	**110**	**289,954**
Total operating expenses	**1,008,807**	**558,870**	**338,555**	**118,113**	**110**	**2,024,455**
Operating income (loss)	**548,442**	**1,032,781**	**751,041**	**116,372**	**(295,043)**	**2,153,593**
Share in earnings of associates	**-**	**-**	**116,279**	**-**	**-**	**116,279**
Income (loss) before provisions for Zakat	**548,442**	**1,032,781**	**867,320**	**116,372**	**(295,043)**	**2,269,872**

25. Operating segments – continued

	2023 SAR'000					
	Retail banking	Corporate banking	Treasury and investments	Asset manageme nt and brokerage	Other	Total
Total assets	22,663,667	58,045,352	45,774,178	798,238	2,702,738	129,984,173
Total liabilities	58,962,822	7,953,254	43,606,631	61,842	2,164,571	112,749,120
Net special commission income (loss)	(516,007)	4,037,253	(106,475)	56,851	(54,405)	3,417,217
FTP net transfers	1,947,000	(2,772,252)	813,729	-	11,523	-
Net FTP contribution	1,430,993	1,265,001	707,254	56,851	(42,882)	3,417,217
Fee income (loss) from banking services, net	20,721	126,928	31,904	144,379	(21,687)	302,245
Other operating income (loss)	115,614	71,032	221,654	1,677	(162,856)	247,121
Total operating income (loss)	1,567,328	1,462,961	960,812	202,907	(227,425)	3,966,583
Direct operating expenses	483,385	80,022	39,109	108,413	-	710,929
Indirect operating expenses	472,959	189,183	283,775	-	-	945,917
Allowance (reversal) for credit and other losses	82,379	276,739	(523)	62	-	358,657
Total operating expenses	1,038,723	545,944	322,361	108,475	-	2,015,503
Operating income (loss)	528,605	917,017	638,451	94,432	(227,425)	1,951,080
Share in earnings of associates	-	-	77,254	-	-	77,254
Income (loss) before provisions for Zakat	528,605	917,017	715,705	94,432	(227,425)	2,028,334

d) The Group's credit exposure by business segment as of December 31, 2024 and 2023 is as follows:

	2024 SAR'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**

	2023 SAR'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Consolidated statement of financial position assets	21,276,109	58,045,352	44,468,958	631,701	797,458	125,219,578
Commitments and contingencies	243,659	13,357,402	1,485,216	-	14,814	15,101,091
Derivatives	-	-	1,410,188	-	-	1,410,188
Totals	21,519,768	71,402,754	47,364,362	631,701	812,272	141,730,857

Consolidated statement of financial position credit exposure is comprised of the carrying value of consolidated statement of financial position assets excluding cash on 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.

26. Geographical concentration

The distribution by geographical region for assets, liabilities, and for commitments, contingencies, and derivatives as of December 31, 2024 and 2023 is as follows

	2024 SAR'000						
	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Assets							
Cash and balances with SAMA:							
Cash on hand	797,881	-	-	-	-	-	797,881
Balances with SAMA	9,120,997	-	-	-	-	-	9,120,997
Due from banks and other financial institutions, net:							
Current accounts	267,506	149,252	199,960	413,963	22,638	70,713	1,124,032
Money market placements	160,000	-	29,968	-	-	-	189,968
Investments:							
Held at FVTPL	60,927	1,233	-	666	-	-	62,826
Held at amortized cost, net	7,226,520	5,010,540	4,569,072	3,838,322	779,116	-	21,423,570
Held at FVOCI	15,016,423	2,712,289	629,476	363,010	223,722	-	18,944,920
Positive fair values of derivatives, net:							
Held for trading	313,267	-	19,941	41,360	-	-	374,568
Held as fair value hedges	-	16,559	261,586	-	-	-	278,145
Associated company put option	-	183,910	-	-	-	-	183,910
CSA / EMIR cash margins	(12,039)	(16,559)	(281,527)	-	-	-	(310,125)
Loans and advances, net:							
Commercial and others	81,634,288	-	-	-	-	-	81,634,288
Overdrafts	5,413,045	-	-	-	-	-	5,413,045
Consumer	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	137,427,478	8,057,224	5,428,476	4,657,321	1,025,476	70,713	156,666,688
Liabilities							
Due to banks and other financial institutions, net:							
Current accounts	-	810	288	-	542	1,121	2,761
Repurchase agreements	9,076,328	6,388,624	4,483,411	3,867,511	917,230	-	24,733,104
Money market deposits	1,763,741	1,343,811	698,599	-	-	-	3,806,151
Deposits from SAMA, net	11,358,982	-	-	-	-	-	11,358,982
Customers' deposits:							
Time	58,978,914	-	-	-	-	-	58,978,914
Savings	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:							
Held for trading	41,912	7,834	316,016	-	-	-	365,762
CSA / EMIR cash margins	-	-	(307,005)	-	-	-	(307,005)
Other liabilities	1,965,188	-	-	-	-	-	1,965,188
Total	118,219,282	7,741,079	5,191,309	3,867,511	917,772	1,121	135,938,074
Commitments and contingencies:							
Letters of credit	2,430,279	538,200	-	-	-	-	2,968,479
Letters of guarantee	13,902,416	191,843	165,059	17,579	2,701	3,557	14,283,155
Acceptances	1,535,924	-	-	-	-	-	1,535,924
Irrevocable commitments to extend credit	7,924,814	-	-	-	-	-	7,924,814
Maximum credit exposure (stated at credit equivalent amounts):							
Commitments and contingencies							
Letters of credit	1,860,876	538,200	-	-	-	-	2,399,076
Letters of guarantee	13,902,416	191,843	165,059	17,579	2,701	3,557	14,283,155
Acceptances	1,535,924	-	-	-	-	-	1,535,924
Irrevocable commitments to extend credit	3,169,925	-	-	-	-	-	3,169,925
Derivatives:							
Held for trading	150,879	4,327	1,306,459	50,497	-	-	1,512,162
Held as fair value hedges	-	19,932	275,917	-	-	-	295,849
Associated company put option	-	183,910	-	-	-	-	183,910

