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

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(AUDITED)**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2024**

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## KPMG Professional Services Company

Roshn Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh



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

Head Office  
Al Faisaliah Office Tower, 14th Floor  
King Fahad Road, P.O. Box 2732  
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## Independent Auditors' Report on the Audit of the Consolidated Financial Statements to the Shareholders of Alinma Bank (A Saudi Joint Stock Company)

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Alinma Bank and its subsidiaries (collectively referred to as the “Bank”), which comprise the consolidated statement of financial position as at 31 December 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, which include material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 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 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 Bank 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key audit matter below, a description of how our audit addressed the matter is provided in that context.

**Independent Auditors’ Report on the Audit of the Consolidated Financial Statements to the Shareholders of Alinma Bank (A Saudi Joint Stock Company) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Expected credit loss allowance against financing</i></b></p> <p>As at 31 December 2024, the gross financing of the Bank were SAR 206,067 million (2023: SAR 178,057 million) against which an expected credit loss (“ECL”) allowance of SAR 3,759 million (2023: SAR 4,433 million) was maintained.</p> <p>We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgment and this has a material impact on the consolidated financial statements of the Bank. The key areas of judgment include:</p> <ol style="list-style-type: none"> <li>1. Categorisation of financing into Stages 1, 2 and 3 based on the identification of:           <ol style="list-style-type: none"> <li>(a) exposures with a significant increase in credit risk (“SICR”) since their origination; and</li> <li>(b) individually impaired / defaulted exposures.</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>• We obtained and updated our understanding of management’s assessment of ECL allowance against financing including the Bank’s internal rating model, accounting policy and model methodology.</li> <li>• We compared the Bank’s accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9.</li> <li>• We assessed the design and implementation, and tested the operating effectiveness of the key controls (including Information Technology (“IT”) general and application controls) over:           <ul style="list-style-type: none"> <li>○ the ECL model, including governance over the model, and any model updates during the year, including approval of impairment committee of key inputs and assumptions;</li> <li>○ the classification of financing into stages 1,2 and 3 and timely identification of SICR and the determination of default / individually impaired exposures;</li> <li>○ the IT systems and applications underpinning the ECL model; and</li> <li>○ the integrity of data inputs into the ECL model.</li> </ul> </li> <li>• For a sample of customers, we assessed:           <ul style="list-style-type: none"> <li>○ the internal ratings determined by management based on the Bank’s internal rating model and considered these assigned ratings in light of external market conditions and available industry information;</li> <li>○ management’s computations of ECL; and</li> </ul> </li> </ul>

**Independent Auditors’ Report on the Audit of the Consolidated Financial Statements to the Shareholders of Alinma Bank (A Saudi Joint Stock Company) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Expected credit loss allowance against financing (continued)</i></b></p> <p>2. Assumptions used in the ECL model for determining the 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 counterparties, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages.</p> <p>Application of these judgments and estimates, continues to result in greater estimation uncertainty around ECL calculations, and therefore affected the associated audit risk around ECL calculation as at 31 December 2024.</p> <p><i>Refer to the summary of material accounting policy note 3 (j) for the impairment of financial assets; note 2 (e) (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 Bank; note 8.1 which contains the disclosure of impairment against financing; and note 29.1 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.</i></p>	<ul style="list-style-type: none"> <li>○ for selected financings, we assessed management’s assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment.</li> <li>● We assessed the appropriateness of the Bank’s criteria for the determination of SICR and identification of “default” or “individually impaired” exposure. Further, for a sample of exposures, we assessed the appropriateness of the staging classification of the financing portfolio.</li> <li>● We assessed the reasonableness of the underlying assumptions used by the Bank in the ECL model including forward looking assumptions.</li> <li>● We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2024.</li> <li>● 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.</li> <li>● We assessed the adequacy of disclosures in the consolidated financial statements.</li> </ul>



## **Independent Auditors' Report on the Audit of the Consolidated Financial Statements to the Shareholders of Alinma Bank (A Saudi Joint Stock Company) (continued)**

### **Report on the Audit of the Consolidated Financial Statements (continued)**

#### **Other Information included in the Bank's 2024 Annual Report**

Other information consists of the information included in the Bank's 2024 annual report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information in the Bank's annual report. The 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 Bank'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 the 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 provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-Laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Bank'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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. 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.



## **Independent Auditors' Report on the Audit of the Consolidated Financial Statements to the Shareholders of Alinma Bank (A Saudi Joint Stock Company) (continued)**

### **Report on the Audit of the Consolidated Financial Statements (continued)**

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

As part of an audit in accordance with International Standards on Auditing, 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 the 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 Bank's internal controls.
- 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 Bank'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 Bank 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 Bank audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Bank as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Bank 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 on the Audit of the Consolidated Financial Statements to the Shareholders of Alinma Bank (A Saudi Joint Stock Company) (continued)

### Report on the Audit of the Consolidated Financial Statements (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 most significance in the audit of the consolidated financial statements of 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 is not in compliance, in all material respects, with the applicable provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-Laws in so far as they affect the preparation and presentation of the consolidated financial statements.

#### KPMG Professional Services Company

**Ebrahim Oboud Baeshen**  
Certified Public Accountant  
License number 382



#### Ernst & Young Professional Services

**Abdullah A. Alshenaibir**  
Certified Public Accountant  
License number 583



(07 Sha'ban 1446H)  
(06 February 2025)

**ALINMA BANK**  
**(A Saudi Joint Stock Company)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31**

	Notes	2024 SAR'000	2023 SAR'000
<b>ASSETS</b>			
Cash and balances with Saudi Central Bank (SAMA)	4	13,849,670	12,598,444
Due from banks and other financial institutions, net	5	4,510,142	1,700,907
Investments held at fair value through statement of income (FVSI)	6	3,142,665	2,648,977
Investments held at fair value through other comprehensive income (FVOCI)	6	13,750,818	13,466,579
Investments held at amortized cost, net	6	31,681,460	27,105,159
Investments in associate and joint venture	6	50,267	15,637
Positive fair value of derivatives	7	505,417	144,329
Financing, net	8	202,308,094	173,624,044
Property, equipment and right of use assets, net	9	3,400,866	2,888,209
Other assets	10	3,628,082	2,522,813
<b>TOTAL ASSETS</b>		<b>276,827,481</b>	<b>236,715,098</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to SAMA, banks and other financial institutions	11	13,936,256	7,431,230
Customers' deposits	12	210,544,650	187,900,581
Negative fair value of derivatives	7	436,626	110,321
Amount due to Mutual Funds' unitholders	13	114,557	93,510
Other liabilities	14	10,353,617	6,845,855
<b>TOTAL LIABILITIES</b>		<b>235,385,706</b>	<b>202,381,497</b>
<b>EQUITY</b>			
Share capital	15	25,000,000	20,000,000
Treasury shares	17.1	(203,958)	(225,611)
Statutory reserve	16	4,836,346	3,378,431
Other reserves	17.2	(129,404)	62,359
Retained earnings		3,188,291	1,118,422
Proposed issue of bonus shares	15.2	-	5,000,000
<b>Equity attributable to the shareholders of the Bank</b>		<b>32,691,275</b>	<b>29,333,601</b>
Tier 1 Sukuk	18	8,750,500	5,000,000
<b>TOTAL EQUITY</b>		<b>41,441,775</b>	<b>34,333,601</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>276,827,481</b>	<b>236,715,098</b>

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Authorized Board Member



**ALINMA BANK**  
**(A Saudi Joint Stock Company)**  
**CONSOLIDATED STATEMENT OF INCOME**  
**For the year ended December 31**

	Notes	2024 SAR'000	2023 SAR'000
Income from investments and financing	20	16,154,779	13,227,509
Return on time investments	20	(7,506,150)	(5,572,995)
<b>Income from investments and financing, net</b>	20	<b>8,648,629</b>	<b>7,654,514</b>
Fee from banking services – income	21.1	2,921,597	2,426,703
Fee from banking services – expense	21.1	(1,313,278)	(967,712)
Fees from banking services, net	21.1	1,608,319	1,458,991
Exchange income, net		379,564	330,291
Income from FVSI financial instruments, net	6.1	237,073	211,721
Gain from FVOCI sukuk investments, net		911	-
Dividend income on FVOCI equity investments		33,004	30,798
Other operating income	21.2	32,576	39,342
<b>Total operating income</b>		<b>10,940,076</b>	<b>9,725,657</b>
Salaries and employee related expenses	22	1,664,098	1,466,521
Rent and premises related expenses		74,210	73,651
Depreciation and amortization	9	353,839	325,313
Other general and administrative expenses	27	1,291,492	1,178,041
<b>Operating expenses before impairment charges</b>		<b>3,383,639</b>	<b>3,043,526</b>
Impairment charge on financing, net of recoveries	8.2	1,049,809	1,272,104
Impairment (reversal) / charge on other financial assets		(550)	26,524
<b>Total operating expenses</b>		<b>4,432,898</b>	<b>4,342,154</b>
<b>Net operating income</b>		<b>6,507,178</b>	<b>5,383,503</b>
Share of (loss) / income from associate and joint venture	6.5, 6.6	(5,106)	12,021
<b>Income for the year before zakat</b>		<b>6,502,072</b>	<b>5,395,524</b>
Zakat for the year	24	(670,411)	(556,318)
<b>Net income for the year after zakat</b>		<b>5,831,661</b>	<b>4,839,206</b>
<b>Basic and diluted earnings per share (SAR)</b>	23	<b>2.22</b>	<b>1.87</b>

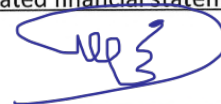
The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Authorized Board Member



ALINMA BANK

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31

	Notes	2024 SAR'000	2023 SAR'000
Net income for the year after zakat		5,831,661	4,839,206
Other comprehensive income / (loss):			
<i>Items that cannot be recycled back to consolidated statement of income in subsequent periods</i>			
Net change in fair value of FVOCI equity investments	17.2	23,721	461,304
Share of joint venture / associate's other comprehensive (loss) / income	17.2	(11,553)	10,868
Actuarial gain on re-measurement of end of service benefits	17.2	5,486	19,637
<i>Items that can be recycled back to consolidated statement of income in subsequent periods</i>			
Net change in fair value of FVOCI sukuk investments	17.2	(174,260)	108,987
Gain from FVOCI sukuk investments, net	17.2	(911)	-
<b>Cash flow hedge:</b>			
Effective portion of change in fair value of cash flow hedge		(51,435)	-
Net amounts transferred to consolidated statement of income		28,475	-
<b>Total other comprehensive (loss) / income</b>		<b>(180,477)</b>	<b>600,796</b>
<b>Total comprehensive income for the year</b>		<b>5,651,184</b>	<b>5,440,002</b>

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member



2024 (SAR '000)	Notes	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Proposed issue of bonus shares	Total equity attributable to the shareholders	Tier 1 Sukuk	Total equity
Balance at the beginning of the year		20,000,000	(225,611)	3,378,431	62,359	1,118,422	5,000,000	29,333,601	5,000,000	34,333,601
Net income for the year after zakat		-	-	-	-	5,831,661	-	5,831,661	-	5,831,661
Net change in fair value of FVOCI equity investments	17.2	-	-	-	23,721	-	-	23,721	-	23,721
Actuarial gain on re-measurement of end of service benefits	17.2	-	-	-	5,486	-	-	5,486	-	5,486
Net change in fair values of FVOCI sukuk investments	17.2	-	-	-	(174,260)	-	-	(174,260)	-	(174,260)
Gain on sale of FVOCI sukuk investments		-	-	-	(911)	-	-	(911)	-	(911)
Cash flow hedge	7, 17.2	-	-	-	(22,960)	-	-	(22,960)	-	(22,960)
Share of joint venture's other comprehensive loss	17.2	-	-	-	(11,553)	-	-	(11,553)	-	(11,553)
Total comprehensive income		-	-	-	(180,477)	5,831,661	-	5,651,184	-	5,651,184
Issuance of bonus shares	15.2	5,000,000	-	-	-	-	(5,000,000)	-	-	-
Transfers to retained earnings on disposal of FVOCI equity investments	17.2	-	-	-	(85,926)	85,926	-	-	-	-
Realized share of joint venture's other comprehensive loss	17.2	-	-	-	11,553	(11,553)	-	-	-	-
Transfer to statutory reserve	16	-	-	1,457,915	-	(1,457,915)	-	-	-	-
Tier 1 Sukuk costs	18	-	-	-	-	(321,921)	-	(321,921)	-	(321,921)
Issuance of Tier 1 sukuk	18	-	-	-	-	(15,149)	-	(15,149)	3,750,500	3,735,351
Interim dividends paid for 2024	15.1	-	-	-	-	(1,988,419)	-	(1,988,419)	-	(1,988,419)
Employee share based plans and other reserve movements	17.2	-	21,653	-	63,087	(52,761)	-	31,979	-	31,979
Balance at the end of the year		25,000,000	(203,958)	4,836,346	(129,404)	3,188,291	-	32,691,275	8,750,500	41,441,775

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.


  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

2023 (SAR '000)	Notes	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Proposed issue of bonus shares / dividends	Total equity attributable to the shareholders	Tier 1 Sukuk	Total equity
Balance at the beginning of the year		20,000,000	(66,021)	2,168,630	(507,396)	4,285,004	996,096	26,876,313	5,000,000	31,876,313
Net income for the year after zakat		-	-	-	-	4,839,206	-	4,839,206	-	4,839,206
Net change in fair value of FVOCI equity investments	17.2	-	-	-	461,304	-	-	461,304	-	461,304
Actuarial gain on re-measurement of end of service benefits	17.2	-	-	-	19,637	-	-	19,637	-	19,637
Net change in fair values of FVOCI sukuk investments	17.2	-	-	-	108,987	-	-	108,987	-	108,987
Share of associate other comprehensive income	17.2	-	-	-	10,868	-	-	10,868	-	10,868
Total comprehensive income		-	-	-	600,796	4,839,206	-	5,440,002	-	5,440,002
Transfers to retained earnings on disposal of FVOCI equity investments	17.2	-	-	-	(120,052)	120,052	-	-	-	-
Realized share of associate's other comprehensive income	17.2	-	-	-	(10,868)	10,868	-	-	-	-
Transfer to statutory reserve	16	-	-	1,209,801	-	(1,209,801)	-	-	-	-
Tier 1 Sukuk costs		-	-	-	-	(200,000)	-	(200,000)	-	(200,000)
Final dividends paid for 2022	15.1	-	-	-	-	-	(996,096)	(996,096)	-	(996,096)
Interim dividends paid for 2023	15.1	-	-	-	-	(1,690,389)	-	(1,690,389)	-	(1,690,389)
Proposed issue of bonus shares for 2023	15.2	-	-	-	-	(5,000,000)	5,000,000	-	-	-
Employee share based plans and other reserve movements	17.1, 17.2	-	(159,590)	-	99,879	(36,518)	-	(96,229)	-	(96,229)
Balance at the end of the year		20,000,000	(225,611)	3,378,431	62,359	1,118,422	5,000,000	29,333,601	5,000,000	34,333,601

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

ALINMA BANK

(A Saudi Joint Stock Company)

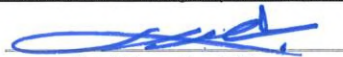
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

	Notes	2024 SAR' 000	2023 SAR' 000
<b>OPERATING ACTIVITIES</b>			
Income for the year before zakat		6,502,072	5,395,524
<b>Adjustments to reconcile income for the year before zakat to net cash from operating activities:</b>			
Depreciation and amortization	9	353,839	325,313
Loss / (gain) on disposal of property and equipment, net		4,172	(7,878)
Unrealized loss / (gain) from FVSI financial instruments, net		26,710	(67,011)
Gain from FVOCI sukuk investments, net		(911)	-
Fair value adjustment to derivatives		(34,783)	(34,008)
Dividend income on FVOCI equity investments		(33,004)	(30,798)
Impairment charge on financing, net of recoveries	8.2	1,049,809	1,272,104
Impairment (reversal) / charge on other financial assets		(550)	26,524
Recoveries of previously written-off bad debts	8.2	197,137	141,705
Unwinding of deferred payment program modification loss		(15,228)	(22,548)
Unwinding of fair value impact of SAMA deposits		10,110	55,901
Employees share based plans reserve	17.2	62,141	57,113
Share of loss / (income) from associate and joint venture	6.5, 6.6	5,106	(12,021)
Gain on derecognition of an associate	21.2	-	(5,143)
		<b>8,126,620</b>	<b>7,094,777</b>
<b>Net (increase) / decrease in operating assets:</b>			
Statutory deposit with Saudi Central Bank		(2,448,205)	(1,505,499)
Due from banks and other financial institutions with original maturity of more than three months		(376,268)	(13,927)
Investments held at FVSI		(520,398)	(901,767)
Financing		(29,460,082)	(28,386,725)
Other assets		(1,118,163)	(925,143)
<b>Net increase / (decrease) in operating liabilities:</b>			
Due to SAMA, banks and other financial institutions		6,494,916	(9,155,325)
Customers' deposits		22,644,069	42,732,091
Other liabilities		2,957,319	(150,809)
Financing cost on lease liability		(14,745)	(13,773)
<b>Net cash from operating activities before Zakat paid</b>		<b>6,285,063</b>	<b>8,773,900</b>
Zakat paid		(556,318)	(413,759)
<b>Net cash from operating activities</b>		<b>5,728,745</b>	<b>8,360,141</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of investments held at FVOCI		(1,217,789)	(2,141,530)
Purchases of investments held at amortized cost	6.4	(8,558,637)	(3,425,272)
Purchases of investment in joint venture		(218,579)	-
Proceeds from sales and maturities of investments held at FVOCI		783,011	1,373,749
Proceeds from sales and maturities of investments held at amortized cost	6.4	3,985,029	1,037,737
Proceeds from derecognition of investment in joint venture		167,290	-
Purchase of property and equipment		(788,806)	(557,195)
Proceeds from disposal of property and equipment		6,748	68,206
Dividends received from FVOCI equity investments		33,004	30,798
<b>Net cash used in investing activities</b>		<b>(5,808,729)</b>	<b>(3,613,507)</b>

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

ALINMA BANK  
(A Saudi Joint Stock Company)  
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)  
For the year ended December 31

	Notes	2024 SAR' 000	2023 SAR' 000
<b>FINANCING ACTIVITIES</b>			
Proceeds for the issuance of Tier 1 Sukuk, net of related costs		3,735,351	-
Payment for Tier 1 Sukuk costs		(321,921)	(200,000)
Cash payment for principal portion of lease liability		(109,293)	(93,861)
Dividend paid		(1,988,419)	(2,686,485)
Purchase of treasury shares	17.1	-	(166,384)
<b>Net cash from / (used in) financing activities</b>		<b>1,315,718</b>	<b>(3,146,730)</b>
<b>Net change in cash and cash equivalents</b>		<b>1,235,734</b>	<b>1,599,904</b>
Cash and cash equivalents at beginning of the year		5,172,847	3,572,943
<b>Cash and cash equivalents at end of the year</b>	25	<b>6,408,581</b>	<b>5,172,847</b>
Income received from investments and financing		16,561,599	12,122,334
Return paid on time investments		7,797,323	4,648,505
<b>Supplemental non-cash information:</b>			
Right-of-use assets		(85,851)	(83,383)
Lease liabilities		(20,683)	(9,999)
Net change in fair value of FVOCI investments		(150,539)	570,291

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member



**ALINMA BANK**

**(A Saudi Joint Stock Company)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended December 31, 2024 and 2023**

**1. General**

**a) Incorporation**

Alinma Bank, a Saudi Joint Stock Company, was formed and licensed pursuant to Royal Decree No. M/15 dated 28 Safar 1427H (corresponding to March 28, 2006), in accordance with the Council of Ministers' Resolution No. 42 dated 27 Safar 1427H (corresponding to March 27, 2006). It operates under Ministerial Resolution No.173 and Commercial Registration No.1010250808 both dated 21 Jumada I, 1429 (corresponding to May 26, 2008) and provides banking services through 115 branches (2023: 108 branches) in the Kingdom of Saudi Arabia ("KSA"). The address of the Bank's head office is as follows:

Alinma Bank  
Head Office  
King Fahad Road  
P.O. Box 66674  
Riyadh 11586  
Kingdom of Saudi Arabia

The consolidated financial statements comprise the financial statements of Alinma Bank and its following subsidiaries (collectively referred as the "Bank") which are registered in KSA except for Alinma SPV Ltd which is registered in Cayman Islands:

<b>Subsidiaries</b>	<b>Bank's Ownership</b>	<b>Establishment date</b>	<b>Main Activities</b>
Alinma Investment Company	100%	07 Jumada - II 1430H (corresponding to May 31, 2009)	Asset management, custodianship, advisory, underwriting and brokerage services
Al-Tanweer Real Estate Company	100%	24 Sha'aban 1430H (corresponding to August 15, 2009)	Formed principally to hold legal title of properties financed by the Bank.
Saudi Fintech Company	100%	6 Dhul Qa'da 1440H (corresponding to July 9, 2019)	Provide Financial technology products and services to the Bank and others.
Esnad Company	100%	24 Ramadan 1440H (corresponding to May 29, 2019)	To provide outsourced staff to the Bank.
Alinma SPV Ltd	100%	22 Jumada - II 1443H (corresponding to January 25, 2022)	Engage and execute financial derivatives transactions and repurchase agreements with international banks.

In addition to above subsidiaries, the management has concluded that the Bank has effective control of the below Funds and started consolidating the Funds' financial statements at the dates of effective control:

Funds	Bank's Ownership	Establishment date	Date of effective control	Purpose
Alinma Sukuk ETF	As at December 31, 2024: 92.9% (2023: 92.2%)	January 22, 2020	January 22, 2020	To invest in a basket of local sovereign Sukuks issued by the Kingdom of Saudi Arabia
Alinma IPO Fund	As at December 31, 2024: 54.9% (2023: 69.2%)	April 26, 2015	January 1, 2020	To achieve capital appreciation over the long term by investing mainly in Saudi joint stock companies
Dhahban Real Estate Fund	As at December 31, 2024: 100% (December 31, 2023: 99.8%)	September 15, 2023	September 15, 2023	To achieve medium-term capital growth through direct investment in the real estate sector in the city of Jeddah.

The objective of the Bank is to provide a full range of banking and investment services through products and instruments that are in accordance with Sharia'a, its By-Laws and within the provisions of laws and regulations applicable to banks in the Kingdom of Saudi Arabia.

#### b) Sharia'a Committee

The Bank has established a Sharia'a Committee in accordance with its commitment to comply with Islamic Sharia'a Laws. Sharia'a Committee ascertains that all the Bank's activities are subject to its review and approval.

## 2. Basis of preparation

### a) Statement of compliance

The consolidated financial statements of the Bank as at and for the year ended December 31, 2024 and 2023 have been prepared:

- i) in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia ("IFRS") and in compliance with other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"); and,
- ii) 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 on a going concern basis. The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of derivatives, financial instruments held at fair value through statement of income ("FVSI"), investments carried at fair value through other comprehensive income ("FVOCI") and end of service benefits which are measured using projected unit credit method under IAS-19.

The consolidated statement of financial position is stated broadly in order of liquidity.



**c) Functional and presentation currency**

These consolidated financial statements are presented in Saudi Arabian Riyals (“SAR”) which is the Bank’s functional currency. Except where indicated, financial information presented in SAR has been rounded off to the nearest thousand.

**d) Going concern**

The Bank’s management has made an assessment of the Bank’s ability to continue as a going concern and is satisfied that the Bank has the intention and resources to continue in business for the foreseeable future. In making the going concern assessment, the Bank has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources, etc. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern.

**e) Critical accounting judgments, estimates and assumptions**

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA, 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 Bank’s accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and fair value measurement.

**Critical accounting judgment**

*Judgement of equity vs liability for Tier 1 Sukuk*

The determination of equity classification of Tier 1 Sukuk requires significant judgement as certain clauses of the Offering Circular require interpretation. The Bank classifies as part of equity the Tier 1 Sukuk issued with no fixed redemption/maturity dates (Perpetual Sukuk) and not obliging the Bank for payment of profit upon the occurrence of a non-payment event or non-payment election by the Bank subject to certain terms and conditions and essentially mean that the remedies available to sukuk holders are limited in number and scope and 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.

**Critical accounting estimates**

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:

- i. Expected credit losses (“ECL”) on financial assets (Notes 3(j), 29)

The measurement of ECL under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and 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, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of 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:

1. The selection of an estimation technique or modelling methodology, covering below key judgements and assumptions:
  - a) The Bank's internal credit grading model, which assigns Probability of Defaults ("PDs") to the individual grades
  - b) The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
  - c) The segmentation of financial assets when their ECL is assessed on a collective basis
  - d) Development of ECL models, including the various formulas
  - e) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
  - f) Overlays
2. The selection of inputs for those models, and the interdependencies between those inputs such as macroeconomic scenarios and economic inputs.
  - ii. Fair value measurement (Note 35)
  - iii. Classification of financial assets (Note 3(g))
  - iv. Valuation of end of service benefits scheme (Notes 3(s), 26)
  - v. Recognition and measurement of contingencies (Note 19)
  - vi. Determination of significant influence over an investee (Notes 3(y), 6.5)

### 3. Summary of material accounting policies

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

#### a) Change in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2023 except for the adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after January 1, 2024 and the accounting policy for the cash flow hedge. The management has assessed that the below amendments have no material impact on the Bank's consolidated financial statements.

### New standards, interpretations and amendments adopted by the Bank

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after January 1, 2024:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	January 1, 2024
Amendment to IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 1, 2024

These standards, interpretations and amendments that have been issued do not have an impact on the consolidated financial statements of the Bank.

**b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Alinma Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of Alinma Bank, using consistent accounting policies.

Subsidiaries are the entities that are controlled by Alinma Bank. The control over an investee arises when, someone has power over the investee, and it is exposed, or has a right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over that investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The control indicators set out below are subject to management's judgements that can have a significant effect in the case of the Bank's interests in securitization vehicles and investments funds. Specifically, the Bank controls an investee if and only if the Bank has:

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

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

- The contractual arrangement with the other voters of the investee entity
- Rights arising from other contractual arrangements
- Bank's current and potential voting rights granted by equity instruments such as shares

The Bank re-assesses whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Bank gains control until the date the Bank 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 Bank loses control over a subsidiary, it:

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

Since the subsidiaries, other than mutual funds, are fully owned by the Bank, there is no non-controlling interest to be disclosed. The functional currency of all subsidiaries is Saudi Arabian Riyal ("SAR"), except for Alinma SPV Ltd whose financial currency is in United States Dollar ("USD").

Amounts due to Mutual Funds' unitholders represent the portion of net assets of the mutual funds which are attributable to interests which are not owned, directly or indirectly, by the Bank or its subsidiaries and are presented separately within liability in the Bank's consolidated statement of financial position.

All inter-group balances, transactions, income and expenses are eliminated in full in preparing these consolidated financial statements.

The consolidated financial statements have been prepared using uniform accounting policies and valuation methods for like transactions and other events in similar circumstances. The accounting policies adopted by the subsidiaries are consistent with that of Bank's accounting policies. Adjustments, if any, are made to the financial statements of the subsidiaries to align with the Bank's consolidated financial statements.

#### ***Investment funds***

The Bank acts as Fund Manager to a number of investment funds. Determining whether the Bank controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Bank in the Fund (comprising any carried profit and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Bank has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

#### **c) Trade date accounting**

All regular way purchases and sales of financial assets are initially recognized and derecognized on the trade date (i.e. the date on which the Bank becomes a party to the contractual provisions of the instrument). Regular way purchases or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the market place.

All other financial assets and liabilities are also initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

#### **d) Foreign currencies**

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the spot exchange rates prevailing at transaction dates.

Monetary assets and liabilities at year-end, denominated in foreign currencies, are translated into Saudi Arabian Riyals at the exchange rates prevailing at the reporting 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 the effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at 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.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or consolidated statement of income are also recognised in OCI or consolidated statement of income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Bank initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Bank determines the transaction date for each payment or receipt of advance consideration.

e) **Offsetting**

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

f) **Revenue / expenses recognition**

***Income from investments and financing and return on time investments***

Revenue and expenses related to profit bearing financial instruments are recognized in the consolidated statement of income using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash flows through the expected life (or where appropriate, a short period) of the financial asset or liability to its carrying amount. When calculating the EIR, the Bank estimates future cash flows considering all contractual terms including all fees, transaction costs, discounts that are an integral part of the effective yield but does not include the expected credit losses. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset or liability.

The carrying amount of the financial asset or liability is adjusted if the Bank revises its estimates of payments or receipts. The change in carrying amount is recorded as income/expense.

***Exchange income/loss***

Exchange income/loss is recognized when earned/incurred.

***Fees from banking services, net***

Fee and commission income and expense that are integral to the effective profit rate on a financial asset or financial liability are included in the “Income from investments and financing” or “Return on time investments” as applicable.

Brokerage income is recognized when the deal is executed. Brokerage income on local shares is recognized net of discounts and rebates allowed to customers. Fee from asset management, including mutual funds, is recognized over time as the services are rendered. Subscription fee is recognized upon subscription to the fund managed by the Bank.

Fee from investment banking services is recognized when the related services have been fully provided to the customer. Underwriting fees are recognized when the Bank has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Custody fees is received upfront as deferred income and amortized over the period of service.

Corporate finance fee revenues are recognized over the period of time when the performance obligations are met in accordance with the applicable terms of the contract.

Other fee and commission income – including account servicing fees, sales commission, placement fees and syndication fees – is recognized as the related services are performed and performance obligations are achieved as point-in-time. If a loan commitment is not expected to result in the draw-down of a loan or if the fee relates to multiple loan commitments and cannot be reasonably allocated, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

#### *Dividend income*

Dividend income is recognized in consolidated statement of income, when the right to receive income is established.

#### *Income / (loss) from FVSI financial instruments, net*

Net income / (loss) from FVSI financial instruments relates to financial assets designated as FVSI and includes all realized and unrealized fair value changes, profit, dividends and foreign exchange differences.

### **g) Financial assets and financial liabilities**

#### **1) Classification and measurement of financial assets**

On initial recognition, a financial asset is classified at amortized cost, FVOCI or FVSI. The classification and measurement of financial assets under IFRS-9 is a result of two main assessments, namely, business model assessment and analysis of contractual cash flows.

#### ***Business model assessment***

The Bank assess 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 profit revenue, maintaining a particular profit 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 Bank'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 its 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 Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is 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 Bank's original expectations, the Bank 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 going forward.

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

#### ***Assessments whether contractual cash flows are solely payments of principal and profit***

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

In assessing whether the contractual cash flows are solely payments of principal and profit, the Bank 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 Bank considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank'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 profit rates.

#### ***Financial Asset held at amortized cost***

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

- 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 return on the principal amount outstanding.

Generally, Financing to customers, due from banks and other financial institutions, SAMA Murabaha and certain investments in Sukuk qualify for measurement under amortized cost.

#### ***Financial assets held at FVOCI***

***Sukuk and like instruments:*** are measured at FVOCI only if they meet both of the following conditions and are not designated at FVSI:

- The asset is held with 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 return on the principal amount outstanding.

***Equity Instruments:*** On initial recognition, for an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair values are recognized in OCI. Income from Sukuk and like investments, dividends and foreign exchange gains and losses are recognized consolidated statement of income.



#### ***Financial assets held at FVSI***

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVSI. Financial assets in this category are classified as either investment held for trading or those designated as FVSI on initial recognition. Financial assets classified as held trading are acquired principally for the purpose of selling in short term.

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

Financial assets at FVSI are recorded in the consolidated statement of financial position at fair value. Changes in the fair value are recognized in the consolidated statements of income for the year in which it arises. Transaction costs, if any, are not added to the fair value measurement at initial recognition of FVSI investments and are expensed through consolidated statement of income. Dividend income on financial assets held as FVSI is reflected as "Income/(loss) from FVSI financial instruments, net" in the consolidated statement of income.

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

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

## **2) Classification and measurement of financial liabilities**

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds and costs that are an integral part of financial liabilities' effective interest rate (EIR).

Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value and the initial fair value is amortized over the life of the guarantee or the commitment. Subsequently, financial guarantees and loan commitments are measured at higher of amortized cost and the amount of ECL.

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

## **3) De-recognition of financial assets and financial liabilities**

### ***Financial assets***

The Bank derecognizes a financial asset when:

- The contractual rights to the cash flows from the financial asset expires 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 are transferred or,
- The Bank neither transfers nor retains substantially all of the risks and rewards of ownership but it does not retain control of the financial asset.

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 Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank 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 Bank 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 Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. 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.

On de-recognition 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 consolidated statement of income.

However, the cumulative gain/loss recognized in OCI in respect of equity investments is not recognized in consolidated statement of income on de-recognition of such investments.

#### ***Financial liabilities***

The Bank derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

#### **4) Modifications of financial assets and financial liabilities**

##### ***Financial assets***

If the terms of a financial asset are modified, the Bank 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. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new financial asset and fees that represents reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in consolidated statement of income as part of the gain or loss on derecognition.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in consolidated statement of income. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as 'Income from financing'.

### *Financial liabilities*

The Bank 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.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in consolidated statement of income.

For financial liabilities, the Bank considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

### **5) Fair value measurement**

The Bank measures financial instruments, such as financial assets measured at FVSI and FVOCI, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 35.

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

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

The principal or the most advantageous market must be accessible to by the Bank.

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 economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described in note 35.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Bank 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 reporting period.

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

#### 6) Sale and repurchase agreements

Financial assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of financial position as the Bank retains substantially all the risks and rewards of ownership. When substantially all the risks and rewards of ownership remain with the Bank, these financial assets are continued to measure in accordance with related accounting policies for investments held as FVSI, FVOCI or at amortized cost. The transactions are treated as collateralized borrowing and counter-party liability for amounts received under these agreements is included in "Due to SAMA, banks and other financial institutions" or "Customer deposits", as appropriate. The difference between sale and repurchase price is treated as "Return on time investments" and accrued over the life of the repo agreement on an effective yield basis.

Financial assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the statement of financial position, as the Bank does not obtain control over the financial assets. Amounts paid under these agreements are included in "Cash and balances with Saudi Central Bank", "Due from banks and other financial institutions" or "Financing", as appropriate. The difference between purchase and resale price is treated as "Income from investments and financing" and accrued over the life of the reverse repo agreement on an effective yield basis.

#### h) Derivative financial instruments

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

##### **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 "Income from FVSI financial instruments, net". Derivatives held for trading do not include those derivatives, which qualify for hedge accounting.

##### **Hedge accounting**

The Bank designates certain derivatives as hedging instruments in qualifying hedging relationships to manage profit rate risk exposures. In order to manage 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 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 is 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 item 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 risk being hedged, and how the Bank will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an on-going basis.

At each hedge effectiveness assessment date, a 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, both 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 and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognized in the consolidated statement of income under 'Income from FVSI financial instruments, net'. For situations where the hedged item is a forecast transaction, the bank 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.

#### **Cash flow hedges**

For designated and qualifying cash flow hedging, derivatives instruments in a hedge of a variability in cash flows attributable to a particular risk associated with recognized asset or a liability or a highly probable forecast transaction that could affect the statement of income, the portion of the gain or loss on the hedging instrument that is determined to be an effective portion is recognized directly in other comprehensive income and the ineffective portion, if any, is recognized in the consolidated statement of income. For cash flow hedges affecting future transactions, the gains or losses recognized in other reserves, are transferred to the consolidated statement of income in the same period in which the hedged item affects the consolidated statement of income. However, if the Bank expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into the consolidated statement of income as a reclassification adjustment the amount that is not to be recognized.

When the hedging instrument is expired or sold, terminated, or exercised, or no longer qualifies for hedge accounting, or the forecast transaction is no longer expected to occur, or the Bank revokes the designation then hedge accounting is discontinued prospectively. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognized in other comprehensive income from the period when the hedge was effective is transferred from equity to statement of income when the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur and the transaction affects the statement of income, the net cumulative gain or loss recognized in other comprehensive income is transferred immediately to the consolidated statement of income.

#### **i) Financing**

Financing assets are non-derivative financial assets originated or acquired by the Bank with fixed or determinable payments. These are recognized upon actual disbursements. Financing assets are derecognized upon repayment, or when sold or written off, or upon transfer of substantially all risk and rewards of ownership.

All financing assets are initially measured at fair value including any incremental associated acquisition charges. Subsequently, these are measured at amortized cost less allowance for impairment. All of the Bank's financing products are approved by the Sharia'a Committee.

Financing primarily includes Murabaha, Ijarah, Musharaka and Bei Ajel products. A brief description of these products is as follows:

**Murabaha:** is an agreement whereby the Bank sells to a customer certain commodity or an asset, which the Bank has initially purchased and acquired based on a promise received from the customer to buy. The selling price comprises of cost plus an agreed profit margin.

**Ijarah:** is an agreement whereby the Bank, acting as a lessor, purchases or constructs an asset according to the customer (lessee) request, based on his promise to lease the asset for an agreed rent over a specific period.

Ijarah could conclude either by transferring the ownership of the leased asset to the lessee at an agreed amount or by termination of lease and re-possession of underlying asset.

**Musharaka:** is an agreement between the Bank and the customer to contribute to a project, investment enterprise or property and concludes by transferring the full ownership of the underlying investment to the customer. The profit or loss is shared as per the terms of the agreement.

**Bei Ajel:** is an agreement whereby the Bank sells on a deferred payment basis, to a customer certain commodity or an asset on a negotiated price.

#### j) Impairment of financial assets

The Bank recognizes impairment allowances based on a forward-looking Expected Credit Loss (ECL) approach on financial assets that are not measured at FVSI. This mainly includes financing, investments that are measured at amortized cost or at FVOCI (other than equity investments), interbank placements, financial guarantees, lease receivables and credit commitments.

No impairment loss is recognized on FVOCI equity investments.

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

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

The Bank considers a financial asset to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank considers its exposure to other banks, financial institutions and Sukuk investments to have low credit risk as their credit risk rating is equivalent to the globally accepted definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage1' financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which the lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'

### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are 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 Bank expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the present value of cash shortfalls being the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of cash shortfalls being 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: 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:

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

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

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

The above parameters are generally derived from internally developed statistical models and historical data which are adjusted for forward looking information. The Bank categorizes its financial assets into the following three stages in accordance with IFRS 9 methodology:

- **Stage 1: Performing assets:** Financial asset(s) that have not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months ECL.
- **Stage 2: Underperforming assets:** Financial asset(s) that have significantly deteriorated in credit quality since origination but are not credit impaired. This credit quality assessment is made by comparing the remaining lifetime of PD as at reporting date with the remaining lifetime PD point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations). The impairment allowance is recorded based on lifetime ECL.
- **Stage 3: Credit-impaired assets:** For financial asset(s) that are impaired, the Bank recognize the impairment allowance based on lifetime ECL.

The Bank also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurements of ECLs.

The forward-looking information includes the elements such as macroeconomic factors and economic forecasts obtained through internal and external sources.

### Credit-impaired assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have 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 significant past due event;
- The restructuring of a loan or advance by the Bank 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 retail financing that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign sukuk is credit-impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the sukuk yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new sukuk issuance.
- The probability of sukuk being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- 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.

### 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 of whether the financial asset should be derecognized and ECL are 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.
- 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.



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

Loss allowances for ECL 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: generally, as a provision which is reported under 'Other liabilities';
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank 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 a provision under 'Other liabilities'; and
- Sukuk and like instruments measured at FVOCI: no loss allowance is recognized in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

**Write-off**

Financial assets 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 Bank's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to 'Impairment charge of financing'.

**k) Property and equipment**

Property and equipment are measured at cost and presented net of accumulated depreciation / amortization and impairment loss, if any. Land is not depreciated. Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Bank. On-going repairs and maintenance are expensed as incurred. The cost of other property and equipment is depreciated and amortized on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	33 years
Furniture and equipment (including intangibles)	5-10 years
Leasehold improvements	the shorter of lease period or 10 years
Right of use assets	the shorter of lease period or useful life

Intangibles pertains mainly to computer software. The assets' residual values, depreciation / amortization methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Depreciation / amortization is charged from the date of addition (when asset is available for use) and up till the date preceding disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income.