26. Geographical concentration – continued

	2023 SAR'000						
	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Assets							
Cash and balances with SAMA:							
Cash on hand	678,550	-	-	-	-	-	678,550
Balances with SAMA	10,339,719	-	-	-	-	-	10,339,719
Due from banks and other financial institutions, net:							
Current accounts	47,195	66,879	391,134	569,055	12,677	39,576	1,126,516
Money market placements	-	45,823	301,079	-	-	-	346,902
Investments:							
Held at FVTPL	36,608	1,603	-	700	-	-	38,911
Held at amortized cost, net	4,244,965	1,871,031	2,380,896	3,423,352	379,313	-	12,299,557
Held at FVOCI	15,462,203	3,309,108	612,793	359,573	218,928	-	19,962,605
Positive fair values of derivatives, net:							
Held for trading	233,812	500	8,089	49,680	-	-	292,081
Held as fair value hedges	5,652	18,244	304,650	-	-	-	328,546
Associated company put option	-	113,066	-	-	-	-	113,066
CSA / EMIR cash margins	-	-	(48,257)	-	-	-	(48,257)
Loans and advances, net:							
Commercial and others	65,775,394	-	-	-	-	-	65,775,394
Overdrafts	4,670,230	-	-	-	-	-	4,670,230
Consumer	10,305,146	-	-	-	-	-	10,305,146
Investments in associates	967,945	-	-	-	-	-	967,945
Other real estate	858,897	-	-	-	-	-	858,897
Property, equipment, and right of use assets, net	1,185,742	-	-	-	-	-	1,185,742
Intangible assets, net	484,914	-	-	-	-	-	484,914
Other assets, net	257,709	-	-	-	-	-	257,709
Total	115,554,681	5,426,254	3,950,384	4,402,360	610,918	39,576	129,984,173
Liabilities							
Due to banks and other financial institutions, net:							
Current accounts	11,667	584	175	-	543	808	13,777
Repurchase agreements	9,395,780	2,801,152	2,296,375	2,913,420	539,466	-	17,946,193
Money market deposits	1,204,874	315,131	646,886	-	-	-	2,166,891
Deposits from SAMA, net	7,161,797	-	-	-	-	-	7,161,797
Customers' deposits:							
Time	49,958,088	-	-	-	-	-	49,958,088
Savings	3,301,306	-	-	-	-	-	3,301,306
Demand	27,754,612	-	-	-	-	-	27,754,612
Other	2,219,258	-	-	-	-	-	2,219,258
Negative fair values of derivatives, net:							
Held for trading	44,439	231	247,088	-	-	-	291,758
CSA / EMIR cash margins	(22,431)	-	(244,054)	-	-	-	(266,485)
Other liabilities	2,201,925	-	-	-	-	-	2,201,925
Total	103,231,315	3,117,098	2,946,470	2,913,420	540,009	808	112,749,120
Commitments and contingencies:							
Letters of credit	2,129,852	1,051,082	-	-	-	-	3,180,934
Letters of guarantee	10,542,117	211,301	148,092	19,766	-	2,721	10,923,997
Acceptances	1,015,648	-	-	-	-	-	1,015,648
Irrevocable commitments to extend credit	1,397,101	-	-	-	-	-	1,397,101
Maximum credit exposure (stated at credit equivalent amounts):							
Commitments and contingencies							
Letters of credit	2,110,365	1,051,082	-	-	-	-	3,161,447
Letters of guarantee	10,542,117	211,301	148,092	19,766	-	2,721	10,923,997
Acceptances	1,015,648	-	-	-	-	-	1,015,648
Irrevocable commitments to extend credit	558,840	-	-	-	-	-	558,840
Derivatives:							
Held for trading	505,860	-	373,276	22,979	-	-	902,115
Held as fair value hedges	19,547	29,896	458,630	-	-	-	508,073
Associated company put option	-	113,066	-	-	-	-	113,066

26. Geographical concentration – continued

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	
	2024 SAR '000	2023 SAR '000	**2024 SAR '000**	2023 SAR '000
Kingdom of Saudi Arabia				
Commercial loans and overdrafts	**966,293**	1,150,151	**1,509,121**	1,792,804
Consumer loans	**88,357**	89,789	**143,110**	131,476
	1,054,650	1,239,940	**1,652,231**	1,924,280

27. 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, 2024 and 2023, 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, 2024 and 2023 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 SAR thousands. For presentation purposes in the tables below, short-term fixed rate deposit liabilities are treated as variable rate deposits.

27. Market risk -continued

		2024 SAR'000	2024 Sensitivity of equity SAR'000				
Commi-ssion rate	**Increase (decrease) in basis points**	**Sensitivity of net special commission income**	**6 months or less**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
SAR	+ 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)	-	-	-	-	-

		2024 SAR'000	2024 Sensitivity of equity SAR'000				
Commi-ssion rate	**Increase (decrease) in basis points**	**Sensitivity of net special commission income**	**6 months or less**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
SAR	- 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	-	-	-	-	-

		2023 SAR'000	2023 Sensitivity of equity SAR'000				
Commi-ssion rate	Increase (decrease) in basis points	Sensitivity of net special commission income	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
SAR	+ 100	(189,911)	(2,209)	(634)	(171,499)	(368,994)	(543,336)
USD	+ 100	146,499	-	-	(5,403)	(237,745)	(243,148)
EUR	+ 100	(43)	-	-	-	-	-

		2023 SAR'000	2023 Sensitivity of equity SAR'000				
Commi-ssion rate	Increase (decrease) in basis points	Sensitivity of net special commission income	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
SAR	- 100	189,911	2,209	634	171,499	368,994	543,336
USD	- 100	(146,499)	-	-	5,403	237,745	243,148
EUR	- 100	43	-	-	-	-	-

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.

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27. Market risk -continued

The tables below summarize the Group's exposure to special commission rate risks as of December 31, 2024 and 2023. 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.

	2024 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	797,881	797,881
Balances with SAMA	4,244,000	-	-	-	4,876,997	9,120,997
Due from banks and other financial institutions, net:						
Current accounts	620,619	-	-	-	503,413	1,124,032
Money market placements	29,968	160,000	-	-	-	189,968
Investments, net:						
Held at FVTPL	-	-	-	-	62,826	62,826
Held at amortized cost, net	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	690,451	18,944,920
Positive fair values of derivatives, net:						
Held for trading	-	-	-	-	374,568	374,568
Held as fair value hedges	-	-	-	-	278,145	278,145
Associated company put option	-	-	-	-	183,910	183,910
CSA / EMIR cash margins	-	-	-	-	(310,125)	(310,125)
Loans and advances, net:						
Commercial and others	55,197,686	25,315,521	40,147	248	1,080,686	81,634,288
Overdrafts	4,637,450	-	-	-	775,595	5,413,045
Consumer	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	14,616,441	156,666,688
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	2,761	2,761
Repurchase agreements	16,196,595	8,341,334	-	-	195,175	24,733,104
Money market deposits	1,897,403	1,908,748	-	-	-	3,806,151
Deposits from SAMA, net	4,591,345	6,674,069	-	-	93,568	11,358,982
Customers' deposits:						
Time	50,902,522	7,510,250	12,000	-	554,142	58,978,914
Savings	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:						
Held for trading	-	-	-	-	365,762	365,762
CSA / EMIR cash margins	-	-	-	-	(307,005)	(307,005)
Other liabilities	-	-	-	-	1,965,188	1,965,188
Total equity	-	-	-	-	20,728,614	20,728,614
Total	76,913,178	24,434,401	12,000	-	55,307,109	156,666,688
Special commission rate sensitivity-On balance sheet	(8,252,447)	5,201,441	20,029,685	23,711,989	(40,690,668)	-
Special commission rate sensitivity-Off balance sheet	6,849,183	(570,897)	(6,278,286)	-	-	
Total special commission rate sensitivity gap	(1,403,264)	4,630,544	13,751,399	23,711,989	(40,690,668)	
Cumulative special commission rate sensitivity gap	(1,403,264)	3,227,280	16,978,679	40,690,668	-	