All assets are reviewed for impairment at each reporting date whenever that events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**l) Impairment of non-financial assets**

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (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 fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognized in the consolidated statement of income except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

**m) Real estate held for sale**

The Bank, in the ordinary course of business, acquires certain real estate properties in settlement of due financing. Such properties are considered as assets held for sale and are initially stated at the lower of carrying amount of due financing and the current fair value of the related properties, less any costs to sell. No depreciation is charged on such properties.

Subsequent to initial recognition, any write down to fair value, less costs to sell, is charged to the consolidated statement of income. Any subsequent revaluation gains in the fair value less costs to sell of these assets to the extent this does not exceed the cumulative write down is recognized in the consolidated statement of income. Gains or losses on disposal are recognized in the consolidated statement of income.

***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 professional real estate appraisers and 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 financing 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 consolidated statement of financial position.

#### **n) Financial guarantees and credit 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.

'Credit commitments' (includes letters of credit, standby letters of credit, acceptances and irrevocable commitments) are firm commitments 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 a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the amount of ECL 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 has issued no loan commitments that are measured at FVSI. For other loan commitments, the Bank recognizes loss allowance. Any increase in the liability relating to the financial guarantee is recognized as "Impairment charge on financing, net of recoveries", in the consolidated statement of income. Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

The premiums received is recognized in the consolidated statement of income under "Fees from banking services - income" on a straight-line basis over the life of the guarantee or commitment.

#### **o) Provisions**

Provisions are recognized when a reliable estimate can be made by the Bank 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 embodying economic benefit will be required to settle the obligation.

p) Accounting for Ijarah (leases)

***Where the Bank is the lessor***

When assets are leased under Islamic lease arrangements (e.g., Ijarah), the present value of the lease payments is recognized as a receivable and disclosed under “Financing”. The difference between the gross receivable and the present value of the receivable is recognized as unearned income from financing. Lease income is recognized over the term of the lease on net investment basis, using the effective yield method, which reflects a constant periodic rate of return.

***Where the Bank is the lessee***

On initial recognition, at inception of the contract, the Bank shall assess whether the 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. Control is identified if most of the benefits are flowing to the Bank and the Bank can direct the usage of such assets.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Right of Use Assets**

Bank applies cost model, and measure right of use asset at cost;

1. Less any accumulated depreciation and any accumulated impairment losses; and
2. Adjusted for any re-measurement of the lease liability for lease modifications

Generally, right of use asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use asset value.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

**Lease Liability**

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the discount rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

After the commencement date, Bank measures the lease liability by:

1. Increasing the carrying amount to reflect financing cost on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;

Re-measuring the carrying amount to reflect any re-assessment or lease modification. The lease liability is measured at amortized cost using the effective interest method. It is re-measured 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 Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases and leases of low-value assets**

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**q) Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, “cash and cash equivalents” are defined as amounts included in cash in hand, balances with SAMA excluding statutory deposits, and due from banks and other financial institutions with an original maturity of three months or less from the date of acquisition which are subject to insignificant risk of changes in their fair value for the purpose of meeting short-term cash commitments.

**r) Short term employee benefits**

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

**s) End of service benefits**

Benefits payable to the employees of the Bank at the end of their services are accrued based on actuarial valuation in accordance with Saudi Arabian Labor laws. These are included in other liabilities in the consolidated statement of financial position. The liability recognized is the present value of the defined benefit obligation discounted at the yield on government bonds that have terms approximating the related obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Discount cost is calculated by applying the discount rate to the net defined benefit liability. The Bank recognizes the following changes in the net defined benefit obligation under ‘salaries and employee related expenses’ in the consolidated statement of income.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Discount cost.

The assumptions used to calculate the scheme obligations include assumptions such as expected future salaries growth, expected employee resignation rates, and discount rate to discount the future cash flows.

**t) Zakat**

The Bank is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the consolidated statement of income.

Due accruals have been made for the obligation as at December 31, 2024. Zakat is not accounted for as an income tax and as such no deferred tax is calculated relating to Zakat.

**u) Share capital**

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

Where the Bank purchases the Bank's 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 income taxes), is deducted from equity attributable to the owners 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 income tax effects, is included in equity attributable to the owners of the Bank.

**v) Treasury shares**

These are recorded at cost and presented as a deduction from the equity as adjusted for any transaction cost, dividends and gains or losses on sale of such shares. Subsequent to their acquisition, these are carried at the amount equal to consideration paid.

These stocks are acquired by the Bank with the approval of SAMA, primarily for discharging its obligation under its employee share-based payment plans.

**w) Tier 1 Sukuk**

The Bank classifies as part of equity the Tier 1 Sukuk issued with no fixed redemption/maturity dates (Perpetual Sukuk) and not obliging the Bank for payment of profit upon the occurrence of a non-payment event or non-payment election by the Bank subject to certain terms and conditions and essentially mean that the remedies available to sukukholders are limited in number and scope and very difficult to exercise.

The related initial costs and distributions thereon are recognised directly in the consolidated statement of changes in equity under retained earnings.

**x) Investment management services**

The Bank provides investment management services to its customers, through its subsidiary which includes management of certain mutual funds. Determining whether the Bank controls such a mutual fund usually depends on the assessment of the aggregate economic interests of the Bank in the fund (comprising its investments, any carried profit and expected management fees) and the investor's rights to remove the Fund Manager.

As a result of the above assessment, where the Bank has concluded that it acts as an agent for the investors, such funds are not consolidated by the Bank. Fee earned from these funds are disclosed in consolidated statement of income while the Bank's share of investments is included under "Investments held at FVSI" in the consolidated statement of financial position.

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

**y) Investments in associate and joint venture**

Investments in associate and joint venture 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 policies and which is neither a subsidiary nor a joint venture. A joint venture is an entity in which the Bank exercises joint control.

Under the equity method, the investments in associate and joint venture is carried on the statement of financial position at cost plus post acquisition changes in the Bank's share of net assets of the associate/joint venture. The Bank's share of profit of associate and joint venture is shown on the face of the consolidated statement of income.

The consolidated statement of income reflects the Bank's share of the results of operations of the associate and joint venture. When there has been a change recognized directly in the equity of the associate and joint venture, the Bank recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains on transactions are eliminated to the extent of the Bank's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The Bank's share of profit of associate and joint venture is shown on the face of the consolidated statement of income. This is the profit attributable to equity holders of the associate and joint venture and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate and joint venture. The financial statements of the associate and joint venture are prepared for the same reporting period as the Bank. When necessary, adjustments are made to bring the accounting policies in line with those of the Bank.

After application of the equity method, the Bank determines at each reporting date whether there is any objective evidence that the investment in the associate and joint venture is impaired. If this is the case, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate / joint venture and its carrying value and recognises the amount in the 'share of income/loss from associate and joint venture' in the consolidated statement of income.

**z) Share based payments**

The Bank offers its eligible employees the following types of plans (the “Plans”). Brief description of the plans are as follows:

**Employees Share Grant Scheme (ESGS)**

Under the terms of Employees Share Grant Scheme, eligible employees are granted shares with a vesting period of 3-5 years. At the maturity of vesting period, the Bank delivers the underlying allotted shares to the employee.

The cost of the shares in the scheme is measured by reference to the fair value at the grant date. The management is of the view that the fair value at grant date approximates its market value.

The cost of the scheme is recognized over the period during which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the shares (‘the vesting date’). The cumulative expense recognized for the schemes at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Bank’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of income for a reporting period represents the movement in cumulative expense recognized as at the beginning and end of that reporting period.

**Deferred bonus schemes**

Under the terms of the Deferred Bonus Schemes, eligible employees are granted shares with a vesting period of 1-3 years. At the maturity of each vesting period, the Bank delivers the underlying allocated shares to the employee. The Deferred Bonus Schemes is accounted for similar way with ESGS.

**aa) Profit sharing investment account (PSIA)**

The Bank offers Unrestricted Investment Accounts based on fully sharia compliant concept.

In Mudaraba, the Bank (Mudarib) manages Investment Account Funds along with its own share of investment, to an unrestricted joint investment pool. Funds from this unrestricted joint investment pool are utilized to provide financing to customers under Islamic modes and to invest in other Sharia compliant investments opportunities. Such information is available for all customers at Bank’s website, branches, and call center.

Any profits accrued out of the investment are shared between the two parties on a pre-agreed basis, while loss (if any) is borne by the Investor (Rab-ul-Maal) and the Bank have the right, in its sole discretion and without being obligated, to cover the Investor loss. Operating expenses incurred by the Bank are not charged to investment account.

Unrestricted investment accountholders are commingled with Bank funds for investment, no priority is granted to any party for the purpose of investments and distribution of profits.



#### 4. Cash and balances with Saudi Central Bank (SAMA)

	2024	2023
	SAR'000	SAR'000
Cash in hand	1,947,985	1,807,396
Current account	12,693	24,908
Money market placements	330,000	1,700,000
Statutory deposit	11,437,500	8,989,295
Others	121,492	76,845
<b>Total</b>	<b>13,849,670</b>	<b>12,598,444</b>

In accordance with the Banking Control Law and regulations issued by Saudi Central Bank (“SAMA”), the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its customers’ deposits as calculated on monthly average at the end of reporting period. The statutory deposit is not available to finance the Bank’s day to day operations and therefore does not form part of cash and cash equivalents. Money market placements represent securities purchased under an agreement to re-sell (reverse repos) with SAMA.

#### 5. Due from banks and other financial institutions, net

		2024	2023
	Notes	SAR'000	SAR'000
Current accounts		727,907	487,098
Murabaha and Wakala with banks	5.1	2,979,462	1,215,097
Reverse repos	5.2	803,807	-
Less: Allowance for impairment	5.3	(1,034)	(1,288)
<b>Total</b>		<b>4,510,142</b>	<b>1,700,907</b>

**5.1** These are predominantly investment grade exposures in the range of “substantially credit risk free to very good credit risk quality” based on external credit ratings.

**5.2** Securities pledged with the Bank in respect of reverse repo transactions comprise of SAR 832.9 million (2023: Nil). The Bank is allowed to sell or repledge these securities in the event of default by the counterparty.

5.3 The following table shows reconciliations from the opening to the closing balance of the gross exposure and allowance for impairment for due from banks and other financial institutions:

	December 31, 2024		
	SAR'000		
	12-month ECL	Life time ECL not credit impaired	Total ECL
<b>Gross exposure</b>			
Balance as at January 1, 2024	1,700,280	1,915	1,702,195
Transfer to life time ECL, not credit impaired	(9,257)	9,257	-
Net movement	2,788,835	20,146	2,808,981
<b>Balance as at December 31, 2024</b>	<b>4,479,858</b>	<b>31,318</b>	<b>4,511,176</b>
	December 31, 2023		
	SAR'000		
	12-month ECL	Life time ECL not credit impaired	Total ECL
Balance as at January 1, 2023	1,457,524	526	1,458,050
Transfer to life time ECL, not credit impaired	(4,231)	4,231	-
Net movement	246,987	(2,842)	244,145
Balance as at December 31, 2023	1,700,280	1,915	1,702,195
	December 31, 2024		
	SAR'000		
<b>Allowance for impairment</b>	12-month ECL	Life time ECL not credit impaired	Total ECL
Balance as at January 1, 2024	1,031	257	1,288
Transfer to life time ECL, not credit impaired	(443)	443	-
Reversal during the year	(182)	(72)	(254)
<b>Balance as at December 31, 2024</b>	<b>406</b>	<b>628</b>	<b>1,034</b>
	December 31, 2023		
	SAR'000		
	12-month ECL	Life time ECL not credit impaired	Total ECL
Balance as at January 1, 2023	3,564	28	3,592
Transfer to life time ECL, not credit impaired	(229)	229	-
Reversal during the year	(2,304)	-	(2,304)
Balance as at December 31, 2023	1,031	257	1,288

## 6. Investments

	Notes	2024 SAR'000	2023 SAR'000
<b>Investments held at FVSI</b>	6.1	<b>3,142,665</b>	2,648,977
<b>Investments held at FVOCI</b>	6.2	<b>13,750,818</b>	13,466,579
<b>Investments held at amortized cost, net</b>			
Murabahas with SAMA		1,771,552	1,626,379
Sukuks	6.3	29,927,069	25,498,634
Less: Allowance for impairment	6.4	(17,161)	(19,854)
		<u>31,681,460</u>	<u>27,105,159</u>
<b>Investments in associate and joint venture</b>			
Investment in an associate	6.5	46,550	-
Investment in a joint venture	6.6	3,717	15,637
		<u>50,267</u>	<u>15,637</u>
<b>Total</b>		<b><u>48,625,210</u></b>	<b><u>43,236,352</u></b>

### 6.1 Investments held at FVSI

	2024 SAR'000	2023 SAR'000
Equities	226,087	230,545
Sukuk	76,960	38,703
Funds	2,839,618	2,379,729
<b>Total</b>	<b><u>3,142,665</u></b>	<b><u>2,648,977</u></b>

Below is an analysis of the Bank's net income from FVSI financial instruments:

	2024 SAR'000	2023 SAR'000
Trading income, net	124,614	128,762
Dividend income	112,459	82,959
<b>Total</b>	<b><u>237,073</u></b>	<b><u>211,721</u></b>

### 6.2 Investments held at FVOCI

	2024 SAR'000	2023 SAR'000
Sukuk	12,923,422	12,319,584
Equities	827,396	1,146,995
<b>Total</b>	<b><u>13,750,818</u></b>	<b><u>13,466,579</u></b>

During the year, out of the Bank's FVOCI sukuk portfolio, instruments with a principal of SAR 292 million matured/redeemed during the year (2023: SAR 369 million).

The Bank designated these equity securities as at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long-term for strategic purposes. During the year, the Bank sold equity securities held at FVOCI having a fair value of SAR 405.3 million (2023: SAR 885.1 million) and the gain amounting to SAR 85.9 million (2023: SAR 120.1 million) was transferred to retained earnings.

6.3 The fair value of sukuks (at amortized cost) as at December 31, 2024 was SAR 29,090 million (2023: SAR 25,039 million).

6.4 The following table shows reconciliations from the opening to the closing balance of the gross exposure and allowance for impairment for investments:

	2024 SAR'000	2023 SAR'000
<b>Gross exposure</b>	<b>12-month ECL</b>	<b>12-month ECL</b>
Balance as at January 1	27,125,013	24,737,478
Purchase of new investments	8,318,123	3,390,500
Disposals and maturities during the year	(3,985,029)	(1,037,737)
Change in profit accruals	240,514	34,772
<b>Balance as at December 31</b>	<b>31,698,621</b>	<b>27,125,013</b>
	2024 SAR'000	2023 SAR'000
<b>Allowance for impairment</b>	<b>12-month ECL</b>	<b>12-month ECL</b>
Balance as at January 1	19,854	16,158
(Reversal) / charge for the year	(2,693)	3,696
<b>Balance as at December 31</b>	<b>17,161</b>	<b>19,854</b>

There were no exposures transferred between ECL stages during the year.

#### 6.5 Investment in an associate

Investment in an associate represents the Bank's share of investment of 20.25% (2023: Nil) in Alinma Fund for Private Equity Investments. This Fund was established on February 27, 2020 and was acquired by the Bank on December 18, 2023 by owning 99.9% of its units. The main purpose of the Fund was to hold the ordinary shares representing 50% ownership of International Water Distribution Company ("Tawzea") received by the Bank as part of a financing settlement agreement from one of its customers during the year. At initial recognition, the Fund was treated as a subsidiary of the Bank and its ownership in Tawzea was accounted in the Bank's consolidated financial statements as an investment in joint venture (note 6.6). On December 31, 2024, the Bank reduced its ownership in the Fund to 20.25% which resulted to the Bank losing control and its reclassification as an investment in an associate.

#### 6.6 Investment in a joint venture

The Bank has invested SAR 25 million (50%) in Ersal Financial Remittance Company (a joint venture between Alinma Bank and Saudi Post). The joint venture was established under Commercial Registration No.1010431244 dated 21 Jumada I 1436H (corresponding to March 12, 2015) with a paid-up capital of SAR 50 million.

The Bank's share of net loss from its joint ventures for the year is SAR 5.1 million (2023: share of net income of SAR 1.6 million) which included share of loss from Ersal Financial Remittance Company of SAR 11.9 million (2023: share of net income of SAR 1.6 million) and share of income from Tawzea of SAR 6.8 million (2023: Nil).

## 6.7 Analysis of investments by type and location

	Domestic		International		Total	
	SAR'000		SAR'000		SAR'000	
	2024	2023	2024	2023	2024	2023
<b>Investments held at FVSI</b>						
Equities	117,844	110,456	108,243	120,089	226,087	230,545
Fixed-rate investments	61,318	23,274	15,642	15,429	76,960	38,703
Funds	1,280,723	1,108,646	1,558,895	1,271,083	2,839,618	2,379,729
	<b>1,459,885</b>	<b>1,242,376</b>	<b>1,682,780</b>	<b>1,406,601</b>	<b>3,142,665</b>	<b>2,648,977</b>
<b>Investments held at FVOCI</b>						
Fixed-rate investments	7,157,183	4,854,434	1,425,607	782,900	8,582,790	5,637,334
Floating-rate investments	4,340,632	6,161,445	-	520,805	4,340,632	6,682,250
Equities	821,224	1,143,187	6,172	3,808	827,396	1,146,995
	<b>12,319,039</b>	<b>12,159,066</b>	<b>1,431,779</b>	<b>1,307,513</b>	<b>13,750,818</b>	<b>13,466,579</b>
<b>Investments held at amortized cost, net</b>						
Fixed-rate investments	29,772,175	25,278,044	137,733	193,505	29,909,908	25,471,549
Floating-rate investments	1,771,552	1,633,610	-	-	1,771,552	1,633,610
	<b>31,543,727</b>	<b>26,911,654</b>	<b>137,733</b>	<b>193,505</b>	<b>31,681,460</b>	<b>27,105,159</b>
<b>Investments in associate and joint venture</b>						
Equity and Fund	50,267	15,637	-	-	50,267	15,637
<b>Total</b>	<b>45,372,918</b>	<b>40,328,733</b>	<b>3,252,292</b>	<b>2,907,619</b>	<b>48,625,210</b>	<b>43,236,352</b>

## 6.8 Analysis of investments by composition

	Quoted		Unquoted		Total	
	SAR'000		SAR'000		SAR'000	
	2024	2023	2024	2023	2024	2023
<b>Investments held at FVSI</b>						
Equities	168,270	77,272	57,817	153,273	226,087	230,545
Fixed-rate investments	61,318	23,274	15,642	15,429	76,960	38,703
Funds	562,410	337,928	2,277,208	2,041,801	2,839,618	2,379,729
	<b>791,998</b>	<b>438,474</b>	<b>2,350,667</b>	<b>2,210,503</b>	<b>3,142,665</b>	<b>2,648,977</b>
<b>Investments held at FVOCI</b>						
Fixed-rate investments	4,708,072	2,282,826	3,874,718	3,354,508	8,582,790	5,637,334
Floating-rate investments	7,231	1,668,030	4,333,401	5,014,220	4,340,632	6,682,250
Equities	800,194	1,122,156	27,202	24,839	827,396	1,146,995
	<b>5,515,497</b>	<b>5,073,012</b>	<b>8,235,321</b>	<b>8,393,567</b>	<b>13,750,818</b>	<b>13,466,579</b>
<b>Investments held at amortized cost, net</b>						
Fixed-rate investments	29,876,908	25,448,549	33,000	23,000	29,909,908	25,471,549
Floating-rate investments	-	7,231	1,771,552	1,626,379	1,771,552	1,633,610
	<b>29,876,908</b>	<b>25,455,780</b>	<b>1,804,552</b>	<b>1,649,379</b>	<b>31,681,460</b>	<b>27,105,159</b>
<b>Investments in associate and joint venture</b>						
Equity and Fund	-	-	50,267	15,637	50,267	15,637
<b>Total</b>	<b>36,184,403</b>	<b>30,967,266</b>	<b>12,440,807</b>	<b>12,269,086</b>	<b>48,625,210</b>	<b>43,236,352</b>

#### 6.9 Analysis of investments by counter-parties

	2024	2023
	SAR'000	SAR'000
Government and quasi government	35,655,488	31,104,550
Banks and other financial institutions	5,992,795	5,699,015
Corporate	6,976,927	6,432,787
<b>Total</b>	<b>48,625,210</b>	<b>43,236,352</b>

#### 6.10 Analysis of investments by asset quality

	2024	2023
	SAR'000	SAR'000
Government and quasi government	35,655,488	31,104,550
Investment grade	7,480,602	7,776,160
Non-investment grade	506,501	797,878
Equities and funds	4,982,619	3,557,764
<b>Total</b>	<b>48,625,210</b>	<b>43,236,352</b>

Investment grade includes exposures in the range of “substantially credit risk free to very good credit risk quality”. The maximum exposure to credit risk for financial assets carried at fair value as of December 31, 2024 is SAR 13,201 million (2023: SAR 12,458 million).

Investments includes SAR 2,534.7 million (2023: SAR 1,664.2 million) which have been pledged under repurchased agreement with other banks. The market value of such investments is SAR 2,695.1 million (2023: SAR 1,642.9 million). These transactions are conducted under the terms that are usual and customary to standard lending and securities financing and lending activities.

### 7. Derivative financial instruments

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

#### a) Swaps

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

#### b) Forwards

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

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

December 31, 2024	SAR'000		
	Positive fair value	Negative fair value	Total notional amount
<b>Held for trading:</b>			
Profit rate swaps	483,599	390,663	31,938,466
Foreign exchange forward contracts	9,343	8,477	2,919,587
Foreign exchange Swaps	-	2,051	937,601
<b>Held as cash flow hedges:</b>			
Profit rate swaps	12,475	35,435	4,551,000
<b>Total</b>	<b>505,417</b>	<b>436,626</b>	<b>40,346,654</b>

December 31, 2024	Notional amounts by term to maturity				
	SAR'000				
	Within 1 year	1-3 years	3-5 years	Over 5 years	Total
<b>Held for trading:</b>					
Profit rate swaps	343,750	8,759,347	902,654	21,932,715	31,938,466
Foreign exchange forward contracts	2,919,587	-	-	-	2,919,587
Foreign exchange Swaps	937,601	-	-	-	937,601
<b>Held as cash flow hedges:</b>					
Profit rate swaps	-	500,000	3,051,000	1,000,000	4,551,000
<b>Total</b>	<b>4,200,938</b>	<b>9,259,347</b>	<b>3,953,654</b>	<b>22,932,715</b>	<b>40,346,654</b>

December 31, 2023	SAR'000		
	Positive fair value	Negative fair value	Total notional amount
<b>Held for trading:</b>			
Profit rate swaps	144,040	110,321	16,492,135
Foreign exchange forward contracts	289	-	270,476
<b>Total</b>	<b>144,329</b>	<b>110,321</b>	<b>16,762,611</b>

December 31, 2023	Notional amounts by term to maturity				
	SAR'000				
	Within 1 year	1-3 years	3-5 years	Over 5 years	Total
<b>Held for trading:</b>					
Profit rate swaps	220,000	393,750	6,373,392	9,504,993	16,492,135
Foreign exchange forward contracts	270,476	-	-	-	270,476
<b>Total</b>	<b>490,476</b>	<b>393,750</b>	<b>6,373,392</b>	<b>9,504,993</b>	<b>16,762,611</b>

The maximum credit exposure for positive value derivatives as of December 31, 2024 is SAR 505.4 million (2023: SAR 144.3 million).

#### Held for trading purposes

Most of the Bank's derivative trading activities relate to sales, and are covered on back-to-back basis. Sales activities involve offering products to customers and banks in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates, or indices.

#### Held for hedging purposes

The Bank has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Bank's exposure to fluctuations in foreign exchange and profit rates to reduce its exposure to currency and profit rate risks to acceptable levels as determined by the Bank and within the guidelines issued by SAMA.

The Bank has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Bank has established the level of profit rate risk by setting limits on profit rate gaps for stipulated periods. Asset and liability profit rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce 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 adjust its own exposure to profit rate risks. This is generally achieved by hedging specific transactions.

The Bank uses profit rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument are formally documented and the transactions are accounted for as cash flow hedges.

Possible sources of ineffectiveness are as follows:

- Difference between the expected and actual volume of prepayments, as the Bank hedges to the expected repayment date taking into account expected prepayments based on past experience;
- Difference in the discounting between the hedge item and hedge instrument;
- Hedging derivative with a non-zero fair value at the date of initial designation as a hedging instrument; and,
- Counter party credit risk which impacts the fair value of uncollateralized profit rate swaps but not the hedge items).

#### Cash flow hedges

The Bank is exposed to variability in future profit rate cash flows on non-trading assets and liabilities which bear commission at a variable rate. The Bank uses profit rate swaps as cash flow hedges of these profit rate risks. Below is the schedule indicating as at 31 December, the periods when the hedged cash flows are expected to occur and when they are expected to affect the consolidated statement of income:

	December 31, 2024			
	SAR'000			
	Within 1 year	1-3 years	3-5 years	Over 5 years
<b>Held as cash flow hedges:</b>				
Cash Inflows (Assets)	2,921	9,813	5,497	862
Cash outflows (Liabilities)	(23,173)	(9,766)	(10,251)	(3,527)
<b>Net Cash Flows</b>	<b>(20,252)</b>	<b>47</b>	<b>(4,754)</b>	<b>(2,665)</b>

The amounts relating items designated as hedging instruments and hedge ineffectiveness at December 31, 2024 were as follows:



December 31, 2024			
SAR'000			
Change in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in statement of income	Amount reclassified from the hedge reserve to statement of income
<b>Held as cash flow hedges:</b>			
Profit rate swaps	(22,960)	(22,960)	(28,475)

The amounts relating to items designated as hedged items at December 31, 2024 were as follows:

December 31, 2024			
SAR'000			
Line item in the statement of financial position in which hedge item is included	Changes in value used for calculating hedge ineffectiveness	Cashflow hedge reserve	Balance remaining in cash flow hedge reserve for hedge relationships for which hedge accounting is no longer applied
<b>Held as cash flow hedges:</b>			
Sukuk Investments held at FVOCI	977	977	-
Corporate financing Financing, net	(23,937)	(23,937)	-
<b>Net Cash Outflows</b>	<b>(22,960)</b>	<b>(22,960)</b>	<b>-</b>

The net loss on cash flow hedges reclassified to the consolidated statement of income during the year was as follows:

	2024	2023
	SAR'000	SAR'000
<b>Held as cash flow hedges:</b>		
Income from investments and financing	(28,475)	-

The tables below show a summary of hedged items and portfolios, the nature of the risk being hedged, the hedging instrument and its fair value.

December 31, 2024						
SAR'000						
	Fair Value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
<b>Held as cash flow hedges:</b>						
Floating rate investments	751,977	751,000	Cash flow	Profit rate swap	3,985	3,008
Floating rate financing	3,776,063	3,800,000	Cash flow	Profit rate swap	8,490	32,427
<b>Total</b>	<b>4,528,040</b>	<b>4,551,000</b>			<b>12,475</b>	<b>35,435</b>

8. Financing, net

2024	SAR'000				Financing, net
	Performing	Non-performing	Gross	Allowance for impairment (note 8.1)	
Retail	49,977,831	502,404	50,480,235	(648,220)	49,832,015
Corporate	153,907,091	1,679,832	155,586,923	(3,110,844)	152,476,079
<b>Total</b>	<b>203,884,922</b>	<b>2,182,236</b>	<b>206,067,158</b>	<b>(3,759,064)</b>	<b>202,308,094</b>

2023	SAR'000				Financing, net
	Performing	Non-performing	Gross	Allowance for impairment (note 8.1)	
Retail	42,374,048	851,915	43,225,963	(979,914)	42,246,049
Corporate	132,820,236	2,010,546	134,830,782	(3,452,787)	131,377,995
<b>Total</b>	<b>175,194,284</b>	<b>2,862,461</b>	<b>178,056,745</b>	<b>(4,432,701)</b>	<b>173,624,044</b>

Retail financing comprise mainly of mortgage financing, consumer financing and credit cards. Corporate financing comprises mainly of commercial financing for projects, large, mid-corporates and Small Medium Enterprises (SMEs). The Bank's financing products are in compliance with Sharia'a rules.

The below table shows the product-wise analysis of Gross Financing:

	2024			2023		
	SAR'000			SAR'000		
	Retail	Corporate	Total	Retail	Corporate	Total
Murabaha	35,451,064	2,214,176	37,665,240	30,498,072	3,091,400	33,589,472
Ijarah	5,250,055	50,605,744	55,855,799	4,698,170	43,013,931	47,712,101
Bei Ajel	8,415,088	102,767,003	111,182,091	7,032,101	88,725,451	95,757,552
Others	1,364,028	-	1,364,028	997,620	-	997,620
<b>Total</b>	<b>50,480,235</b>	<b>155,586,923</b>	<b>206,067,158</b>	<b>43,225,963</b>	<b>134,830,782</b>	<b>178,056,745</b>

### 8.1 Movement in gross exposure and allowance for impairment of financing:

The following table shows reconciliation from the opening to the closing balance of the gross exposure of financing:

<u>Gross exposure</u>	December 31, 2024			Total
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	
	SAR in '000'			
<b>Retail</b>				
Balance at the beginning of the year	41,365,515	1,008,533	851,915	43,225,963
Transfer to 12-month ECL	449,278	(388,112)	(61,166)	-
Transfer to life time ECL, not credit impaired	(903,815)	921,657	(17,842)	-
Transfer to life time ECL, credit impaired	(160,015)	(144,961)	304,976	-
New financial assets, net of financial assets derecognized and repayments	7,771,136	58,615	(47,473)	7,782,278
Write-off	-	-	(528,006)	(528,006)
<b>Balance as at December 31, 2024</b>	<b>48,522,099</b>	<b>1,455,732</b>	<b>502,404</b>	<b>50,480,235</b>
<b>Corporate</b>				
Balance at the beginning of the year	123,254,867	9,565,369	2,010,546	134,830,782
Transfer to 12-month ECL	997,462	(997,462)	-	-
Transfer to life time ECL, not credit impaired	(2,780,594)	2,780,594	-	-
Transfer to life time ECL, credit impaired	(44,582)	(861,640)	906,222	-
New financial assets, net of financial assets derecognized and repayments	22,637,043	(643,966)	(300,045)	21,693,032
Write-off	-	-	(936,891)	(936,891)
<b>Balance as at December 31, 2024</b>	<b>144,064,196</b>	<b>9,842,895</b>	<b>1,679,832</b>	<b>155,586,923</b>
<b>Total</b>				
Balance at the beginning of the year	164,620,382	10,573,902	2,862,461	178,056,745
Transfer to 12-month ECL	1,446,740	(1,385,574)	(61,166)	-
Transfer to life time ECL, not credit impaired	(3,684,409)	3,702,251	(17,842)	-
Transfer to life time ECL, credit impaired	(204,597)	(1,006,601)	1,211,198	-
New financial assets, net of financial assets derecognized and repayments	30,408,179	(585,351)	(347,518)	29,475,310
Write-off	-	-	(1,464,897)	(1,464,897)
<b>Balance as at December 31, 2024</b>	<b>192,586,295</b>	<b>11,298,627</b>	<b>2,182,236</b>	<b>206,067,158</b>

Gross exposure	December 31, 2023			
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
	SAR in '000'			
<b>Retail</b>				
Balance at the beginning of the year	35,678,542	1,135,594	461,214	37,275,350
Transfer to 12-month ECL	307,412	(290,816)	(16,596)	-
Transfer to life time ECL, not credit impaired	(741,041)	742,673	(1,632)	-
Transfer to life time ECL, credit impaired	(369,898)	(253,535)	623,433	-
New financial assets, net of financial assets derecognized and repayments	6,490,500	(325,383)	389,332	6,554,449
Write-off	-	-	(603,836)	(603,836)
Balance as at December 31, 2023	41,365,515	1,008,533	851,915	43,225,963
<b>Corporate</b>				
Balance at the beginning of the year	103,416,908	7,322,254	2,458,700	113,197,862
Transfer to 12-month ECL	677,165	(673,591)	(3,574)	-
Transfer to life time ECL, not credit impaired	(3,593,144)	3,669,574	(76,430)	-
Transfer to life time ECL, credit impaired	(30,466)	(253,938)	284,404	-
New financial assets, net of financial assets derecognized and repayments	22,784,404	(498,930)	(430,650)	21,854,824
Write-off	-	-	(221,904)	(221,904)
Balance as at December 31, 2023	123,254,867	9,565,369	2,010,546	134,830,782
<b>Total</b>				
Balance at the beginning of the year	139,095,450	8,457,848	2,919,914	150,473,212
Transfer to 12-month ECL	984,577	(964,407)	(20,170)	-
Transfer to life time ECL, not credit impaired	(4,334,185)	4,412,247	(78,062)	-
Transfer to life time ECL, credit impaired	(400,364)	(507,473)	907,837	-
New financial assets, net of financial assets derecognized and repayments	29,274,904	(824,313)	(41,318)	28,409,273
Write-off	-	-	(825,740)	(825,740)
Balance as at December 31, 2023	164,620,382	10,573,902	2,862,461	178,056,745

The following tables show reconciliations from the opening to the closing balance of the allowance for impairment of financing:

Allowance for impairment	December 31, 2024			Total
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	
SAR in '000'				
<b>Retail</b>				
Balance at the beginning of the year	225,433	115,840	638,641	979,914
Transfer to 12-month ECL	57,975	(28,152)	(29,823)	-
Transfer to life time ECL, not credit impaired	(7,883)	16,820	(8,937)	-
Transfer to life time ECL, credit impaired	(2,077)	(27,862)	29,939	-
Net (reversal) / charge for the year	(56,733)	5,046	247,999	196,312
Write-off	-	-	(528,006)	(528,006)
<b>Balance as at December 31, 2024</b>	<b>216,715</b>	<b>81,692</b>	<b>349,813</b>	<b>648,220</b>
<b>Corporate</b>				
Balance at the beginning of the year	460,499	1,600,519	1,391,769	3,452,787
Transfer to 12-month ECL	27,135	(27,135)	-	-
Transfer to life time ECL, not credit impaired	(17,358)	17,358	-	-
Transfer to life time ECL, credit impaired	(965)	(57,671)	58,636	-
Net charge for the year	114,312	142,857	337,779	594,948
Write-off	-	-	(936,891)	(936,891)
<b>Balance as at December 31, 2024</b>	<b>583,623</b>	<b>1,675,928</b>	<b>851,293</b>	<b>3,110,844</b>
<b>Total</b>				
Balance at the beginning of the year	685,932	1,716,359	2,030,410	4,432,701
Transfer to 12-month ECL	85,110	(55,287)	(29,823)	-
Transfer to life time ECL, not credit impaired	(25,241)	34,178	(8,937)	-
Transfer to life time ECL, credit impaired	(3,042)	(85,533)	88,575	-
Net charge for the year	57,579	147,903	585,778	791,260
Write-off	-	-	(1,464,897)	(1,464,897)
<b>Balance as at December 31, 2024</b>	<b>800,338</b>	<b>1,757,620</b>	<b>1,201,106</b>	<b>3,759,064</b>

Allowance for impairment	December 31, 2023			Total
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	
SAR in '000'				
<b>Retail</b>				
Balance at the beginning of the year	265,329	163,803	322,526	751,658
Transfer to 12-month ECL	38,569	(27,971)	(10,598)	-
Transfer to life time ECL, not credit impaired	(6,927)	7,902	(975)	-
Transfer to life time ECL, credit impaired	(5,830)	(47,533)	53,363	-
Net (reversal) / charge for the year	(65,708)	19,639	878,161	832,092
Write-off	-	-	(603,836)	(603,836)
Balance as at December 31, 2023	225,433	115,840	638,641	979,914
<b>Corporate</b>				
Balance at the beginning of the year	425,859	1,468,250	1,335,489	3,229,598
Transfer to 12-month ECL	54,420	(53,348)	(1,072)	-
Transfer to life time ECL, not credit impaired	(53,438)	85,921	(32,483)	-
Transfer to life time ECL, credit impaired	(696)	(94,087)	94,783	-
Net charge for the year	34,354	193,783	216,956	445,093
Write-off	-	-	(221,904)	(221,904)
Balance as at December 31, 2023	460,499	1,600,519	1,391,769	3,452,787
<b>Total</b>				
Balance at the beginning of the year	691,188	1,632,053	1,658,015	3,981,256
Transfer to 12-month ECL	92,989	(81,319)	(11,670)	-
Transfer to life time ECL, not credit impaired	(60,365)	93,823	(33,458)	-
Transfer to life time ECL, credit impaired	(6,526)	(141,620)	148,146	-
Net (reversal) / charge for the year	(31,354)	213,422	1,095,117	1,277,185
Write-off	-	-	(825,740)	(825,740)
Balance as at December 31, 2023	685,932	1,716,359	2,030,410	4,432,701

#### Write off

As at December 31, 2024, the contractual amount outstanding on financial assets that were written off and that are still subject to enforcement activity is SAR 4,401 million (2023: SAR 3,188.7 million).

## 8.2 Impairment charge on financing, net of recoveries:

	2024 SAR'000	2023 SAR'000
Charge for impairment on financing	791,260	1,277,185
Charge for impairment of non-funded financing and credit related commitments (Note 19.3 (iv))	455,686	136,624
Recoveries of previously written off bad debts	(197,137)	(141,705)
	<u>1,049,809</u>	<u>1,272,104</u>

## 8.3 Financing includes Ijarah as follows:

	2024 SAR'000	2023 SAR'000
Less than 1 year	19,936,438	10,650,518
1 to 5 years	30,418,349	33,186,792
Over 5 years	25,417,212	19,003,500
Gross receivables from Ijarah	75,771,999	62,840,810
Unearned future finance income on Ijarah	(19,916,200)	(15,128,709)
<b>Net receivables from Ijarah</b>	<u>55,855,799</u>	<u>47,712,101</u>

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

	SAR'000				
2024	Land and buildings	Leasehold improvements	Furniture and equipment	Right-of-Use assets	Total
<b>Cost:</b>					
Balance at beginning of the year	1,602,031	597,997	2,477,565	814,655	5,492,248
Additions during the year	275,340	57,017	456,449	102,125	890,931
Disposals during the year	(13,522)	-	(30,649)	(16,274)	(60,445)
<b>Balance at end of the year</b>	<u>1,863,849</u>	<u>655,014</u>	<u>2,903,365</u>	<u>900,506</u>	<u>6,322,734</u>
<b>Accumulated depreciation:</b>					
Balance at beginning of the year	181,627	391,789	1,561,510	469,113	2,604,039
Charge for the year	23,188	31,910	190,558	108,183	353,839
Disposals during the year	(2,914)	-	(30,337)	(2,759)	(36,010)
<b>Balance at end of the year</b>	<u>201,901</u>	<u>423,699</u>	<u>1,721,731</u>	<u>574,537</u>	<u>2,921,868</u>
<b>Net book value-as at December 31, 2024</b>	<u>1,661,948</u>	<u>231,315</u>	<u>1,181,634</u>	<u>325,969</u>	<u>3,400,866</u>

2023	Land and buildings	Leasehold improvements	Furniture and equipment	Right-of-Use assets	Total
Cost:					
Balance at beginning of the year	1,520,006	530,676	2,157,687	731,272	4,939,641
Additions during the year	122,792	67,465	366,938	83,942	641,137
Disposals during the year	(40,767)	(144)	(47,060)	(559)	(88,530)
Balance at end of the year	1,602,031	597,997	2,477,565	814,655	5,492,248
Accumulated depreciation:					
Balance at beginning of the year	162,755	361,809	1,414,546	367,738	2,306,848
Charge for the year	22,391	30,123	170,945	101,854	325,313
Disposals during the year	(3,519)	(143)	(23,981)	(479)	(28,122)
Balance at end of the year	181,627	391,789	1,561,510	469,113	2,604,039
Net book value-as at December 31, 2023	1,420,404	206,208	916,055	345,542	2,888,209

Property, equipment and right of use assets include work in progress as at December 31, 2024 amounting to SAR 1,060.9 million (2023: SAR 623.7 million).