27. Market risk -continued

	2023 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	678,550	678,550
Balances with SAMA	6,440,000	-	-	-	3,899,719	10,339,719
Due from banks and other financial institutions, net:						
Current accounts	866,577	-	-	-	259,939	1,126,516
Money market placements	346,902	-	-	-	-	346,902
Investments, net:						
Held at FVTPL	-	-	-	-	38,911	38,911
Held at amortized cost, net	139,129	-	4,521,288	7,492,035	147,105	12,299,557
Held at FVOCI	666,923	1,159,479	6,534,968	11,130,663	470,572	19,962,605
Positive fair values of derivatives, net:						
Held for trading	-	-	-	-	292,081	292,081
Held as fair value hedges	-	-	-	-	328,546	328,546
Associated company put option	-	-	-	-	113,066	113,066
CSA / EMIR cash margins	-	-	-	-	(48,257)	(48,257)
Loans and advances, net:						
Commercial and others	43,523,051	20,147,627	886,412	248	1,218,056	65,775,394
Overdrafts	3,958,827	-	-	-	711,403	4,670,230
Consumer	1,837,392	1,404,017	4,787,810	2,236,114	39,813	10,305,146
Investments in associates	-	-	-	-	967,945	967,945
Other real estate	-	-	-	-	858,897	858,897
Property, equipment, and right of use assets, net	-	-	-	-	1,185,742	1,185,742
Intangible assets, net	-	-	-	-	484,914	484,914
Other assets, net	-	-	-	-	257,709	257,709
Total	57,778,801	22,711,123	16,730,478	20,859,060	11,904,711	129,984,173
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	13,777	13,777
Repurchase agreements	11,509,165	3,994,862	2,182,850	-	259,316	17,946,193
Money market deposits	2,166,891	-	-	-	-	2,166,891
Deposits from SAMA, net	3,703,154	594,660	2,810,069	-	53,914	7,161,797
Customers' deposits:						
Time	43,070,843	6,144,723	-	-	742,522	49,958,088
Savings	3,301,306	-	-	-	-	3,301,306
Demand	-	-	-	-	27,754,612	27,754,612
Other	-	-	-	-	2,219,258	2,219,258
Negative fair values of derivatives, net:						
Held for trading	-	-	-	-	291,758	291,758
CSA / EMIR cash margins	-	-	-	-	(266,485)	(266,485)
Other liabilities	-	-	-	-	2,201,925	2,201,925
Total equity	-	-	-	-	17,235,053	17,235,053
Total	63,751,359	10,734,245	4,992,919	-	50,505,650	129,984,173
Special commission rate sensitivity-On balance sheet	(5,972,558)	11,976,878	11,737,559	20,859,060	(38,600,939)	-
Special commission rate sensitivity-Off balance sheet	8,097,602	(843,722)	(5,435,082)	(1,818,798)	-	
Total special commission rate sensitivity gap	2,125,044	11,133,156	6,302,477	19,040,262	(38,600,939)	
Cumulative special commission rate sensitivity gap	2,125,044	13,258,200	19,560,677	38,600,939	-	

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

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27. Market risk -continued

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, 2024 and 2023, 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 SAR, 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.

		Effect on Income before provisions for Zakat	
Currency Exposures	**Change in currency rate in %**	**2024 SAR'000**	2023 SAR'000
USD	**± 5%**	**±100,282**	±29,728
EUR	**± 5%**	**±40**	±2,094
GBP	**± 5%**	**±105**	±73

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, 2024 and 2023, the Group had the following significant net exposures denominated in foreign currencies:

Currency	**2024 SAR '000 Long / (short)**	2023 SAR '000 Long / (short)
US Dollar	**2,005,650**	594,551
Euro	**805**	(41,876)
Pound Sterling	**2,090**	1,459
Japanese Yen	**-**	620
U.A.E Dirham	**48,311**	18,741
Others	**85,218**	70,880

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.

27. Market risk -continued

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, 2024 and 2023. A positive effect shows a potential increase in consolidated shareholders' equity, whereas a negative effect shows a potential decrease in consolidated shareholders' equity.

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

	2023		
	Change in equity price %	Effect on Income before provisions for Zakat SAR'000	Shareholders' equity Effect SAR'000
TADAWUL	± 5%	-	± 14,364
Unquoted	± 5%	± 1,946	± 232

28. 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% (2023: 7%) of average demand deposits and 4% (2023: 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, and equity as of December 31, 2024 and 2023. 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.

28. Liquidity risk – continued

	2024 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity / on demand	Total
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	797,881	797,881
Balances with SAMA	4,244,000	-	-	-	4,876,997	9,120,997
Due from banks and other financial institutions, net:						
Current accounts	-	-	-	-	1,124,032	1,124,032
Money market placements	29,968	160,000	-	-	-	189,968
Investments, net:						
Held at FVTPL	-	-	-	-	62,826	62,826
Held at amortized cost, net	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	524,340	18,944,920
Positive fair values of derivatives, net:						
Held for trading	-	374,568	-	-	-	374,568
Held as fair value hedges	-	278,145	-	-	-	278,145
Associated company put option	-	-	-	-	183,910	183,910
CSA / EMIR cash margins	-	(310,125)	-	-	-	(310,125)
Loans and advances, net:						
Commercial and others	14,480,063	29,666,927	22,115,036	15,372,262	-	81,634,288
Overdrafts	5,413,045	-	-	-	-	5,413,045
Consumer	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	12,579,492	156,666,688
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	2,761	2,761
Repurchase agreements	10,273,246	13,141,653	1,318,205	-	-	24,733,104
Money market deposits	1,897,403	1,908,748	-	-	-	3,806,151
Deposits from SAMA, net	4,684,913	6,674,069	-	-	-	11,358,982
Customers' deposits:						
Time	45,493,649	7,260,250	6,225,015	-	-	58,978,914
Savings	-	-	-	-	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:						
Held for trading	-	365,762	-	-	-	365,762
CSA / EMIR cash margins	-	(307,005)	-	-	-	(307,005)
Other liabilities	1,965,188	-	-	-	-	1,965,188
Total equity	-	-	-	-	20,728,614	20,728,614
Total	64,314,399	29,043,477	7,543,220	-	55,765,592	156,666,688
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