Furniture and equipment include information technology-related assets as follows:

	Tangible	Intangible	Total
	SAR'000		
<b>2024</b>			
Cost			
January 1, 2024	785,865	1,436,792	2,222,657
Additions during the year	71,317	350,508	421,825
Disposals during the year	(26,713)	-	(26,713)
December 31, 2024	830,469	1,787,300	2,617,769
Accumulated depreciation/amortization			
January 1, 2024	478,755	887,274	1,366,029
Charge during the year	70,105	99,391	169,496
Disposals during the year	(26,713)	-	(26,713)
December 31, 2024	522,147	986,665	1,508,812
<b>Net book value-as at December 31, 2024</b>	<b>308,322</b>	<b>800,635</b>	<b>1,108,957</b>
<b>2023</b>			
Cost			
January 1, 2023	726,581	1,195,783	1,922,364
Additions during the year	105,358	241,009	346,367
Disposals during the year	(46,074)	-	(46,074)
December 31, 2023	785,865	1,436,792	2,222,657
Accumulated depreciation/amortization			
January 1, 2023	439,699	792,096	1,231,795
Charge during the year	62,144	95,178	157,322
Disposals during the year	(23,088)	-	(23,088)
December 31, 2023	478,755	887,274	1,366,029
Net book value-as at December 31, 2023	307,110	549,518	856,628

Intangibles pertains mainly to computer software. Right of Use asset pertains mainly to leases of the Bank's head office, branches and ATM kiosks.



## 10. Other assets

	Note	2024 SAR'000	2023 SAR'000
Real estate held for sale	10.1	659,847	474,672
Fee receivable for asset management services		650,119	568,794
Financing inventory		390,394	226,177
Advance Payments		249,705	256,693
Other receivables		208,095	125,044
Prepaid expenses		136,503	157,763
Others	10.2	1,333,419	713,670
<b>Total</b>		<b>3,628,082</b>	<b>2,522,813</b>

**10.1** These properties were acquired in settlement of financing due from customers. During the year ended December 31, 2024, properties have been acquired in settlement of financing claims amounting to SAR 190.9 million (2023: SAR 6.1 million).

**10.2** These mainly include sundry debtors, settlement accounts and items in transit which are cleared in the normal course of business.

## 11. Due to SAMA, banks and other financial institutions

	Notes	2024 SAR'000	2023 SAR'000
Placements with SAMA	11.1	7,395,877	1,934,512
Time investments from banks and other financial institutions	11.2	5,810,299	5,180,322
Current accounts		730,080	316,396
<b>Total</b>		<b>13,936,256</b>	<b>7,431,230</b>

**11.1** This balance included profit free deposits received from SAMA with gross amount of SAR 509.3 million as of December 31, 2023, with varying maturities in order to support the Bank in its implementation of various regulatory relief packages given by the government in response to COVID-19. These deposits have all matured as of December 31, 2024.

**11.2** This balance represents Murabaha, Mudaraba and Wakala with banks including repurchase agreements with other banks of SAR 2,550.5 million (2023: SAR 1,288 million).

## 12. Customers' deposits

	Notes	2024 SAR'000	2023 SAR'000
Demand		95,253,337	78,955,995
Savings		11,643,387	9,833,634
Customers' time investments	12.1	101,805,095	97,348,367
Others	12.2	1,842,831	1,762,585
<b>Total</b>		<b>210,544,650</b>	<b>187,900,581</b>

**12.1** These represent Murabaha and Mudaraba with customers including profit sharing investments accounts (PSIA).

**12.2** Others represent cash margins for letters of credit and guarantees.

12.3 The above includes foreign currency deposits as follows:

	2024	2023
	SAR'000	SAR'000
Demand	3,586,941	1,292,098
Customers' time investments	10,305,857	4,530,535
Others	53,479	107,245
<b>Total</b>	<b>13,946,277</b>	<b>5,929,878</b>

#### 12.4 Profit sharing investment accounts (PSIA)

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

As of December 31, 2024 and 2023, the PSIA gross pool of assets is funded by comingled pool which includes funds from Unrestricted Investment Account Holders (IAH).

Gross Pool of Assets funded by PSIA by type of contract:

	2024	2023
	SAR'000	SAR'000
Investments in sukuk - FVOCI	4,364,266	4,484,443
Investments held at amortized cost, net	10,505,700	9,744,352
Financing, net	67,284,528	62,859,927
<b>Total pool of assets funded by PSIA</b>	<b>82,154,494</b>	<b>77,088,722</b>

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

Computation of pool income is as follows:

	2024	2023
	SAR'000	SAR'000
Income from investments	495,861	409,469
Income from financing	3,524,793	2,925,457
<b>Total pool income</b>	<b>4,020,654</b>	<b>3,334,926</b>
Pool income	4,020,654	3,334,926
Mudarib fee	(40,207)	(33,349)
Top up	344,652	198,003
<b>Total amount paid/payable to investment account holders</b>	<b>4,325,099</b>	<b>3,499,580</b>

The total pool increase is net of attributable cost and impairment charges.

	IAH Share	Bank Share
Profit sharing allocation percentages	99%	1%

c) The equity of the IAHs at the end of the reporting period:

	2024	2023
	SAR'000	SAR'000
Investment account holders balance before profit	82,506,644	76,493,107
Add: Profit for the IAH during the year	4,325,099	3,499,580
Less: Profit paid out during the year	(4,677,249)	(2,903,965)
<b>Total equity for investment account holders</b>	<b>82,154,494</b>	<b>77,088,722</b>

### 13. Amount due to Mutual Funds' unitholders

Amount due to Mutual Funds' unitholders represents the non-controlling interest in Mutual Funds consolidated in these financial statements.

### 14. Other liabilities

	Notes	2024 SAR'000	2023 SAR'000
Outward drafts payable		4,250,397	1,982,071
Accounts payable		1,931,710	1,640,302
Provision for credit-related commitments	19.3	1,111,549	655,863
Unearned revenue		989,595	749,871
Provision for zakat	24	670,411	556,318
End of service liability	26.2	537,472	485,254
Accrued expenses		489,507	373,446
Lease liability	14.1	345,409	366,092
Others		27,567	36,638
<b>Total</b>		<b>10,353,617</b>	<b>6,845,855</b>

#### 14.1 Lease liabilities and lease-related expenses

Below is the undiscounted contractual cash flows for lease liabilities:

	2024 SAR'000	2023 SAR'000
Less than 1 year	111,513	109,233
1 to 5 years	200,310	225,115
Over 5 years	73,886	73,637
<b>Total</b>	<b>385,709</b>	<b>407,985</b>

Other general and administrative expenses include financing cost of SAR 14.7 million (2023: SAR 13.8 million). Rent and premises related expenses include payments for leases excluded in the calculation of lease liabilities (i.e., short term leases and leases of low value assets) of SAR 8.8 million (2023: SAR 10.9 million).

## 15. Share capital

The authorized, issued and fully paid share capital of the Bank consists of 2,500 million shares (2023: 2,000 million shares) of SAR 10 each.

The ownership of the Bank's share capital is as follows:

	2024	2023
	Percentage	
Public Investment Fund ("PIF")	10	10
General public and others	90	90
<b>Total</b>	<b>100</b>	<b>100</b>

### 15.1 Dividends

During the year ended December 31, 2024, the Board of Directors approved a total interim dividends of SAR 1,988.4 million (2023: SAR 1,690.4 million). This resulted to a total payment of SAR 0.80 per share to the shareholders of the Bank (2023: SAR 0.85 per share).

The Board of Directors in their meeting held on December 20, 2022 proposed a final 2022 dividends of SAR 996.1 million which was approved in the extraordinary general assembly held on April 30, 2023. This resulted to a net payment of SAR 0.50 per share to the shareholders of the Bank.

### 15.2 Issuance of bonus shares

On December 31, 2023, the Board of Directors recommended to the Extraordinary General Assembly of the Bank to increase the capital by SAR 5,000 million through capitalization from the retained earnings by way of granting one share for every four shares. On April 23, 2024, the Shareholders, in their Extraordinary General Assembly meeting approved the increase of share capital by issuance of bonus shares. Accordingly, the total shares increased by 500 million shares to be 2,500 million shares and share capital increased by SAR 5,000 million to be SAR 25,000 million.

## 16. Statutory reserve

In accordance with the Banking Control Law in the Kingdom of Saudi Arabia, and Bank's By-Laws, 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 1,457.9 million (2023: SAR 1,209.8 million) has been transferred from the net income for the year to the statutory reserve. The statutory reserve is not available for cash distribution.

## 17. Treasury shares and other reserves

### 17.1 Treasury shares

Treasury shares have been acquired, after due approvals, for discharging the obligations of employees share based plans (refer to note 22.2).

On April 30, 2023, the extraordinary general assembly approved 5 million shares to be purchased as treasury shares for allocation to the Employee Stock Plan. The Bank has completed the purchase of these shares during the year ended December 31, 2023.

17.2 Other reserves

2024 (SAR '000)	Fair value reserve for FVOCI investments	Employees share-based plan reserve	Social contribution reserve	Remeasurement of End of Service Benefits	Cash flow hedge reserve	Total
	SAR '000					
<b>Balance at January 1, 2024</b>	(184,028)	93,886	153,403	(902)	-	62,359
Net change in fair value of FVOCI equity investments	23,721	-	-	-	-	23,721
Net change in fair value of FVOCI sukuk investments	(174,260)	-	-	-	-	(174,260)
Share of joint venture's other comprehensive loss	(11,553)	-	-	-	-	(11,553)
Gain on sale of FVOCI sukuk investments, net	(911)	-	-	-	-	(911)
Cash flow hedge	-	-	-	-	(22,960)	(22,960)
Actuarial gain on Remeasurement of End of Service Benefits (Note 26)	-	-	-	5,486	-	5,486
Transfers to retained earnings on disposal of FVOCI equity investments	(85,926)	-	-	-	-	(85,926)
Realized share of joint venture's other comprehensive loss	11,553	-	-	-	-	11,553
Employee share based plan reserve	-	62,141	-	-	-	62,141
Vesting of shares	-	(36,233)	-	-	-	(36,233)
Appropriations, net of utilizations	-	-	37,179	-	-	37,179
<b>Balance as at December 31, 2024</b>	<b>(421,404)</b>	<b>119,794</b>	<b>190,582</b>	<b>4,584</b>	<b>(22,960)</b>	<b>(129,404)</b>

2023 (SAR '000)	Fair value reserve for FVOCI investments	Employees share-based plan reserve (note 22.2)	Social contribution reserve	Remeasurement of end of service benefits	Total
Balance at the beginning of the year	(634,267)	33,855	113,555	(20,539)	(507,396)
Net change in fair value of FVOCI equity investments	461,304	-	-	-	461,304
Net change in fair values of FVOCI sukuk investments	108,987	-	-	-	108,987
Share of associate's other comprehensive income	10,868	-	-	-	10,868
Actuarial gain on remeasurement of end of service benefits (Note 26)	-	-	-	19,637	19,637
Transfers to retained earnings on disposal of FVOCI equity investments	(120,052)	-	-	-	(120,052)
Realized share of associate's other comprehensive income	(10,868)	-	-	-	(10,868)
Employee share based plan reserve	-	57,113	-	-	57,113
Other transfers	-	21,748	-	-	21,748
Vesting of shares	-	(18,830)	-	-	(18,830)
Appropriations, net of utilizations	-	-	39,848	-	39,848
Balance at the end of the year	(184,028)	93,886	153,403	(902)	62,359

During the year, an amount of SAR 58.3 million for 2024 (2023: SAR 48.4 million) was appropriated from retained earnings to social community reserve. Such reserves will be utilized towards discharging the Bank's corporate social responsibilities.

#### 18. Tier 1 Sukuk

On July 1, 2021, the Bank through a Shariah compliant arrangement issued Tier 1 Sukuk of SAR 5 billion with a profit rate of 4% payable on quarterly basis. In addition, on March 6, 2024, the Bank issued additional Tier 1 sukuk of USD 1 billion with a profit rate of 6.5% payable on semi-annual basis. These issuances were approved by the regulatory authorities and the Board of Directors of the Bank.

These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuks in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement. These securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of SAMA.

The applicable profit on the Sukuks is payable in arrears 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 non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

## 19. Commitments and contingencies

### 19.1 Legal proceedings

As at December 31, 2024 and 2023, there were no significant legal proceedings outstanding against the Bank.

### 19.2 Capital commitments

As at December 31, 2024, the Bank had capital commitments of SAR 183 million (2023: SAR 70.5 million) relating to acquisition of property and equipment.

### 19.3 Credit related commitments and contingencies

Credit related commitments and contingencies comprise letters of guarantee, letters of credit, acceptances and unused irrevocable commitments to extend financing facilities. The primary purpose of these instruments is to ensure that funds are available to customers as required. Letters of guarantee and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as investments and financing. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to invoke such commitments.

Documentary letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank 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 Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be presented before being reimbursed by the customers.

Commitments to extend credit represent the unused portion of approved credit, principally in the form of financing, guarantees and letters of credit. With respect to these commitments to extend credit, the Bank is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unused commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of these commitments could expire or terminate without being funded.

i) The contractual maturity structure of the Bank's commitments and contingencies is as follows:

2024	SAR'000				Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	
Letters of credit	1,531,781	1,715,739	145,410	-	3,392,930
Letters of guarantee	2,307,082	10,172,884	8,970,910	98,098	21,548,974
Acceptances	1,203,262	-	-	-	1,203,262
Irrevocable commitments to extend credit	-	-	15,181,257	-	15,181,257
<b>Total</b>	<b>5,042,125</b>	<b>11,888,623</b>	<b>24,297,577</b>	<b>98,098</b>	<b>41,326,423</b>

2023	SAR'000				Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	
Letters of credit	2,369,762	1,402,770	150,445	-	3,922,977
Letters of guarantee	3,111,702	7,604,171	8,302,668	33,603	19,052,144
Acceptances	1,254,199	-	-	-	1,254,199
Irrevocable commitments to extend credit	-	-	12,136,338	-	12,136,338
<b>Total</b>	<b>6,735,663</b>	<b>9,006,941</b>	<b>20,589,451</b>	<b>33,603</b>	<b>36,365,658</b>

This is as per contractual period of the letters of guarantee and irrevocable commitments and in event of default may be payable on demand and therefore current in nature.

ii) The analysis of commitments and contingencies by counter-party is as follows:

	2024	2023
	SAR'000	SAR'000
Government and quasi government	27,761	8,720
Corporate	39,271,120	33,733,756
Banks and other financial institutions	2,027,542	2,623,182
<b>Total</b>	<b>41,326,423</b>	<b>36,365,658</b>

iii) The outstanding unused portion of commitments as at December 31, 2024 which can be revoked unilaterally at any time by the Bank, amounts to SAR 38,891 million (2023: SAR 35,126 million).

iv) The following table shows reconciliations from the opening to the closing balance of the gross exposure of credit commitments and contingencies and 'Provision for credit-related commitments':

<u>Gross exposure of credit commitments and contingencies</u>	December 31, 2024			
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
	SAR in '000'			
Balance at the beginning of the year	31,345,483	4,453,682	566,493	36,365,658
Transfer to life time ECL, not credit impaired	(65,970)	65,970	-	-
Transfer to life time ECL, credit impaired	(4,938)	(773,274)	778,212	-
New commitments, net of expired / matured commitments during the year	5,034,494	31,202	(104,931)	4,960,765
<b>Balance as at December 31, 2024</b>	<b>36,309,069</b>	<b>3,777,580</b>	<b>1,239,774</b>	<b>41,326,423</b>



Gross exposure of credit commitments and contingencies	December 31, 2023			Total
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	
	SAR in '000'			
Balance at the beginning of the year	20,722,255	2,298,177	579,320	23,599,752
Transfer to 12-month ECL	39,590	(39,590)	-	-
Transfer to life time ECL, not credit impaired	(1,897,151)	1,902,641	(5,490)	-
New commitments, net of expired / matured commitments during the year	12,480,789	292,454	(7,337)	12,765,906
Balance as at December 31, 2023	31,345,483	4,453,682	566,493	36,365,658

Provision for credit-related commitments	December 31, 2024			Total
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	
	SAR in '000'			
Balance at the beginning of the year	40,469	402,016	213,378	655,863
Transfer to life time ECL, not credit impaired	(26)	26	-	-
Transfer to life time ECL, credit impaired	(22)	(50,101)	50,123	-
Net charge for the year	5,534	185,304	264,848	455,686
<b>Balance as at December 31, 2024</b>	<b>45,955</b>	<b>537,245</b>	<b>528,349</b>	<b>1,111,549</b>

Provision for credit-related commitments	December 31, 2023			Total
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	
	SAR in '000'			
Balance at the beginning of the year	51,580	245,464	222,195	519,239
Transfer to 12-month ECL	256	(256)	-	-
Transfer to life time ECL, not credit impaired	(23,309)	23,951	(642)	-
Net charge / (reversal) for the year	11,942	132,857	(8,175)	136,624
Balance as at December 31, 2023	40,469	402,016	213,378	655,863

20. Income from investments and financing, net

	2024	2023
	SAR'000	SAR'000
<b>Income from investments and financing:</b>		
Investments in Murabaha and money market placement with SAMA	139,333	156,859
Investments in Sukuk held at amortized cost	1,048,400	767,573
Investments in Sukuk held at FVOCI	710,806	625,309
Murabaha with banks and other financial institutions	118,025	99,231
<b>Financing:</b>		
Murabaha	2,127,196	1,783,329
Ijarah	3,848,119	3,270,874
Bei Ajel	8,119,700	6,486,777
Other financing products	43,200	37,557
Total income from financing	14,138,215	11,578,537
<b>Total</b>	<b>16,154,779</b>	<b>13,227,509</b>
<b>Return on time investments:</b>		
Customers' time investments	(7,014,904)	(5,105,486)
Time investments from SAMA, banks and other financial institutions	(491,246)	(467,509)
	(7,506,150)	(5,572,995)
<b>Total</b>	<b>8,648,629</b>	<b>7,654,514</b>

21. Fees from banking services, net and other operating income

21.1 Fees from banking services, net

	2024	2023
	SAR'000	SAR'000
<b>Income from:</b>		
Trade finance services	212,484	172,452
Card services	1,592,179	1,301,748
Brokerage fees	171,687	138,961
Fund management and other services	945,247	813,542
	2,921,597	2,426,703
<b>Expense on:</b>		
Card services	(1,259,675)	(931,727)
Other fees	(53,603)	(35,985)
	(1,313,278)	(967,712)
	1,608,319	1,458,991

## 21.2 Other operating income

	2024	2023
	SAR'000	SAR'000
Gain on sale of property and equipment	1,703	7,878
Gain on derecognition of joint venture / associate	4,766	5,143
Gain from derecognition of financial assets held at amortized cost	7,662	-
Others, net	18,445	26,321
	<b>32,576</b>	<b>39,342</b>

## 22. Salaries and employees related expenses

The following table summarizes the Bank's employee categories defined in accordance with SAMA's rules on compensation practices.

Categories of employees	SAR'000									
	Number of employees		Fixed compensation		Variable Compensation paid					
					Cash		Shares (note 22.2)		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Senior executives requiring SAMA no objections	37	30	64,170	53,918	25,338	18,196	12,479	7,177	37,817	25,373
Employees engaged in risk taking activities	791	948	331,247	355,078	39,819	42,821	4,690	4,371	44,509	47,192
Employees engaged in control functions	475	460	169,486	144,342	34,968	31,703	4,129	2,049	39,097	33,752
Other employees	2,871	2,440	659,208	551,758	67,924	57,353	6,501	4,521	74,425	61,874
Outsourcing employees (engaged in risk taking activities)	-	-	-	-	-	-	-	-	-	-
	<b>4,174</b>	<b>3,878</b>	<b>1,224,111</b>	<b>1,105,096</b>	<b>168,049</b>	<b>150,073</b>	<b>27,799</b>	<b>18,118</b>	<b>195,848</b>	<b>168,191</b>
Variable compensation accrued	-	-	171,947	149,600	-	-	-	-	-	-
Other employee related benefits	-	-	268,040	211,825	-	-	-	-	-	-
<b>Total</b>	<b>4,174</b>	<b>3,878</b>	<b>1,664,098</b>	<b>1,466,521</b>	<b>168,049</b>	<b>150,073</b>	<b>27,799</b>	<b>18,118</b>	<b>195,848</b>	<b>168,191</b>

Refer to note 22.2 for more details on shares paid during the year ended December 31, 2024 and 2023.

## 22.1 Salient features of Compensation Policy

As an integral part of the compensation governance, the Bank follows appropriate compensation practices in line with the SAMA guidelines and Financial Stability Board (FSB) Principles/Standards. The Bank has implemented a “Compensation & Allowances” policy approved by the Board of Directors (the “Board”).

The Bank has also established a Nomination and Remuneration Committee (“NRC”). It has been mandated by the Board to review and recommend sound compensation policies for adoption by the Bank.

While developing and implementing such policies, the Bank has sought to align the same with the risks related to capital, liquidity and sustainability as well as timing of revenue streams.

The Bank has adopted fixed as well as variable compensation schemes. The variable component is aligned not only with the aforesaid risks but also with the overall performance of the Bank and the individual, and risk involved in the relevant job function. The Bank consistently evaluates its compensation policies against the industry and makes necessary revisions as and when required.

The Bank, as part of their compensation practices which are aligned with the SAMA rules, considers variable compensation programs which are based on (1) market practice, (2) strategy of the business area, (3) roles of the business area, (4) nature and tail of risks undertaken, and (5) actual performance delivered.

As part of the Bank’s variable compensation structure, following are the key components of variable compensation in the Bank:

1-Cash Bonus – The portion of the variable compensation that is awarded and paid out in cash on conclusion of the performance evaluation process for each year.

2-Deferred Bonus – The portion of the variable compensation that is awarded and paid in shares over a period of 3 years.

Below are the details of the deferred bonus payments for the outstanding years and no deferred bonus is reduced through performance adjustments.

<u>Year</u>	<u>Total amount deferred</u>	<u>Amount vested</u>	<u>Amount unvested</u>	<u>Amount paid in 2024</u>
2020 (awarded in shares)	11,378,680	11,378,680	-	4,631,267
2021 (awarded in shares)	28,638,600	17,512,620	11,125,980	8,452,111
2022 (awarded in shares)	44,534,987	11,528,371	33,006,616	11,528,371
2023 (awarded in shares)	60,487,514	517,392	59,970,122	517,392

The Bank implements procedures so as to support the principles of adjustment to variable compensation outcomes so as to reflect true underlying and actual, realized performance. This can either be achieved through:

1. Withholding, whereby deferred payments are to be withheld following subdued or negative performance; or
2. Malus, whereby a portion of variable pay is deferred and only released subject to no subdued or negative performance indicating the results on which the variable pay was paid were overstated and that were used to calculate the overall bonus.

As a Sharia’a compliant bank, the Bank uses claw back of previously paid bonuses in its purest form to be appropriate in the context of Sharia’a Committee decisions only when the malus clause applies.

Therefore, for the purpose of bonus deferral, the Bank may apply a further malus clause to this deferred amount that may require either a restatement of results for which the bonus was paid and / or additional performance measures.

Linkage of compensation with actual performance

The variable compensation in the Bank is purely performance based and consists of the annual performance bonus. As part of the staff's variable compensation, the annual bonus is driven by delivery of operational and financial targets set each year, the individual performance of the employees and their contribution in delivering the overall Bank's objectives.

The Bank has adopted a Board-approved framework to develop a clear link between variable compensation and performance. The framework is designed on the basis that the combination of meeting both financial performance and achievement of other non-financial factors would deliver a target bonus pool for the employees, prior to consideration of any allocation to business areas and employees individually.

The key performance metrics at the Bank level include a combination of short-term and long-term measures, and include profitability, liquidity and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

In determining the amount of variable compensation, the Bank starts from setting specific targets, establishing market comparable bottom-up, setting a profit target and other qualitative performance measures that would result in a target top-down bonus pool. The bonus pool is then adjusted to take account of risks via the use of risk-adjusted measures. The NRC carefully evaluates practices by which compensation is paid for potential future revenues whose timing and likelihood remain uncertain. The NRC demonstrates that its decisions are consistent with an assessment of the Bank's financial condition and future prospects. The Bank uses a formalized and transparent process to adjust the bonus pool for quality of earnings. It is the Bank's objective to pay out bonuses out of realized and sustainable profits. If the quality of earnings is not strong, the profit base could be adjusted based on the discretion of the NRC. For the Bank to have any funding for distribution of a bonus pool, thresholds of financial targets have to be achieved. The performance measures ensure that the total variable compensation is generally considerably contracted where subdued or negative financial performance occurs. Furthermore, the target bonus pool, as determined above, is subject to risk adjustments in line with the risk adjustment and linkage framework.

Deferral policy and vesting criteria

For certain categories of employees such as (1) Employees requiring SAMA No Objection, (2) Material Risk Takers and (3) Material Risk Controllers, where deemed appropriate, the Bank provides a portion of variable compensation in the form of corporate performance linked shares paid out on a multi-year cycle for identified key employees who have direct impact on the Bank growth and success.

Where variable compensation plans that include corporate performance linked cash/shares payments are introduced, the Bank provides criteria for determining the value for allocation of deferred payments within the plan rules or guidelines. Payouts of such conditional deferred shares plans are required to be subject to a retention or vesting policy that is determined on a plan to plan basis. Such retention or vesting policies are to be outlined within the plan rules or guidelines. As a minimum requirement, the Bank's policy is for cash/shares based awards to be subject to an appropriate retention policy.

Parameters for allocating cash versus other forms of compensation

The quality and long-term commitment of all employees is fundamental to the success of the Bank. The Bank therefore attracts, retains and motivates the best people who are committed to maintaining a career with the Bank, and who will perform their role in the long-term interests of Shareholders. The Bank's reward package comprises the following key elements;

1. **Fixed Pay** (comprises of basic salary and cash allowances) and other benefits programs are developed so as to support the pay positioning and pay mix policies and align with all applicable regulatory requirements.
2. **Cash Allowances** are provided to support the Bank's pay positioning policies and to aid recruitment of sufficiently qualified talent to drive sustainable growth. The Bank reviews which allowances it offers to employees and the quantum of such allowances so as to ensure they support the aims of compensation across the whole Bank.
3. **Benefits** to support retention and recruitment of sufficiently experienced talent across the business. Provision of these benefits is provided in line with local market norms and reviewed on a regular basis to ensure they remain appropriate.
4. **Annual Performance Bonus** to enhance employee effectiveness by driving the Bank, business group and individual performance in a sustainable process and create a competitive compensation strategy that supports the Bank's business growth strategy.

## 22.2 Employees share-based plans

Significant features of the Employees Share based schemes outstanding at the end of the period are as follows:

Nature of scheme	Deferred bonus granted in		
	2022	2023	2024
No. of outstanding Schemes	1	1	1
Grant date	Jan-2022	Jan-2023	Jan-2024
Maturity date	Jan-2025	Jan-2026	Jan-2027
Number of shares granted – adjusted after issuance of bonus shares	1,177,790	1,203,141	2,086,184
Vesting period	3 years	3 years	3 years
Value of shares granted (SAR)	34,627,015	42,182,109	58,313,010
Fair value per share at grant date (SAR)	29.40	35.06	27.95
Vesting condition	Employee remain in service and meets prescribed performance criteria	Employee remain in service and meets prescribed performance criteria	Employee remain in service and meets prescribed performance criteria
Method of settlement	Equity	Equity	Equity
Valuation model used	Market Value	Market Value	Market Value
Weighted average remaining contractual life	0.1 Years	1 Years	2 Years

The movement in weighted average price and in the number of shares in the employees share participation scheme is as follows:

2024	ESGS Plan A		Deferred bonus schemes	
	Weighted average exercise price (SAR)	Number of shares in scheme	Weighted average exercise price (SAR)	Number of shares in scheme
<b>December 31, 2024</b>				
Beginning of the year	19.70	223,562	30.06	2,610,282
Granted during the year	19.70	-	28.77	2,670,216
Vested during the year	19.70	(220,905)	29.41	(1,042,725)
Expired during the year	19.70	(2,657)	29.41	(145,976)
End of the year	-	-	29.41	4,091,798
Exercisable at year end	-	-	29.41	4,091,798

2023	ESGS Plan A		Deferred bonus schemes	
	Weighted average exercise price (SAR)	Number of shares in scheme	Weighted average exercise price (SAR)	Number of shares in scheme
<b>December 31, 2023</b>				
Beginning of the year	19.70	434,534	26.94	2,029,256
Granted during the year	19.70	27,397	34.90	1,307,826
Vested during the year	19.70	(221,412)	30.06	(578,075)
Expired during the year	19.70	(16,957)	30.06	(148,725)
End of the year	19.70	223,562	30.06	2,610,282
Exercisable at year end	19.70	223,562	30.06	2,610,282

These rights are granted only under a service/performance condition with no market condition associated with them. Total amount of expense recognized in consolidated statement of income during the year ended December 31, 2024 in respect of these schemes was SAR 62.1 million (2023: SAR 57.1 million).

### 23. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net income adjusted for Tier 1 Sukuk costs by the weighted average number of outstanding shares which were 2,485.3 million shares at December 31, 2024 (2023: 2,487.3 million shares restated to give a retroactive effect of change in the number of shares increased as a result of the bonus share issuance). The diluted earnings per share is the same as the basic earnings per share.

#### 24. Zakat liability

	2024	2023
	SAR'000	SAR'000
Opening balance	556,318	413,759
Zakat expense	670,411	556,318
Payments during the year	(556,318)	(413,759)
<b>Ending balance</b>	<b>670,411</b>	<b>556,318</b>

The Bank submitted its zakat return for the year ended 31 December 2023, and obtained the unrestricted zakat certificate. The zakat returns of the years 2019 through 2023 have been finalized from ZATCA and the bank received a final assessment with no zakat liability.

#### 25. Cash and cash equivalents

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

	2024	2023
	SAR'000	SAR'000
Cash in hand	1,947,985	1,807,396
Balances with SAMA excluding statutory deposit	464,185	1,801,753
Due from banks and other financial institutions maturing within three months of acquisition	3,996,411	1,563,698
<b>Total</b>	<b>6,408,581</b>	<b>5,172,847</b>

#### 26. Employee benefit obligations

##### 26.1 General description of Defined Benefit Plan

The Bank operates an End of Service Benefit Plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

**26.2** The amounts recognized in the consolidated statement of financial position and movement in the obligation during the year based on its present value are as follows:

	2024	2023
	SAR'000	SAR'000
Defined benefit obligation at the beginning of the year	485,254	464,007
Charge for the year	98,610	88,402
Benefits paid	(40,906)	(47,518)
Actuarial gain on re-measurement recognized in OCI	(5,486)	(19,637)
Defined benefit obligation at the end of the year	<b>537,472</b>	<b>485,254</b>



Charge for the year is comprised of:

	2024	2023
	SAR'000	SAR'000
Current service cost	76,448	67,505
Past service cost	117	-
Discount cost	22,045	20,897
<b>Total</b>	<b>98,610</b>	<b>88,402</b>

Actuarial gain / (loss) on re-measurement recognized in OCI is comprised of:

	2024	2023
	SAR'000	SAR'000
Gain from change in demographic assumptions	15,255	-
(Loss) / gain from change in experience assumptions	(4,303)	2,395
(Loss) / gain from change in financial assumptions	(5,466)	17,242
<b>Total</b>	<b>5,486</b>	<b>19,637</b>

### 26.3 Principal actuarial assumptions (in respect of the end of service benefit plan)

	2024	2023
Discount rate	5.67% p.a.	4.76% p.a.
Expected rate of salary increase	3.5% p.a. for the next 2 years	3.5% p.a. for the next 3 years
– thereafter	6% p.a.	4.8% p.a.
Normal retirement age	60 years	60 years

The assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

### 26.4 Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the defined benefit obligation valuation as at December 31, 2024 and 2023:

2024	SAR '000		
	Impact on defined benefit obligation – Increase/(Decrease)		
Base scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(37,364)	42,514
Expected rate of salary increase	1%	44,010	(39,374)
2023	SAR '000		
	Impact on defined benefit obligation – Increase/(Decrease)		
Base scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(42,720)	49,752
Expected rate of salary increase	1%	51,089	(44,637)

The above sensitivity analyses are based on a change in an assumption holding all other assumptions constant.

## 26.5 Expected maturity

Expected maturity analysis of undiscounted defined benefit obligation for the end of service benefit plan is as follows:

	2024	2023
	SAR'000	SAR'000
Less than a year	57,477	41,463
1-2 years	47,027	31,200
2-5 years	146,797	88,310
Over 5 years	630,455	654,600
<b>Total</b>	<b>881,756</b>	<b>815,573</b>

The weighted average duration of the defined benefit obligation is 11.9 years (2023: 14.7 years).

## 26.6 Defined contribution plan

The Bank makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan was SAR 80 million (2023: SAR 73.2 million).

## 27. Other general and administrative expenses

	Notes	2024	2023
		SAR'000	SAR'000
Taxes and other governmental expenses		196,780	183,603
Computer and software expenses		173,236	161,068
Subscriptions		152,593	102,666
Point-of-sales terminals		139,197	139,037
Communications expenses		129,126	138,719
Other expenses	27.1	500,560	452,948
<b>Total</b>		<b>1,291,492</b>	<b>1,178,041</b>

27.1 Other expenses include auditor's fees amounting to SAR 6.2 million (2023: SAR 7.2 million).

	2024	2023
	SAR'000	SAR'000
Audit fees	6,095	5,380
Other services	150	1,807
<b>Total</b>	<b>6,245</b>	<b>7,187</b>

## 28. Operating segments

Operating segments are identified on the basis of internal reports about activities of the Bank that are regularly reviewed by the key decision makers including CEO and the Assets and Liabilities Committee (ALCO), in order to allocate resources to the segments and to assess their performance.

The Bank's primary business is conducted in Saudi Arabia. Transactions between the operating segments are on terms as approved by the management. Majority of the segment assets and liabilities comprise operating assets and liabilities. There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2023.

The Bank's reportable segments are as follows:

### a) Retail banking

Financing, deposit and other products/services for individuals.

### b) Corporate banking

Financing, deposit and other products and services for corporate, SME and institutional customers.

### c) Treasury

Murabahas with banks, investments and treasury services.

### d) Investment and brokerage

Asset Management, custodianship, advisory, underwriting and brokerage services.

Profit is charged or credited to operating segments using internally developed Fund Transfer Pricing (FTP) rates which approximate the marginal cost of funds.

Following is an analysis of the Bank's assets, liabilities, income and results by operating segments:

SAR '000	December 31, 2024				
	Retail	Corporate	Treasury	Investment & brokerage	Total
<b>Total assets</b>	<b>48,534,575</b>	<b>152,476,079</b>	<b>72,241,565</b>	<b>3,575,262</b>	<b>276,827,481</b>
<b>Total liabilities</b>	<b>131,353,824</b>	<b>39,909,072</b>	<b>63,796,920</b>	<b>325,890</b>	<b>235,385,706</b>
Income from investments and financing	7,783,317	4,461,080	3,788,869	121,513	16,154,779
Return on time investments	(3,082,891)	(1,670,430)	(2,751,731)	(1,098)	(7,506,150)
<b>Income from investments and financing, net</b>	<b>4,700,426</b>	<b>2,790,650</b>	<b>1,037,138</b>	<b>120,415</b>	<b>8,648,629</b>
Fees from banking services and other income	474,235	383,364	554,866	878,982	2,291,447
<b>Total operating income</b>	<b>5,174,661</b>	<b>3,174,014</b>	<b>1,592,004</b>	<b>999,397</b>	<b>10,940,076</b>
Charge / (reversal) for impairment of financing	35,584	1,014,395	-	(170)	1,049,809
Charge / (reversal) for impairment of other financial assets	2,752	-	(1,746)	(1,556)	(550)
Depreciation and amortization	286,221	35,406	25,035	7,177	353,839
Other operating expenses	1,590,108	670,162	366,773	402,757	3,029,800
<b>Total operating expenses</b>	<b>1,914,665</b>	<b>1,719,963</b>	<b>390,062</b>	<b>408,208</b>	<b>4,432,898</b>
<b>Net operating income</b>	<b>3,259,996</b>	<b>1,454,051</b>	<b>1,201,942</b>	<b>591,189</b>	<b>6,507,178</b>
Share of (loss) / income from associate and joint venture	-	-	(11,920)	6,814	(5,106)
<b>Net income for the year before zakat</b>	<b>3,259,996</b>	<b>1,454,051</b>	<b>1,190,022</b>	<b>598,003</b>	<b>6,502,072</b>

December 31, 2023					
SAR '000	Retail	Corporate	Treasury	Investment & brokerage	Total
Total assets	41,309,676	131,377,995	61,379,953	2,647,474	236,715,098
Total liabilities	117,765,455	22,787,416	61,639,658	188,968	202,381,497
Income from investments and financing	6,243,516	4,070,998	2,812,114	100,881	13,227,509
Return on time investments	(2,213,386)	(1,159,737)	(2,199,872)	-	(5,572,995)
Income from investments and financing, net	4,030,130	2,911,261	612,242	100,881	7,654,514
Fees from banking services and other income	464,018	357,507	499,833	749,785	2,071,143
Total operating income	4,494,148	3,268,768	1,112,075	850,666	9,725,657
Charge / (reversal) for impairment of financing	735,700	540,319	-	(3,915)	1,272,104
Charge for impairment of other financial assets	6,191	-	7,081	13,252	26,524
Depreciation and amortization	264,218	32,718	23,415	4,962	325,313
Other operating expenses	1,434,010	628,448	348,261	307,494	2,718,213
Total operating expenses	2,440,119	1,201,485	378,757	321,793	4,342,154
Net operating income	2,054,029	2,067,283	733,318	528,873	5,383,503
Share of income from associate and joint venture	-	-	12,021	-	12,021
Net income for the year before zakat	2,054,029	2,067,283	745,339	528,873	5,395,524

December 31, 2024					
SAR '000	Retail	Corporate	Treasury	Investment & brokerage	Total
<b>Other information:</b>					
Income from:					
-External customers	190,856	9,991,658	(241,835)	999,397	10,940,076
-Inter-segment	4,983,805	(6,817,644)	1,833,839	-	-
<b>Total operating income</b>	<b>5,174,661</b>	<b>3,174,014</b>	<b>1,592,004</b>	<b>999,397</b>	<b>10,940,076</b>

December 31, 2023					
SAR '000	Retail	Corporate	Treasury	Investment & brokerage	Total
<b>Other information:</b>					
Income from:					
-External customers	526,795	8,436,168	(87,972)	850,666	9,725,657
-Inter-segment	3,967,353	(5,167,400)	1,200,047	-	-
Total operating income	4,494,148	3,268,768	1,112,075	850,666	9,725,657

The Bank's credit exposure by operating segments is as follows:

December 31, 2024					
SAR '000	Retail	Corporate	Treasury	Investment & brokerage	Total
On balance sheet assets	48,534,575	152,476,079	62,391,574	2,174,231	265,576,459
Commitments and contingencies	-	18,334,974	910,573	-	19,245,547
<b>Total</b>	<b>48,534,575</b>	<b>170,811,053</b>	<b>63,302,147</b>	<b>2,174,231</b>	<b>284,822,006</b>

December 31, 2023

SAR '000	Retail	Corporate	Treasury	Investment & brokerage	Total
On balance sheet assets	41,309,676	131,377,995	52,257,049	1,839,195	226,783,915
Commitments and contingencies	-	16,389,473	910,573	-	17,300,046
<b>Total</b>	<b>41,309,676</b>	<b>147,767,468</b>	<b>53,167,622</b>	<b>1,839,195</b>	<b>244,083,961</b>

Credit exposure comprises the carrying value of on balance sheet assets, excluding cash, property and equipment and right of use assets, investments in funds and equities and non-credit other assets. The credit equivalent value of commitments and contingencies are included in credit exposure.