28. Liquidity risk – continued

	2023 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity / on demand	Total
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	678,550	678,550
Balances with SAMA	6,440,000	-	-	-	3,899,719	10,339,719
Due from banks and other financial institutions, net:						
Current accounts	-	-	-	-	1,126,516	1,126,516
Money market placements	346,902	-	-	-	-	346,902
Investments, net:						
Held at FVTPL	-	-	-	-	38,911	38,911
Held at amortized cost, net	150,992	-	4,529,038	7,619,527	-	12,299,557
Held at FVOCI	365,699	837,092	7,264,786	11,203,105	291,923	19,962,605
Positive fair values of derivatives, net:						
Held for trading	-	292,081	-	-	-	292,081
Held as fair value hedges	-	328,546	-	-	-	328,546
Associated company put option	-	-	-	-	113,066	113,066
CSA / EMIR cash margins	-	(48,257)	-	-	-	(48,257)
Loans and advances, net:						
Commercial and others	15,100,420	19,340,366	24,078,408	7,256,200	-	65,775,394
Overdrafts	4,670,230	-	-	-	-	4,670,230
Consumer	1,837,392	1,404,017	4,787,810	2,275,927	-	10,305,146
Investments in associates	-	-	-	-	967,945	967,945
Other real estate	-	-	-	-	858,897	858,897
Property, equipment, and right of use assets, net	-	-	-	-	1,185,742	1,185,742
Intangible assets, net	-	-	-	-	484,914	484,914
Other assets, net	-	-	-	-	257,709	257,709
Total	28,911,635	22,153,845	40,660,042	28,354,759	9,903,892	129,984,173
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	13,777	13,777
Repurchase agreements	11,704,603	4,058,740	2,182,850	-	-	17,946,193
Money market deposits	2,166,891	-	-	-	-	2,166,891
Deposits from SAMA, net	3,757,068	594,660	2,810,069	-	-	7,161,797
Customers' deposits:						
Time	38,414,664	5,778,670	5,764,754	-	-	49,958,088
Savings	-	-	-	-	3,301,306	3,301,306
Demand	-	-	-	-	27,754,612	27,754,612
Other	-	-	-	-	2,219,258	2,219,258
Negative fair values of derivatives, net:						
Held for trading	-	291,758	-	-	-	291,758
CSA / EMIR cash margins	-	(266,485)	-	-	-	(266,485)
Other liabilities	2,201,925	-	-	-	-	2,201,925
Total equity	-	-	-	-	17,235,053	17,235,053
Total	58,245,151	10,457,343	10,757,673	-	50,524,006	129,984,173
Commitments and contingencies	1,053,248	3,712,907	10,897,456	854,073	-	16,517,684
Derivatives - notional amounts	3,200,000	7,371,074	13,510,991	5,628,419	-	29,710,484

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28. Liquidity risk – continued

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).

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, 2024 and 2023 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:

	2024 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity / on demand	Total
Due to banks and other financial institutions:						
Current accounts	-	-	-	-	2,761	2,761
Repurchase agreements	10,321,003	13,228,551	1,337,003	-	-	24,886,557
Money market deposits	1,891,730	2,243,620	-	-	-	4,135,350
Deposits from SAMA	4,691,308	6,685,027	-	-	-	11,376,335
Customers' deposits:						
Time	46,020,361	7,255,872	6,221,262	-	-	59,497,495
Savings	-	-	-	-	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:						
Held for trading	-	365,762	-	-	-	365,762
CSA / EMIR cash margins	-	(307,005)	-	-	-	(307,005)
Total	62,924,402	29,471,827	7,558,265	-	35,036,978	134,991,474
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	154,762,832

The Saudi Investment Bank

28. Liquidity risk – continued

	2023 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity / on demand	Total
Due to banks and other financial institutions:						
Current accounts	-	-	-	-	13,777	13,777
Repurchase agreements	11,821,238	4,173,814	2,423,296	-	-	18,418,348
Money market deposits	2,208,526	-	-	-	-	2,208,526
Deposits from SAMA	3,757,068	681,368	2,827,424	-	-	7,265,860
Customers' deposits:						
Time	38,744,109	5,828,227	5,814,193	-	-	50,386,529
Savings	-	-	-	-	3,301,306	3,301,306
Demand	-	-	-	-	27,754,612	27,754,612
Other	-	-	-	-	2,219,258	2,219,258
Negative fair values of derivatives, net:						
Held for trading	-	291,758	-	-	-	291,758
CSA / EMIR cash margins	-	(266,485)	-	-	-	(266,485)
Total	56,530,941	10,708,682	11,064,913	-	33,288,953	111,593,489
Derivatives	600,000	2,326,125	5,019,745	2,167,305	-	10,113,175
Total	57,130,941	13,034,807	16,084,658	2,167,305	33,288,953	121,706,664

29. 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.

29. Credit and financial risk management – continued

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.

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.

29. Credit and financial risk management – continued

(i) The estimated fair value of collateral held as CRM by the Group for total loans and advances is approximately SAR 83.6 billion (2023: SAR 78.7 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 SAR'000	Credit Risk Mitigation SAR'000	ECL SAR'000
December 31, 2024	**1,945,521**	**1,513,539**	**897,532**
December 31, 2023	2,216,285	1,407,724	1,222,668

(ii) The amount of collateral held as security for credit-impaired loans along with collateral coverage as of December 31, 2024 and 2023 is as follows:

	2024 SAR'000	2023 SAR'000
Less than 50%	**61,797**	27,543
51% to 70%	**13,942**	13,307
More than 70%	**1,437,800**	1,366,874
Total	**1,513,539**	1,407,724

(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, 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Balance at the beginning of the year	**858,897**	451,981
Acquisitions during the year	**-**	406,916
Fair valuation loss for the year	**(67)**	-
Balance at the end of the year	**858,830**	858,897

d) **Credit Risk disclosures**

The Group's credit quality for financial assets and financial guarantee contracts is included in note 29o.

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 notes 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 25d.
The Group's distribution of geographic concentration is provided in note 26.

e) **Credit analysis of investments held at FVTPL**

The Group's investments held at FVTPL are comprised of Mutual fund investments and other securities which are unrated. Refer to note 6c.

29. Credit and financial risk management – continued

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 exponentially 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.

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.

29. Credit and financial risk management – continued

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, Government Expenditure 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%- 0.13%**
3	Strong	**0.14% -0.57%**
4	Good	**0.58% - 2.56%**
5	Acceptable	**2.57% -3.49%**
6	Marginal	**3.50% -8.43%**
7	Special Mention	**8.44%- 24.10%**
Non - Performing		
8 to 10		**100%**

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).

29. Credit and financial risk management – continued

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.

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.

29. Credit and financial risk management – continued

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).

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.

29. Credit and financial risk management – continued

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.

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
Investments	Moody's	SAMA LGD

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).

l) **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 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. The other scenarios represent more optimistic and more pessimistic outcomes. 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	**2024**
Real GDP – In SAR billions	Upside: - 3,585 Base case: - 3,555 Downside: - 3,524
Government Expenditure - In SAR billions	Upside: - 1,330 Base case: - 1,329 Downside: - 1,328
Interest Rate (Government Bond Yields, 1 Year) %	Upside: - 4.86% Base case: - 4.92% Downside: - 5.45%
Real Import- In SAR billions	Upside: - 920 Base case: - 918 Downside: - 910

29. Credit and financial risk management - continued

Sensitivity of allowance for credit losses:

A sensitivity analysis has been conducted on the macro-economic scenarios including Real GDP, Government expenditure, import, oil price and interest rate in order to assess the potential change in ECL. The following table summarizes the results of this sensitivity analysis as of December 31, 2024 and 2023 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. The three scenarios are taken from Moody's data analytics wherein one in baseline scenario, upturn scenario (S1), characterized by Stronger near term growth and a downturn scenario (S3), indicative of a moderate recession.