## 29. Credit risk

Credit risk arises when a counterparty fails to fulfil its contractual obligations to the Bank. To mitigate the risk of a counterparty defaulting, the Bank adheres to a robust, proactive credit process designed to ensure that every originated credit aligns with the institution's risk appetite and meets the criteria under which credits are extended. Each credit proposal undergoes thorough due diligence to identify and assess all potential risks associated with granting the credit.

An internal credit-rating model is employed to determine the Obligor Risk Rating (ORR), which quantifies the obligor's probability of default. In addition, ratings from major credit rating agencies are taken into account, provided they are available and disclosed by clients. A key element of this process is the Target Market, which acts as the first filter to ensure that the Bank avoids initiating or maintaining relationships with obligors that do not align with its strategic goals or desired risk profile. The Risk Acceptance Criteria (RAC) establishes the conditions under which the Bank is willing to engage in or continue a credit relationship with an obligor that meets the target market criteria. The credit assessment for individual obligors of Retail Asset products is performed through automated product specific scorecard framework.

The business team, responsible for originating, evaluating, and recommending credit proposals, plays a critical role in the front-end marketing process. Credit approval is granted in accordance with the Board-approved "Credit Approval Authority Delegation Matrix," which governs the Credit Committee, composed of the CEO, Business Senior Credit Officer, and Chief Credit Officer. Credits are extended based on the Bank's Corporate, Financial Institutions, and Retail Banking Credit Policies and Guidelines.

Risk Management, as a pivotal stakeholder, oversees the policies governing financing and is responsible for the regular review and updating of the Bank's credit policies, guidelines, and processes. This ensures that credit risks are managed within the Bank's defined risk appetite and that potential credit-related losses are minimized. Additionally, Risk Management ensures that credit policies remain aligned with evolving economic conditions, market trends, and regulatory and legal requirements.

The Bank actively manages a diverse range of credit portfolios to mitigate concentration risk. Portfolio diversification is carefully controlled across several dimensions, including economic activity, geography, and underlying products. The Bank seeks to broaden its credit portfolios by acquiring customers from a variety of industries, economic sectors, and geographic regions, targeting large, medium, and small corporate clients, as well as individual clients. Monitoring of obligor and sector concentrations is essential to assess exposure to specific types of financing risks. To further safeguard its credit risk profile, the Bank regularly conducts stress tests on its credit portfolios to evaluate the potential impact of adverse factors on asset quality, risk ratings, profitability, and capital allocations.

## 29.1 Expected credit Loss (ECL)

### Credit Risk Grades

The Bank follows a comprehensive and well-structured credit evaluation process, anchored in a clearly defined Target Market and Risk Acceptance Criteria, underpinned by a robust framework of credit policies and an extensive due diligence process. This credit review and approval procedure is further reinforced by stringent credit administration controls and a vigilant monitoring system for credit limits.

To determine an internal risk rating, the Bank leverages the Moody's CreditLens platform, a rating system that is widely utilized by leading global banks and those within the Kingdom. This platform enables the Bank to assign a precise risk rating to each obligor, reflecting a 12-month probability of default (PD). The rating scale spans from 1 (indicating the lowest risk) to 10 (indicating the highest risk), with intermediate sub-grades (e.g., 3+, 3, and 3-) providing a more granular assessment of the obligor's PD. In line with the Bank's policy, only obligors with risk ratings of 6- or better are eligible for new financing facilities.

The Bank ensures that the Moody's CreditLens rating system remains aligned with current market dynamics by regularly calibrating the score ranges, rating grades, and corresponding PDs. All obligors are subject to ongoing monitoring and annual reviews, during which their credit risk grades may be reassessed and adjusted. These changes may result from various factors, including updates in audited financial statements, changes in compliance with covenants, shifts in management, or broader fluctuations in the economic and business environment.

For the retail portfolio, credit risks are assessed using individual credit-worthiness scores generated through an automated credit scoring platform, which operates independently of the Moody's rating system.

The Bank's internal credit rating grades:

Rating Grade		Internal rating description	PD		
Performing	Investment	1	Almost Credit Risk Free	0.01%	
		2+	Almost Credit Risk Free	0.01%	
		2	Almost Credit Risk Free	0.02%	
		2-	Almost Credit Risk Free	0.05%	
		3+	Exceptionally Strong Credit Risk	0.08%	
		3	Exceptionally Strong Credit Risk	0.12%	
		3-	Exceptionally Strong Credit Risk	0.17%	
		4+	Highest credit quality, subject to minimal credit risk	0.25%	
		4	Excellent credit quality, subject to very negligible credit risk	0.35%	
		4-	Excellent credit quality but susceptible to adverse changes while capacity to meet financial obligations is strong, subject to low credit risk	0.50%	
	Non-investment	5+	Good credit quality, adverse changes could weaken the capacity to repay, subject to low credit risk	0.80%	
		5	Good credit quality, adverse changes could substantially weaken the capacity to repay, subject to moderate credit risk	1.25%	
		5-	Satisfactory credit quality, current financial obligations are being met but adverse business condition could affect the ability to repay, subject to moderate credit risk	2.10%	
		6+	Speculative credit quality, capacity to pay is highly dependent upon favorable business conditions, subject to high credit risk	3.50%	
		6	Highly Speculative credit quality, capacity to pay is constrained even upon favorable business conditions and external supports, subject to high credit risk.	6.30%	
		6-	Highly vulnerable to default, subject to extremely high credit risk	13.25%	
		7	Special mention, watch list, Policy driven downgrades, non- target market	30.00%	
		Default	8	Sub-standard / Non-accrual	100.00%
			9	Doubtful	100.00%
10	Loss		100.00%		

## Impairment Framework

The Bank's impairment framework is designed to ensure the accurate recognition of credit losses and the appropriate provision of allowances in accordance with International Financial Reporting Standards (IFRS9). The framework is integral to maintaining the financial health of the Bank, ensuring that all credit exposures are assessed for impairment and that sufficient provisions are made to absorb potential losses.

The Bank recognizes impairments on financial assets through an Expected Credit Loss (ECL) model, which applies a forward-looking approach to estimate potential credit losses. This model incorporates both historical data and forward-looking information to assess the credit quality of assets and to determine an appropriate impairment allowance. The ECL model is based on three stages of credit deterioration:

- **Stage 1 - Performing Assets:**  
Financial assets that have not experienced significant credit deterioration since initial recognition. A 12-month ECL is recognized in this stage.
- **Stage 2 - Underperforming Assets:**  
Financial assets that have shown significant credit deterioration since initial recognition but are not yet considered impaired. A lifetime ECL is recognized in this stage.
- **Stage 3 - Credit-Impaired Assets (Non-performing Assets):**  
Financial assets that are considered credit-impaired. A lifetime ECL is recognized, and profit income is calculated on the net carrying amount (i.e., after adjusting for the impairment allowance).

The Bank's Credit Risk Management function is responsible for monitoring credit exposures, identifying deteriorating assets based on pre-set Significant Increase in Credit Risk (SICR) criteria, and ensuring the accuracy of impairment provisions. Regular periodic reviews of the credit portfolio are conducted to assess changes in credit risk and to update impairment provisions as necessary. The Bank also employs a range of models, including internal credit ratings, macroeconomic variables, and industry-specific factors, to estimate the expected credit loss and assess the adequacy of provisions.

Impairment provisions are subject to regular governance and oversight by the Risk Management and Impairment Committee to ensure they are consistent with the Bank's policies and are aligned with the regulatory requirements. In addition, external audits are conducted to verify the adequacy and accuracy of impairment provisioning, ensuring transparency and adherence to financial reporting standards.

In the retail portfolio, the impairment framework and the assessment of the portfolio's credit quality, relies on automated credit scoring models that incorporate both quantitative data (e.g., payment history, income stability) and qualitative factors (e.g., economic conditions). For corporate and institutional financing, impairments are determined based on detailed credit reviews, with consideration given to individual obligor risk ratings, financial performance, and macroeconomic conditions.

The Bank remains committed to ensuring that its impairment framework is robust and responsive to changing economic conditions, regulatory developments, and evolving market risks. This approach enables the Bank to maintain financial stability, safeguard shareholder value, and fulfil its obligations to customers and stakeholders.



#### Significant Increase in Credit Risk (SICR) Criteria:

The Significant Increase in Credit Risk (SICR) criteria play a crucial role in the Bank's credit risk management framework and are integral to the calculation of Expected Credit Losses (ECL) under IFRS9. The SICR threshold determines when a financial asset transitions from Stage 1 (performing) to Stage 2 (underperforming) of the ECL model, triggering the recognition of lifetime expected credit losses. A significant increase in credit risk signifies a deterioration in the credit quality of an obligor, even if the obligor is not yet in default category.

As outlined in the regulations, the Significant Increase in Credit Risk (SICR) backstop and rebuttal criteria are applied consistently across all types of exposures without modifications. Any exceptions to these criteria are thoroughly documented, including detailed justifications and the rationale for SICR overrides.

The Bank employs a forward-looking approach to assess whether there has been a significant increase in credit risk since the initial recognition of a financial asset. The determination of SICR is based on both quantitative and qualitative factors are briefly described below:

- **Quantitative SICR Criteria:**

- **Rating Migration:** A deterioration in the internal credit rating of an obligor, as determined by the Bank's internal credit-rating model or mapped external credit ratings, is a key indicator of SICR. A movement from a better risk grade to a worst risk grade beyond the allowable notches would trigger the SICR assessment.
- **PD Threshold:** The Bank's SICR criteria have PD threshold for classifying the asset into different IFRS9 stage. An obligor beyond a pre-set threshold will be transitioned to lower stage on the reporting date PD indicating current risk carried by the obligor.
- **Days Past Due (DPD):** A significant increase in credit risk may be indicated by an increase in the number of days past due on the obligor's payments. Typically, if an asset becomes more than 30 days past due, it may trigger the assessment of SICR, although additional criteria may apply depending on the asset class.

- **Qualitative SICR Criteria:**

- **Internal Classification:** The Internal Classification Staging criteria are primarily applicable to the Bank's non-retail portfolios. These criteria incorporate several qualitative factors, which are not fully captured by the Bank's risk rating models, and are assessed using qualitative methods for staging. The Bank classifies its customers into various classification buckets based on a range of qualitative factors, including but not limited to:

- Early warning indicators trigger event
- The adverse impact of the current macroeconomic environment
- Management issues within the company
- Tightening liquidity or cash flow constraints
- Corporate restructuring events, such as mergers or splits
- Refinancing or restructuring of facilities
- Declining profitability
- Industry-specific challenges
- Other relevant factors

These classification criteria are fully aligned with regulatory requirements, which mandate the use of qualitative methods to assess and assign assets to different stages.

- **Modified Assets:** Modified Assets or Restructured Assets refer to financing or credit facilities where the terms have been altered due to the obligor's financial difficulties. Such modifications may include changes to the profit rate, repayment terms, or principal forgiveness to prevent default. Modified assets are classified at a minimum of Stage 2 for ECL (Expected Credit Loss) calculation. Restructured assets are closely monitored, and if they result in an economic loss, appropriate provisions are made in accordance with the Bank's impairment policies.
- **Other Indicators:** Qualitative factors, such as changes in management, business disruptions, or negative news about the obligor or its industry, are also considered in the assessment of SICR.

The identification of SICR is a dynamic process, with assets continuously monitored for any signs of deterioration. The Bank employs a range of tools, including early warning systems, credit reviews, and stress tests, to detect potential increases in credit risk. This proactive approach enables the Bank to manage credit risk effectively and ensure that provisions for credit losses are adequately maintained.

By applying the SICR criteria, the Bank ensures that its financial statements reflect the true underlying credit risk of its portfolio, providing stakeholders with a transparent view of potential credit losses and the resilience of the Bank's assets.

#### **EAD - Exposure at Default**

Exposure at Default (EAD) represents the total value the Bank is exposed to at the time of default by an obligor. It is the amount of the loan or credit facility that remains outstanding, including any potential increases in exposure, such as undrawn credit lines or guarantees, at the point when the obligor defaults. EAD is a key component in calculating the Expected Credit Loss (ECL) and is used to assess potential losses in the event of default.

It is important to note that the bank continues to recognize modified assets as per accounting guidance. Modified assets are loans or credit facilities where the terms have been altered, typically to support borrowers in financial distress. The Bank assesses the credit risk of modified assets within the same ECL framework, ensuring that significant modifications are carefully evaluated to accurately reflect their impact on the obligor's creditworthiness and the calculation of ECL.

#### **PD - Probability of Default:**

The Probability of Default (PD) is a crucial element in the Bank's credit risk assessment framework, serving as a key input for calculating expected credit losses. The Bank employs sophisticated credit risk models to assign a risk rating to each obligor, known as the Obligor Risk Rating (ORR). This rating is then mapped to a PD, representing an estimate of the likelihood of default over a 12-month period.

To refine this assessment, the Bank utilizes macroeconomic forecasts to derive a multi-period PD, also referred to as the PD Term Structure, which reflects the probability of default over multiple time horizons. These multi-period PDs are integral to calculating lifetime expected credit losses. The Bank incorporates three distinct, forward-looking economic scenarios – Base, Up, and Down – that represent different stages of the economic cycle, which influence the expected movement of PDs. For instance, in a down-trending economic environment, the PD of an obligor already experiencing credit stress and classified under Stage 2, with clear signs of weakness, is expected to deteriorate further. Conversely, in an improving economic environment, the PD for such an obligor would likely improve.

Additionally, the Bank accounts for an adjustment factor in its lifetime PD calculations to reflect survivability. This factor acknowledges that if a stressed obligor continues to meet its obligations over a prolonged period, the likelihood of default diminishes, thus lowering the overall PD.

### LGD - Loss Given Default

Loss Given Default (LGD) is a critical measure used to estimate the potential loss an obligor may cause in the event of default. The following key aspects are considered when estimating LGD for the Expected Credit Loss (ECL) calculation:

- **Internal Loss or Recovery LGDs:** The Bank utilizes internally derived LGDs for different portfolios, reflecting the Bank's own loss experience and recovery rates.
- **Market Benchmarking:** The Bank benchmarks its LGDs against national data pooling estimates, ensuring alignment with broader market trends and industry standards.
- **Retail Portfolio LGDs:** For retail products, the Bank employs decision tree based LGD models, which are developed using historical loss and recovery data specific to retail credit exposures.
- **Investment and Financial Institutions Portfolios:** Due to limited default and loss data in these segments, the Bank uses regulatory-prescribed LGD estimates for its investment and financial institution portfolios to maintain compliance with regulatory guidelines.

### Cure Period

The cure period is established to ensure that the observed improvement in the performance of deteriorated accounts is sustainable and not merely temporary. This period also helps maintain stability by mitigating stage fluctuations caused by short-term signs of improved credit risk.

In alignment with regulatory guidelines, the Bank applies a cure period (or cool-down period) to all assets that exhibit signs of credit deterioration (Stage 2 and Stage 3) before transitioning them to a better stage.

For non-retail assets, a minimum cure period of 12 months is required, unless an exception is specifically approved by the Impairment Committee. For retail assets, a standard cure period of 6 months applies universally, with no exceptions, aligning with industries best practices.

### Definition of 'Default'

As defined in the Basel regulation, a default is considered to have occurred when any of the following conditions are met for an obligor with the Bank:

- The obligor is 90 or more days past due on any of their material obligations with the Bank.
- Any of the obligor's obligations with the Bank have been charged-off in part or in full.
- Profit has stopped accruing profit on any of the obligor's obligations with the Bank within a specified segment.
- The obligor has filed for bankruptcy protection.
- The obligor's debt has been restructured in a manner that results in an economic loss to the Bank.
- The obligor has been classified as non-performing by the Bank, in accordance with internal policies and regulatory guidelines.

### Use of expert judgment

Where assessed as appropriate, the Bank makes adjustments to the ECL estimate including those outside of the Bank's regular modelling process to reflect management's expert judgments. These includes management overlays which are adjustments to the ECL model outputs that have been made outside the detailed ECL calculation and reporting process and adjustments through further calibration of the modelled PD and LGD.

The Bank has an internal governance framework and controls in place to assess the appropriateness and reasonableness of all management overlays. Where the impairment committee assesses that the coverage for large watchlist exposures is not sufficient, an estimate of overlays are recommended by the impairment committee after due assessment of factors such as, prevailing circumstances of the counterparty, source of recovery, quality of collateral, viability of recovery plan, cash flows projections etc.

### Write offs

The Bank writes off a financing exposure, either in whole or in part, only after all reasonable and practical recovery efforts have been exhausted, and it has determined that there is no foreseeable expectation of recovery. Write-offs are carried out following the necessary approvals, in accordance with the Bank's internal policies. Even in the event of a credit write-off, the Bank does not forfeit its right to pursue recovery and continues to apply the same level of intensity-in collection efforts, including the use of legal recourse, to maximize recovery potential.

### Sensitivity analysis

Sensitivity analysis is conducted to assess the impact of various macroeconomic indicators on the estimated Expected Credit Loss (ECL). The Bank leverages multiple relevant and indicative macroeconomic factors to forecast potential changes in the country's economic conditions.

The table below shows the sensitivity of change in economic indicators to the ECL computed under three different scenarios used by Bank:

2024	SAR '000			
	Due from banks and other financial institutions	Investments	Financing	Provision for credit-related commitments
Base case (most likely)	1,034	17,161	3,759,064	1,111,549
Up turn	804	12,875	3,268,013	1,096,515
Down turn	1,299	22,365	4,315,388	1,131,540

2023	SAR '000			
	Due from banks and other financial institutions	Investments	Financing	Provision for credit-related commitments
Base case (most likely)	1,282	19,854	4,432,701	655,863
Up turn	1,067	16,526	4,079,903	628,220
Down turn	1,713	26,530	5,049,831	714,761

The base case scenario represents a most-likely outcome. The Bank currently uses the weightings of 50% for baseline, 30% for optimistic assumptions and 20% for pessimistic assumptions. During the year, the Bank made additional enhancement to its analysis of the sensitivity analysis change in economic indicators to the ECL to reflect full impact of upturn and downturn scenarios and the comparative numbers have been updated to reflect this enhancement.

The probability of each scenario's occurrence is determined through a rigorous analytical process, further refined with management's input to ensure that scenario weights are logically and directionally aligned with the inherent risks and uncertainties of the economic outlook.

The base scenario is derived from forecasts provided by renowned economists, such as those published from the International Monetary Fund (IMF). It incorporates a wide range of current socio-economic factors along with a forward-looking perspective on the countries in question, using a well-established and robust forecasting mechanism.

In contrast, the pessimistic (down) and optimistic (up) scenarios are shaped by examining historical economic downturns and upturns within the Saudi economy, ensuring that these scenarios accurately reflect the potential range of economic variability.

The Bank has carefully considered probability weightings to provide the most reliable estimate of possible loss outcomes. In doing so, it has analyzed interrelationships and correlations within its credit portfolios, both in the short and long term, to ensure that these factors are appropriately reflected in the loss estimates.

The predicted relationships between key economic indicators, default rates, and loss rates across various financial asset portfolios have been developed through a detailed analysis of historical data. The Bank has utilized the following base case near-term forecast in its ECL model, based on the most up-to-date information available as of the reporting date:

Economic Indicators	Forecast calendar years used in 2024 ECL model		
	2025	2026	2027
Inflation (%)	1.89	2.03	2.00
GDP per capita (SAR)	108,234	110,984	112,985
Fiscal Spending (SAR Billions)	1,389	1,454	1,496
Oil Price / Barrel (USD)	74.71	72.19	70.60

Economic Indicators	Forecast calendar years used in 2023 ECL model		
	2024	2025	2026
Inflation (%)	2.31	2.03	2.01
GDP per capita (SAR)	87,361	88,181	89,042
Fiscal Spending (SAR Billions)	1,391	1,442	1,488
Oil Price / Barrel (USD)	71.28	69.40	67.96

The PD, EAD and LGD models are subject to the Bank's model risk policy that stipulates periodic model monitoring, periodic revalidation and defines approval procedures and authorities according to model materiality.