2024 SAR '000	**Due from banks and other financial institutions**	**Investments - Debt securities**	**Loans and advances**	**Financial guarantee contracts**	**Total**
Most likely	**1,056**	**14,681**	**1,652,046**	**248,007**	**1,915,790**
More optimistic (Upside)	**1,053**	**14,656**	**1,651,994**	**247,979**	**1,915,682**
More pessimistic (Downside)	**1,058**	**14,701**	**1,652,836**	**248,103**	**1,916,698**

2023 SAR '000	Due from banks and other financial institutions	Investments - Debt securities	Loans and advances	Financial guarantee contracts	Total
Most likely	794	10,871	1,876,350	237,942	2,125,957
More optimistic (Upside)	791	10,855	1,874,679	237,370	2,123,695
More pessimistic (Downside)	799	10,888	1,878,243	238,517	2,128,447

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 8 to 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 - 2024	**2025**	**2026**	**2027**
Real GDP	**3,671**	**3,780**	**3,893**
Government Expenditure	**1,314**	**1,358**	**1,413**
Interest Rate (Government Bond Yields, 1.Year)	**4.18%**	**3.42%**	**3.25%**
Real Import	**939**	**969**	**1,002**

Forecast macroeconomic data used in ECL model - 2023	**2024**	**2025**	**2026**
Real GDP	3,062	3,195	3,268
Government Expenditure	1,204	1,222	1,280
Interest Rate (Government Bond Yields, 1.Year)	5.27%	4.01%	3.20%
Real Import	817	838	868

29. Credit and financial risk management – continued

The table below illustrates the sensitivity of ECL to key macroeconomic factors used in determining it as at the year end 2024 by increase and decreasing one macroeconomic variable :-

Sensitivity of Macroeconomic factors	Consolidated statement of income impact SAR'000
Increase 5% Real GDP remaining indicator same	2,150
Increase 5% Government Expenditure remaining indicator same	238
Increase 5% Interest Rate (Government Bond Yields, 1Year) remaining indicator same	859
Increase 5% Real Import remaining indicator same	(13)
Decrease 5% Real GDP remaining indicator same	(2,124)
Decrease 5% Government Expenditure remaining indicator same	(250)
Decrease 5% Interest Rate (Government Bond Yields, 1Year) remaining indicator same	(869)
Decrease 5% Real Import remaining indicator same	15

m) **Offsetting financial assets and financial liabilities**

The table set out below includes financial assets and financial liabilities as of December 31, 2024 and 2023 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.

	2024 SAR'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**

	2023 SAR'000		
	Gross assets / (liabilities) before offset	Offset with gross (assets) / liabilities	Net assets / (liabilities) recognized
Positive fair values of derivatives	733,693	(48,257)	685,436
Negative fair values of derivatives	291,758	(266,485)	25,273

29. Credit and financial risk management - continued

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, 2024 and 2023 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	109,611,987	3,648,687	2,702,910	115,963,584	459,055	353,489	1,246,203	2,058,747
Transfers from Stage 1 to Stage 2	(985,632)	985,632	-	-	(7,317)	7,317	-	-
Transfers from Stage 1 to Stage 3	(130,775)	-	130,775	-	(1,568)	-	1,568	-
Transfers from Stage 2 to Stage 1	317,077	(317,077)	-	-	7,241	(7,241)	-	-
Transfers from Stage 2 to Stage 3	-	(249,356)	249,356	-	-	(9,514)	9,514	-
Transfers from Stage 3 to Stage 1	4,690	-	(4,690)	-	1,579	-	(1,579)	-
Transfers from Stage 3 to Stage 2	-	1,309	(1,309)	-	-	776	(776)	-
Post-model overlays	-	-	-	-	(21,338)	(13,581)	(8,349)	(43,268)
Changes in exposures and re-measurements								
- existing facilities	8,861,718	5,953	103,483	8,971,154	(30,067)	21,069	358,140	349,142
- transfer facilities	(284,269)	(25,771)	(27,676)	(337,716)	(4,401)	33,849	114,230	143,678
- new facilities	22,124,876	31,995	33,301	22,190,172	154,014	2,548	18,288	174,850
- matured facilities	(13,103,938)	(240,450)	(558,280)	(13,902,668)	(75,337)	(25,336)	(165,134)	(265,807)
Write-offs, net	-	-	(243,452)	(243,452)	-	-	(243,452)	(243,452)
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**

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29. Credit and financial risk management - continued

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, 2024 and 2023 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	1,305,673	779	-	1,306,452	1,661	90	-	1,751
Changes in exposures and re-measurements								
- existing facilities	100,966	211	-	101,177	(925)	(29)	-	(954)
- new facilities	103,806	-	-	103,806	1	-	-	1
- matured facilities	(37,222)	-	-	(37,222)	(3)	-	-	(3)
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**

29. Credit and financial risk management - continued

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, 2024 and 2023 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2022	27,992,437	-	-	27,992,437	10,439	-	-	10,439
Changes in exposures and re-measurements								
- existing facilities	527,844	-	-	527,844	211	-	-	211
- new facilities	5,742,813	-	-	5,742,813	1,832	-	-	1,832
- matured facilities	(2,288,967)	-	-	(2,288,967)	(1,610)	-	-	(1,610)
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**

29. Credit and financial risk management - continued

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, 2024 and 2023 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	64,766,322	3,409,272	2,512,473	70,688,067	362,199	328,272	1,114,398	1,804,869
Transfers from Stage 1 to Stage 2	(859,089)	859,089	-	-	(5,274)	5,274	-	-
Transfers from Stage 1 to Stage 3	(108,185)	-	108,185	-	(1,402)	-	1,402	-
Transfers from Stage 2 to Stage 1	304,045	(304,045)	-	-	7,043	(7,043)	-	-
Transfers from Stage 2 to Stage 3	-	(206,020)	206,020	-	-	(5,431)	5,431	-
Transfers from Stage 3 to Stage 1	4,690	-	(4,690)	-	1,579	-	(1,579)	-
Transfers from Stage 3 to Stage 2	-	1,015	(1,015)	-	-	636	(636)	-
Post-model overlays	-	-	-	-	(21,338)	(13,581)	(8,349)	(43,268)
Changes in exposures and re-measurements								
- existing facilities	7,857,714	20,667	112,867	7,991,248	(43,715)	20,834	344,551	321,670
- transfer facilities	(281,549)	(52,714)	(19,933)	(354,196)	(4,245)	32,790	87,106	115,651
- new facilities	12,997,176	19,165	32,898	13,049,239	121,230	2,320	18,063	141,613
- matured facilities	(7,778,201)	(190,587)	(487,068)	(8,455,856)	(56,615)	(21,921)	(94,267)	(172,803)
Write-offs, net	-	-	(243,452)	(243,452)	-	-	(243,452)	(243,452)
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**

29. Credit and financial risk management - continued

Loans and advances – commercial, overdrafts, and other loans

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for commercial, overdraft, and other for the years ended December 31 2024 and 2023 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	54,196,509	3,338,000	2,397,587	59,932,096	308,444	316,021	1,049,799	1,674,264
Transfers from Stage 1 to Stage 2	(804,300)	804,300	-	-	(4,350)	4,350	-	-
Transfers from Stage 1 to Stage 3	(61,354)	-	61,354	-	(162)	-	162	-
Transfers from Stage 2 to Stage 1	288,446	(288,446)	-	-	3,981	(3,981)	-	-
Transfers from Stage 2 to Stage 3	-	(190,975)	190,975	-	-	(3,126)	3,126	-
Transfers from Stage 3 to Stage 1	2,200	-	(2,200)	-	213	-	(213)	-
Transfers from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Post-model overlays	-	-	-	-	(21,338)	(13,581)	(8,349)	(43,268)
Changes in exposures and re-measurements								
- existing facilities	9,123,647	23,076	105,298	9,252,021	(40,545)	17,381	336,299	313,135
- transfer facilities	(277,881)	(45,028)	(15,754)	(338,663)	(4,101)	15,809	56,820	68,528
- new facilities	10,220,340	13,284	28,375	10,261,999	105,712	164	15,386	121,262
- matured facilities	(6,062,641)	(166,804)	(405,541)	(6,634,986)	(42,112)	(17,423)	(47,543)	(107,078)
Write-offs, net	-	-	(234,039)	(234,039)	-	-	(234,039)	(234,039)
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**

29. Credit and financial risk management - continued

Loans and advances – consumer loans

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for consumer loans for the years ended December 31, 2024 and 2023 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	10,569,813	71,272	114,886	10,755,971	53,755	12,251	64,599	130,605
Transfers from Stage 1 to Stage 2	(54,789)	54,789	-	-	(924)	924	-	-
Transfers from Stage 1 to Stage 3	(46,831)	-	46,831	-	(1,240)	-	1,240	-
Transfers from Stage 2 to Stage 1	15,599	(15,599)	-	-	3,062	(3,062)	-	-
Transfers from Stage 2 to Stage 3	-	(15,045)	15,045	-	-	(2,305)	2,305	-
Transfers from Stage 3 to Stage 1	2,490	-	(2,490)	-	1,366	-	(1,366)	-
Transfers from Stage 3 to Stage 2	-	1,015	(1,015)	-	-	636	(636)	-
Changes in exposures and re-measurements								
- existing facilities	(1,265,933)	(2,409)	7,569	(1,260,773)	(3,170)	3,453	8,252	8,535
- transfer facilities	(3,668)	(7,686)	(4,179)	(15,533)	(144)	16,981	30,286	47,123
- new facilities	2,776,836	5,881	4,523	2,787,240	15,518	2,156	2,677	20,351
- matured facilities	(1,715,560)	(23,783)	(81,527)	(1,820,870)	(14,503)	(4,498)	(46,724)	(65,725)
Write-offs, net	-	-	(9,413)	(9,413)	-	-	(9,413)	(9,413)
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**

29. Credit and financial risk management - continued

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, 2024 and 2023 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR '000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2022	15,547,555	238,636	190,437	15,976,628	84,756	25,127	131,805	241,688
Transfers from Stage 1 to Stage 2	(126,543)	126,543	-	-	(2,043)	2,043	-	-
Transfers from Stage 1 to Stage 3	(22,590)	-	22,590	-	(166)	-	166	-
Transfers from Stage 2 to Stage 1	13,032	(13,032)	-	-	198	(198)	-	-
Transfers from Stage 2 to Stage 3	-	(43,336)	43,336	-	-	(4,083)	4,083	-
Transfers from Stage 3 to Stage 2	-	294	(294)	-	-	140	(140)	-
Changes in exposures and re-measurements								
- existing facilities	375,194	(14,925)	(9,384)	350,885	14,362	264	13,589	28,215
- transfer facilities	(2,720)	26,943	(7,743)	16,480	(156)	1,059	27,124	28,027
- new facilities	3,281,081	12,830	403	3,294,314	30,951	228	225	31,404
- matured facilities	(2,999,548)	(49,863)	(71,212)	(3,120,623)	(17,109)	(3,415)	(70,867)	(91,391)
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**

29. Credit and financial risk management - continued

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, 2024 and 2023:

	2024 SAR'000				2023 SAR '000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Investment grade	**1,211,397**	**-**	**-**	**1,211,397**	1,387,916	-	-	1,387,916
Non-investment grade	**95,122**	**2,248**	**-**	**97,370**	83,377	990	-	84,367
Unrated	**6,289**	**-**	**-**	**6,289**	1,930	-	-	1,930
Total	**1,312,808**	**2,248**	**-**	**1,315,056**	1,473,223	990	-	1,474,213

Investments – debt securities

The following table sets out information about the credit quality of Investments- debt securities as of December 31, 2024 and 2023:

	2024 SAR'000				2023 SAR '000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Investment grade	**32,862,666**	**-**	**-**	**32,862,666**	27,899,191	-	-	27,899,191
Non-investment grade	**4,320,717**	**-**	**-**	**4,320,717**	2,259,959	-	-	2,259,959
Unrated	**2,669,420**	**-**	**-**	**2,669,420**	1,814,977	-	-	1,814,977
Total	**39,852,803**	**-**	**-**	**39,852,803**	31,974,127	-	-	31,974,127

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.

29. Credit and financial risk management - continued

Total loans and advances

The following table sets out information about the credit quality of total loans and advances as of December 31, 2024 and 2023:

	2024 SAR'000				2023 SAR '000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Grade 1 to 6 and unrated	**97,227,505**	**1,282,831**	**-**	**98,510,337**	76,902,923	2,928,237	-	79,831,160
Grade 7 – Special Mention	**-**	**662,864**	**-**	**662,864**	-	627,605	-	627,605
Lifetime ECL credit impaired	**-**	**-**	**1,945,521**	**1,945,521**	-	-	2,216,285	2,216,285
Total	**97,227,505**	**1,945,695**	**1,945,521**	**101,118,721**	76,902,923	3,555,842	2,216,285	82,675,050

Loans and advances – commercial, overdrafts, and other loans

The following table sets out information about the credit quality of commercial, overdrafts, and other loans and advances as of December 31, 2024 and 2023:

	2024 SAR'000				2023 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Grade 1 to 6 and unrated	**84,845,698**	**1,193,237**	**-**	**86,038,935**	66,624,966	2,859,802	-	69,484,768
Grade 7 – Special Mention	**-**	**662,864**	**-**	**662,864**	-	627,605	-	627,605
Lifetime ECL credit impaired	**-**	**-**	**1,854,655**	**1,854,655**	-	-	2,126,055	2,126,055
Total	**84,845,698**	**1,856,101**	**1,854,655**	**88,556,454**	66,624,966	3,487,407	2,126,055	72,238,428

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

29. Credit and financial risk management - continued

Loans and advances – consumer loans

The following table sets out information about the credit quality of consumer loans and advances as of December 31, 2024 and 2023:

	2024 SAR'000				2023 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Unrated	**12,381,807**	**89,594**	**-**	**12,471,401**	10,277,957	68,435	-	10,346,392
Lifetime ECL credit impaired	**-**	**-**	**90,866**	**90,866**	-	-	90,230	90,230
Total	**12,381,807**	**89,594**	**90,866**	**12,562,267**	10,277,957	68,435	90,230	10,436,622

Financial guarantee contracts

The following table sets out information about the credit quality of financial guarantee contracts as of December 31, 2024 and 2023:

	2024 SAR'000				2023 SAR '000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Grade 1 to 6 and unrated	**26,340,010**	**211,277**	**-**	**26,551,287**	16,065,461	267,685	-	16,333,146
Grade 7 – Special Mention	**-**	**293**	**-**	**293**	-	16,405	-	16,405
Lifetime ECL credit impaired	**-**	**-**	**160,972**	**160,972**	-	-	168,133	168,133
Total	**26,340,010**	**211,570**	**160,792**	**26,712,372**	16,065,461	284,090	168,133	16,517,684

29. Credit and financial risk management - continued

p) Summary of financial assets and financial liabilities

The following tables summarizes 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, 2024 and 2023:

	2024 SAR '000				
	Amortized cost	**Mandatorily at 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**	**524,340**	**18,420,580**	**40,431,316**
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**	**524,340**	**18,420,580**	**152,908,957**
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**

	2023 SAR '000				
	Amortized cost	Mandatorily at FVTPL	FVOCI – equity securities	FVOCI – debt securities	Total carrying amount
Financial and other assets:					
Cash and balances with SAMA	11,018,269	-	-	-	11,018,269
Due from banks and other financial institutions, net	1,473,418	-	-	-	1,473,418
Investments, net	12,299,557	38,911	291,923	19,670,682	32,301,073
Positive fair values of derivatives, net	-	685,436	-	-	685,436
Loans and advances, net	80,750,770	-	-	-	80,750,770
Other assets, net	257,709	-	-	-	257,709
Total financial and other assets	105,799,723	724,347	291,923	19,670,682	126,486,675
Financial and other liabilities:					
Due to banks and other financial institutions, net	27,288,658	-	-	-	27,288,658
Customers' deposits	83,233,264	-	-	-	83,233,264
Negative fair value of derivatives, net	-	25,273	-	-	25,273
Other liabilities	2,201,925	-	-	-	2,201,925
Total financial and other liabilities	112,723,847	25,273	-	-	112,749,120

30. 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, 2024 and 2023 by level of the fair value hierarchy.

	2024 SAR'000			
	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	**17,833,273**	**1,107,004**	**4,643**	**18,944,920**
Investments at FVTPL	**-**	**38,422**	**24,404**	**62,826**
Total	**17,833,273**	**1,488,014**	**212,957**	**19,534,244**
Financial liabilities carried at fair value:	**-**	**-**	**-**	
Derivative financial instruments at FVTPL, net	**-**	**58,757**	**-**	**58,757**
Total	**-**	**58,757**	**-**	**58,757**

	2023 SAR'000			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL, net	-	572,370	113,066	685,436
Investments at FVOCI	18,756,878	1,201,084	4,643	19,962,605
Investments at FVTPL	-	36,608	2,303	38,911
Total	18,756,878	1,810,062	120,012	20,686,952
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL, net	-	25,273	-	25,273
Total	-	25,273	-	25,273

The total amount of the changes in fair value recognized in the consolidated statement of income for the year ended December 31, 2024 which was estimated using valuation models, is a gain of SAR 70.8 million (2023: a gain of SAR 13.9 million) which primarily relate 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.

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 or valued at cost in the absence of any such alternative reliable indicative estimate.

30. Fair values of financial assets and liabilities - continued

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.

Should the significant estimations of inputs vary by plus or minus ten percent, the fair value could increase or decrease by approximately SAR 29.5 million (2023: SAR 11.8 million) due to estimating operating results of the associated company, and could increase or decrease by approximately SAR 18.6 million (2023: SAR 10.1 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 SAR 28.4 million (2023: SAR 14.9 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 2024 and 2023 is summarized as follows:

	2024 SAR'000	2023 SAR'000
Fair values at the beginning of the year	**120,012**	107,535
Net change in fair value	**70,441**	12,477
Purchase during the year	**22,504**	-
Fair values at the end of the year	**212,957**	120,012

c) The following table summarizes the estimated fair values of financial assets and financial liabilities as of December 31, 2024 and 2023 that are not carried at fair value in the consolidated statement of financial position, along with the comparative carrying amounts for each.

December 31, 2024	**Carrying values SAR'000**	**Estimated fair values SAR'000**
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**
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**

30. Fair values of financial assets and liabilities - continued

December 31, 2023	Carrying values SAR'000	Estimated fair values SAR'000
Financial assets:		
Due from banks and other financial institutions, net	1,473,418	1,473,418
Investments – held at amortized cost	12,299,557	12,054,606
Loans and advances, net	80,750,770	80,405,936
Total	94,523,745	93,933,960
Financial liabilities:		
Due to banks and other financial institutions, net	27,288,658	27,288,658
Customers' deposits	83,233,264	82,890,344
Total	110,521,922	110,179,002

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 loans and advances, net and customers' deposits 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.

31. 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.

31. Related party transactions - continued

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, 2024 and 2023, resulting from such transactions included in the consolidated statement of financial position are as follows:

	2024 SAR'000	2023 SAR'000
Management of the Bank, their relatives and/or their affiliated entities:		
Loans and advances	**442,205**	155,377
Customers' deposits	**502,867**	1,135,008
Tier I Sukuk	**55,800**	25,300
Commitments and contingencies	**595,397**	1,360,983
Investments	**250,145**	249,900
Principal shareholders of the Bank and/or their relatives:		
Customers' deposits	**8,132,947**	4,945,712
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	**1,423,209**	1,500,906
Customers' deposits	**706,396**	1,048,678
Tier I Sukuk	**10,000**	10,000
Commitments, contingencies and derivatives	**530,865**	455,794
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	**370,994**	325,176

31. Related party transactions - continued

c) Income and expense for the years ended December 31, 2024 and 2023, pertaining to transactions with related parties included in the consolidated statement of income are as follows:

	2024 SAR'000	2023 SAR'000
Management of the Bank and/or members of their immediate family:		
Special commission income	**92,330**	40,223
Special commission expense	**103,351**	46,811
Fee income from banking services	**1,119**	63
Other expenses	**38,419**	51,765
Principal shareholders of the Bank and/or members of their immediate family:		
Special commission expense	**143,806**	132,101
Rent and premises-related expenses (Building rental)	**-**	7,758
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	**219,114**	203,997
Special commission expense	**40,389**	36,968
Fee income from banking services	**281**	266
Other income	**120**	7,891
Other expenses	**4,838**	8,408
Board of Directors and other Board Committee member		
Remuneration	**19,000**	18,994

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 22a.

32. 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 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, 2024 and 2023.

	2024 SAR'000	2023 SAR'000
Credit Risk RWA	**103,472,476**	80,028,493
Operational Risk RWA	**4,414,078**	4,000,357
Market Risk RWA	**598,099**	6,183,372
Total Pillar- I RWA	**108,484,653**	90,212,222
Tier I Capital	**20,710,319**	17,490,943
Tier II Capital	**668,667**	605,567
Total Tier I plus II Capital	**21,378,986**	18,096,510
Capital Adequacy Ratios:		
CET I Ratio	**14.19%**	16.08%
Tier I Ratio	**19.09%**	19.39%
Tier I plus Tier II Ratio	**19.71%**	20.06%

32. Capital adequacy –continued

The Tier I and Tier II capital as of December 31, 2024 and 2023 is comprised of the following:

	2024 SAR'000	2023 SAR'000
Total Equity	**20,728,614**	17,235,053
IFRS 9 five-year transitional adjustment	-	274,185
Goodwill adjustment	**(18,295)**	(18,295)
Tier I Capital	**20,710,319**	17,490,943
Qualifying general provisions, net	**668,667**	605,567
Tier II Capital	**668,667**	605,567
Tier I plus Tier II Capital	**21,378,986**	18,096,510

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 of December 31, 2024 and 2023, 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. The Tier I plus Tier II Ratio as of December 31, 2024 was maintained at 19.71% (2023 20.06%).

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.

33. 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 SAR 38,270 million (2023: SAR 31,741 million). This includes funds managed under Shariah approved portfolios amounting to SAR 16,862 million (2023: SAR 13,306 million).

34. 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, 2024 and 2023 is as follows:

	2024 SAR'000	2023 SAR'000
Actuarial obligation at the beginning of the year	**248,907**	207,301
Current service and net interest cost	**37,878**	34,388
Benefits paid	**(19,302)**	(13,913)
Effect of changes in actuarial assumptions	**21,302**	21,131
Actuarial obligation at the end of the year (note 14a)	**288,786**	248,907

b) The principal actuarial assumptions used in the calculation of the actuarial obligations as of December 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate	**5.10%**	5.81%
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, 2024 and 2023 to the discount rate of 5.10% as of December 31, 2024 (2023: 5.81%), and the salary increment rate of 5% as of December 31, 2024 (2023: 5.00%).

	2024			2023		
	Impact on actuarially determined obligation Increase (Decrease)			Impact on actuarially determined obligation Increase (Decrease)		
	Change in assumption	**Increase in assumption SAR'000**	**Decrease in assumption SAR'000**	Change in assumption	Increase in assumption SAR'000	Decrease in assumption SAR'000
Discount rate	**10%**	**(16,560)**	**18,235**	10%	(5,802)	7,723
Salary increment rate	**10%**	**16,647**	**(15,476)**	10%	6,637	(6,354)

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

d) The approximate expected maturity analysis of the undiscounted `actuarially determined obligation as of December 31, 2024 and 2023 is as follows:

	2024 SAR'000	2023 SAR'000
Less than one year	**21,324**	13,554
One to two years	**10,891**	1,886
Two to five years	**19,242**	8,047
Over five years	**528,649**	317,769
Total	**580,106**	341,256

e) The weighted average duration of the actuarially determined obligation is approximately 6.7 years (2023: 5.9 years).

35. 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 also 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, 2024 and 2023:

	2024 SAR'000	2023 SAR'000
April 15, 2019	**-**	215,000
June 29, 2022	**2,000,000**	2,000,000
February 6, 2023	**500,000**	500,000
November 28, 2024	**2,812,500**	-
Total	**5,312,500**	2,715,000

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.

36. 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, 2024 the group holds 2.7 million treasury shares.

37. Operating expenses

a) Provisions for credit and other losses for the years ended December 31 2024 and 2023 is summarized as follows:

	2024 SAR '000	2023 SAR '000
Provisions for credit losses:		
Due from banks and other financial institutions (note 5b)	**261**	(956)
Investments (note 6e)	**3,799**	433
Loans and advances (note 7c)	**275,722**	362,863
Financial guarantee contracts (note 14b)	**10,079**	(3,745)
Other assets (note 10b)	**43**	62
Provisions for credit losses	**289,904**	358,657
Provisions for real estate and other losses	**50**	-
Provisions for credit and other losses	**289,954**	358,657

37. Operating expenses – continued

b) Other general and administrative expenses for the years ended December 31 2024 and 2023 is summarized as follows:

	2024 SAR '000	2023 SAR '000
Professional and other related services	**198,257**	193,693
Auditor's remuneration	**5,294**	5,246
Communications	**57,782**	63,690
Advertising and contributions	**106,129**	85,063
Postal, shipping and supplies	**32,810**	30,549
Licenses and Subscriptions	**56,854**	55,014
Lease liability interest	**10,378**	13,281
Others	**206,691**	163,786
Operating expenses	**674,195**	610,322

Auditor's remuneration

	2024 SAR '000	2023 SAR '000
Audit fee of the Bank	**4,200**	4,125
Audit fee of the subsidiaries	**340**	328
Fee for other statutory and related certification of Bank	**126**	110
Tax services	**516**	600
Others	**112**	83
Total	**5,294**	5,246

38. 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, 2024 and 2023 is summarized as follows:

	Note	**SAR '000 Tier I Sukuk**
Balances as of December 31, 2022		3,215,000
Redemption of Tier I Sukuk		(1,000,000)
Issuance of Tier I Sukuk	35	500,000
Net movement during the year		(500,000)
Balances as of December 31, 2023		2,715,000
Redemption of Tier I Sukuk		**(215,000)**
Issuance of Tier I Sukuk	35	**2,812,500**
Net movement during the year		**2,597,500**
Balances as of December 31, 2024		**5,312,500**

39. 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, 2024, all joint financing is funded by comingled pool which includes funds from Unrestricted Investment Accountholder ("IAH").

Gross Financing by type of contract:

	2024 SAR '000	2023 SAR '000
Mudaraba	361,764	351,277
Total financing and investments	**361,764**	351,277

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

	2024 SAR '000	2023 SAR '000
Pool Income from Investment	8,986	8,729
Total Pool Income	**8,986**	8,729
Total amount paid to IAH Mudaraba	362	331
Total amount attributable to shareholders pool	**362**	331

40. 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.

41. Events after the reporting date

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

42. Board of Director's approval

These consolidated financial statements were authorized for issue by the Board of Directors on February 2, 2025 corresponding to Shaaban 3, 1446 AH.

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