The Bank's ECL model continues to be sensitive to the above assumptions and are continually reassessed as part of its business as usual model refinement evaluation based over periodic independent model validation and backtesting exercise. As with any forecasts, the projections and likelihoods of occurrence are underpinned by various assumptions, management expert judgement and uncertainty and therefore, the actual outcomes may be different than those projected. The Bank has assigned high priority in enhancing the IFRS 9 calculation engine with an objective to minimize the manual intervention and automate system functionality to an optimal level.

### 29.1.1 Due from banks and other financial institutions by risk rating

	2024			2023		
	12-month ECL	Life time ECL not credit impaired	Total	12-month ECL	Life time ECL not credit impaired	Total
	SAR '000			SAR '000		
<b>Due from banks and other financial institutions</b>						
Grades 1-4: investment grade	4,459,186	-	4,459,186	1,683,542	-	1,683,542
Grades 5-6: good/satisfactory/speculative	20,672	-	20,672	16,738	-	16,738
Grades 7: Watch-list	-	31,318	31,318	-	1,915	1,915
<b>Gross</b>	<b>4,479,858</b>	<b>31,318</b>	<b>4,511,176</b>	<b>1,700,280</b>	<b>1,915</b>	<b>1,702,195</b>
Allowance for impairment	(406)	(628)	(1,034)	(1,031)	(257)	(1,288)
<b>Net</b>	<b>4,479,452</b>	<b>30,690</b>	<b>4,510,142</b>	<b>1,699,249</b>	<b>1,658</b>	<b>1,700,907</b>

### 29.1.2 Sukuk and Murabaha investments by risk rating

	2024	2023
	12-month ECL	
	SAR '000	
<b>Murabahas with SAMA investments – amortized cost</b>		
Grades 1-4: investment grade	1,771,552	1,626,379
<b>Sukuk investments – amortized cost</b>		
Grades 1-4: investment grade	29,907,799	25,422,871
Grades 5-6: good/satisfactory/speculative	19,270	75,763
	<b>29,927,069</b>	<b>25,498,634</b>
<b>Sukuk investments – FVOCI</b>		
Grades 1-4: investment grade	12,132,124	11,449,496
Grades 5-6: good/satisfactory/speculative	791,298	870,088
	<b>12,923,422</b>	<b>12,319,584</b>
<b>Sukuk investments – FVSI</b>		
Grades 1-4: investment grade	76,960	38,703
	<b>76,960</b>	<b>38,703</b>
<b>Murabahas with SAMA and Sukuk investments - Total</b>		
Grades 1-4: investment grade	43,888,435	38,537,449
Grades 5-6: good/satisfactory/speculative	810,568	945,851
<b>Gross</b>	<b>44,699,003</b>	<b>39,483,300</b>
Allowance for impairment	(17,161)	(19,854)
<b>Net</b>	<b>44,681,842</b>	<b>39,463,446</b>

29.1.3 Financing to customers by risk rating

	December 31, 2024			Total
	12-month ECL	Life time ECL not credit impaired	Life time ECL credit impaired (non-performing)	
SAR '000				
<b>Financing to customers (at amortized cost) – Retail</b>				
Unrated	48,522,099	1,455,732	-	49,977,831
Impaired financing	-	-	502,404	502,404
<b>Gross financing</b>	<b>48,522,099</b>	<b>1,455,732</b>	<b>502,404</b>	<b>50,480,235</b>
Allowance for impairment	(216,715)	(81,692)	(349,813)	(648,220)
	<b>48,305,384</b>	<b>1,374,040</b>	<b>152,591</b>	<b>49,832,015</b>
<b>Financing to customers (at amortized cost) – Corporate</b>				
Grades 1-4: investment grade	86,143,895	-	-	86,143,895
Grades 5-6: good/satisfactory/speculative	57,920,301	9,322,112	-	67,242,413
Grades 7: Watch-list	-	520,783	-	520,783
Impaired financing	-	-	1,679,832	1,679,832
<b>Gross financing</b>	<b>144,064,196</b>	<b>9,842,895</b>	<b>1,679,832</b>	<b>155,586,923</b>
Allowance for impairment	(583,623)	(1,675,928)	(851,293)	(3,110,844)
	<b>143,480,573</b>	<b>8,166,967</b>	<b>828,539</b>	<b>152,476,079</b>
<b>Financing to customers (at amortized cost) – Total</b>				
Grades 1-4: investment grade	86,143,895	-	-	86,143,895
Grades 5-6: good/satisfactory/speculative	57,920,301	9,322,112	-	67,242,413
Grades 7: Watch-list	-	520,783	-	520,783
Unrated	48,522,099	1,455,732	-	49,977,831
Impaired financing	-	-	2,182,236	2,182,236
<b>Gross financing</b>	<b>192,586,295</b>	<b>11,298,627</b>	<b>2,182,236</b>	<b>206,067,158</b>
Allowance for impairment	(800,338)	(1,757,620)	(1,201,106)	(3,759,064)
<b>Financing, net</b>	<b>191,785,957</b>	<b>9,541,007</b>	<b>981,130</b>	<b>202,308,094</b>

	December 31, 2023			
	12-month ECL	Life time ECL not credit impaired	Life time ECL credit impaired (non-performing)	Total
	SAR '000			
Financing to customers (at amortized cost) – Retail				
Unrated	41,365,515	1,008,533	-	42,374,048
Impaired financing	-	-	851,915	851,915
Gross financing	41,365,515	1,008,533	851,915	43,225,963
Allowance for impairment	(225,433)	(115,840)	(638,641)	(979,914)
	41,140,082	892,693	213,274	42,246,049
Financing to customers (at amortized cost) – Corporate				
Grades 1-4: investment grade	74,180,382	-	-	74,180,382
Grades 5-6: good/satisfactory/speculative	49,074,485	7,588,368	-	56,662,853
Grades 7: Watch-list	-	1,977,001	-	1,977,001
Impaired financing	-	-	2,010,546	2,010,546
Gross financing	123,254,867	9,565,369	2,010,546	134,830,782
Allowance for impairment	(460,499)	(1,600,519)	(1,391,769)	(3,452,787)
	122,794,368	7,964,850	618,777	131,377,995
Financing to customers (at amortized cost) – Total				
Grades 1-4: investment grade	74,180,382	-	-	74,180,382
Grades 5-6: good/satisfactory/speculative	49,074,485	7,588,368	-	56,662,853
Grades 7: Watch-list	-	1,977,001	-	1,977,001
Unrated	41,365,515	1,008,533	-	42,374,048
Impaired financing	-	-	2,862,461	2,862,461
Gross financing	164,620,382	10,573,902	2,862,461	178,056,745
Allowance for impairment	(685,932)	(1,716,359)	(2,030,410)	(4,432,701)
Financing, net	163,934,450	8,857,543	832,051	173,624,044



29.1.4 Commitments and contingencies by risk rating

December 31, 2024				
	12-month ECL	Life time ECL not credit impaired	Life time ECL credit impaired (non-performing)	Total
SAR '000				
<b>Commitments and contingencies</b>				
Grades 1-4: investment grade	26,208,359	-	-	26,208,359
Grades 5-6: good/satisfactory/speculative	5,943,567	3,060,745	-	9,004,312
Grades 7: Watch-list	-	716,835	-	716,835
Unrated	4,157,143	-	-	4,157,143
Impaired	-	-	1,239,774	1,239,774
<b>Gross carrying amount</b>	<b>36,309,069</b>	<b>3,777,580</b>	<b>1,239,774</b>	<b>41,326,423</b>
<b>Total amount at credit equivalents</b>	<b>16,404,721</b>	<b>1,852,938</b>	<b>987,888</b>	<b>19,245,547</b>
<b>Provision for credit-related commitments</b>	<b>45,955</b>	<b>537,245</b>	<b>528,349</b>	<b>1,111,549</b>
December 31, 2023				
	12-month ECL	Life time ECL not credit impaired	Life time ECL credit impaired (non-performing)	Total
SAR '000				
<b>Commitments and contingencies</b>				
Grades 1-4: investment grade	19,160,383	-	-	19,160,383
Grades 5-6: good/satisfactory/speculative	9,447,814	3,713,019	-	13,160,833
Grades 7: Watch-list	-	720,572	-	720,572
Unrated	2,757,377	-	-	2,757,377
Impaired	-	-	566,493	566,493
<b>Gross carrying amount</b>	<b>31,365,574</b>	<b>4,433,591</b>	<b>566,493</b>	<b>36,365,658</b>
<b>Total amount at credit equivalents</b>	<b>14,456,656</b>	<b>2,559,155</b>	<b>284,235</b>	<b>17,300,046</b>
<b>Provision for credit-related commitments</b>	<b>40,469</b>	<b>402,016</b>	<b>213,378</b>	<b>655,863</b>

Rating Scale (1 – 4) represents:

Substantially credit risk free, Exceptionally strong credit quality,  
Excellent credit risk quality, Very good credit risk quality.

Rating Scale (5 – 6) represents:

Good, satisfactory and speculative credit quality.

Rating Scale (7) represents:

Watch list category.

29.2 Economic sectors risk concentration for financing and allowance for impairment are as follows:

2024	SAR'000			
	Performing	Non-performing	Life time ECL for credit impaired financing	Financing, net
Government and quasi government	21,698,698	-	-	21,698,698
Manufacturing	9,203,368	854,855	(425,123)	9,633,100
Electricity, water, gas & health services	7,749,409	-	-	7,749,409
Building and construction	9,388,502	44,658	(36,871)	9,396,289
Services	29,255,399	118,615	(98,029)	29,275,985
Mining	3,579,596	-	-	3,579,596
Agriculture	2,495,496	-	-	2,495,496
Consumer financing	49,977,831	502,404	(349,813)	50,130,422
Transportation and communication	8,975,492	2,750	(825)	8,977,417
Commerce	13,323,334	298,485	(128,234)	13,493,585
Real estate business	31,528,282	360,469	(162,211)	31,726,540
Others	16,709,515	-	-	16,709,515
	<u>203,884,922</u>	<u>2,182,236</u>	<u>(1,201,106)</u>	<u>204,866,052</u>
ECL against performing financing				(2,557,958)
Financing, net				<u>202,308,094</u>

2023	SAR'000			
	Performing	Non-performing	Life time ECL for credit impaired financing	Financing, net
Government and quasi government	16,301,450	-	-	16,301,450
Manufacturing	9,417,958	1,329,925	(762,407)	9,985,476
Electricity, water, gas & health services	6,819,438	-	-	6,819,438
Building and construction	8,974,525	26,551	(19,913)	8,981,163
Services	22,912,063	68,761	(40,145)	22,940,679
Mining	1,981,418	-	-	1,981,418
Agriculture	2,831,795	-	-	2,831,795
Consumer financing	42,374,048	851,915	(638,641)	42,587,322
Transportation and communication	5,791,424	27,516	(27,516)	5,791,424
Commerce	12,108,629	553,083	(539,786)	12,121,926
Real estate business	28,686,575	4,710	(2,002)	28,689,283
Others	16,994,961	-	-	16,994,961
	<u>175,194,284</u>	<u>2,862,461</u>	<u>(2,030,410)</u>	<u>176,026,335</u>
ECL against performing financing				(2,402,291)
Financing, net				<u>173,624,044</u>

### 29.3 Collateral

The Bank, in the ordinary course of business holds collaterals as security to mitigate credit risk. These collaterals mostly include customers' deposits, financial guarantees, equities, real estate and other fixed assets. As at December 31, 2024, the Bank held collaterals of SAR 229,848 million (2023: SAR 195,695 million) against its secured financing.

The amount of collaterals held as security for financing that are credit-impaired are as follows:

	2024	2023
	SAR'000	SAR'000
Less than 50%	2,005,787	2,128,091
51% to 70%	39,753	582,185
More than 70%	136,696	152,185
<b>Total</b>	<b>2,182,236</b>	<b>2,862,461</b>

The Bank's policies regarding obtaining collateral have not significantly changed during the year and there has been no significant change in the overall quality of the collaterals held by the Bank.

The following table sets out the principal types of collateral held against financing. The Bank does not hold any type of collateral for its financial assets other than financing.

	2024	2023
Types of Collateral	SAR'000	SAR'000
Real estate and fixed assets	161,993,431	134,389,254
Shares	31,314,293	30,045,466
Others	36,539,992	31,260,183
<b>Total</b>	<b>229,847,716</b>	<b>195,694,903</b>

29.4 Geographical concentration of financial assets, financial liabilities, commitments and contingencies are as follows:

2024	SAR'000				
	Kingdom of Saudi Arabia	Other GCC and Middle East countries	Europe	Other countries	Total
<b>Financial assets:</b>					
<b>Cash and balances with SAMA</b>	13,849,670	-	-	-	13,849,670
<b>Due from banks and other financial institutions</b>					
<i>Current accounts</i>	-	49,843	302,829	374,497	727,169
<i>Murabaha, Wakala and Reverse repo with banks</i>	2,565,928	1,217,045	-	-	3,782,973
<b>Investments, net</b>					
<i>Investments held at amortized cost</i>	31,543,727	123,185	-	14,548	31,681,460
<i>Investments held at FVOCI</i>	12,319,039	1,333,092	98,687	-	13,750,818
<i>Investments held at FVSI</i>	1,459,885	1,110,651	80,926	491,203	3,142,665
<i>Investments in associate and joint venture</i>	50,267	-	-	-	50,267
<b>Positive fair value of derivatives</b>	259,825	16,926	228,666	-	505,417
<b>Financing, net</b>					
<i>Retail</i>	49,832,015	-	-	-	49,832,015
<i>Corporate</i>	150,209,443	-	-	2,266,636	152,476,079
<i>Other financial assets</i>	1,669,279	-	-	-	1,669,279
<b>Total financial assets</b>	<b>263,759,078</b>	<b>3,850,742</b>	<b>711,108</b>	<b>3,146,884</b>	<b>271,467,812</b>
<b>Financial liabilities:</b>					
<b>Due to SAMA, banks and other financial institutions</b>					
<i>Current accounts</i>	700,033	28,348	-	1,699	730,080
<i>Time investments and placements with SAMA</i>	9,760,139	758,248	2,535,657	152,132	13,206,176
<b>Customers' deposits</b>					
<i>Demand, savings and others</i>	108,658,348	-	-	81,207	108,739,555
<i>Customer's time investments</i>	101,716,338	-	-	88,757	101,805,095
<b>Negative fair value of derivatives</b>	321,922	26,878	87,826	-	436,626
<i>Other financial liabilities</i>	9,364,022	-	-	-	9,364,022
<b>Total financial liabilities</b>	<b>230,520,802</b>	<b>813,474</b>	<b>2,623,483</b>	<b>323,795</b>	<b>234,281,554</b>
<b>Commitments and contingencies, gross:</b>					
<i>Letters of credit</i>	3,392,930	-	-	-	3,392,930
<i>Letters of guarantee</i>	21,548,974	-	-	-	21,548,974
<i>Acceptances</i>	1,203,262	-	-	-	1,203,262
<i>Irrevocable commitments to extend credit</i>	15,181,257	-	-	-	15,181,257
<b>Total commitments and contingencies</b>	<b>41,326,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,326,423</b>
<b>Maximum credit exposure (stated at credit equivalent amounts) of commitments and contingencies:</b>					
<i>Letters of credit</i>	1,203,262	-	-	-	1,203,262
<i>Letters of guarantee</i>	678,586	-	-	-	678,586
<i>Acceptances</i>	11,291,196	-	-	-	11,291,196
<i>Irrevocable commitments to extend credit</i>	6,072,503	-	-	-	6,072,503
<b>Total maximum credit exposure</b>	<b>19,245,547</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,245,547</b>

2023	SAR'000				
	Kingdom of Saudi Arabia	Other GCC and Middle East countries	Europe	Other countries	Total
Financial assets:					
Cash and balances with SAMA	12,598,444	-	-	-	12,598,444
Due from banks and other financial institutions					
<i>Current accounts</i>	-	34,583	365,126	86,101	485,810
<i>Murabaha and Wakala with banks</i>	1,215,097	-	-	-	1,215,097
Investments, net					
<i>Investments held at amortized cost</i>	26,911,654	179,075	-	14,430	27,105,159
<i>Investments held at FVOCI</i>	12,159,066	1,133,674	100,864	72,975	13,466,579
<i>Investments held at FVSI</i>	1,242,376	795,048	34,745	576,808	2,648,977
<i>Investments in associate and joint venture</i>	15,637	-	-	-	15,637
Positive fair value of derivatives	114,203	11	-	30,115	144,329
Financing, net					
<i>Retail</i>	42,246,049	-	-	-	42,246,049
<i>Corporate</i>	128,893,436	-	-	2,484,559	131,377,995
Other financial assets	1,664,201	-	-	-	1,664,201
<b>Total financial assets</b>	<b>227,060,163</b>	<b>2,142,391</b>	<b>500,735</b>	<b>3,264,988</b>	<b>232,968,277</b>
Financial liabilities:					
Due to SAMA, banks and other financial institutions					
<i>Current accounts</i>	173,964	34,583	-	107,849	316,396
<i>Time investments and placements with SAMA</i>	5,254,509	534,562	1,288,114	37,649	7,114,834
Customers' deposits					
<i>Demand, savings and others</i>	90,421,636	-	-	130,578	90,552,214
<i>Customer's time investments</i>	97,348,367	-	-	-	97,348,367
Negative fair value of derivatives	108,128	2,193	-	-	110,321
Other financial liabilities	6,143,485	-	-	-	6,143,485
<b>Total financial liabilities</b>	<b>199,450,089</b>	<b>571,338</b>	<b>1,288,114</b>	<b>276,076</b>	<b>201,585,617</b>
Commitments and contingencies, gross:					
<i>Letters of credit</i>	3,922,977	-	-	-	3,922,977
<i>Letters of guarantee</i>	19,052,144	-	-	-	19,052,144
<i>Acceptances</i>	1,254,199	-	-	-	1,254,199
<i>Irrevocable commitments to extend credit</i>	12,136,338	-	-	-	12,136,338
<b>Total commitments and contingencies</b>	<b>36,365,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,365,658</b>
Maximum credit exposure (stated at credit equivalent amounts) of commitments and contingencies:					
<i>Letters of credit</i>	784,595	-	-	-	784,595
<i>Letters of guarantee</i>	10,406,717	-	-	-	10,406,717
<i>Acceptances</i>	1,254,199	-	-	-	1,254,199
<i>Irrevocable commitments to extend credit</i>	4,854,535	-	-	-	4,854,535
<b>Total maximum credit exposure</b>	<b>17,300,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,300,046</b>

29.5 The distribution by geographical concentration of non-performing financing and allowances for impairment on financing is as follows:

2024	SAR'000				
	Kingdom of Saudi Arabia	Other GCC and Middle East countries	Europe	Other countries	Total
<i>Non-performing financing, net</i>					
Retail	502,404	-	-	-	502,404
Corporate	1,679,832	-	-	-	1,679,832
Total	2,182,236	-	-	-	2,182,236
<i>Allowances for impairment on financing</i>					
Retail	648,220	-	-	-	648,220
Corporate	3,106,092	-	-	4,752	3,110,844
Total	3,754,312	-	-	4,752	3,759,064

2023	SAR'000				
	Kingdom of Saudi Arabia	Other GCC and Middle East countries	Europe	Other countries	Total
<i>Non-performing financing, net</i>					
Retail	851,915	-	-	-	851,915
Corporate	2,010,546	-	-	-	2,010,546
Total	2,862,461	-	-	-	2,862,461
<i>Allowances for impairment on financing</i>					
Retail	979,914	-	-	-	979,914
Corporate	3,447,603	-	-	5,184	3,452,787
Total	4,427,517	-	-	5,184	4,432,701

### 30. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market variables such as equity prices, profit rates, foreign exchange rates and commodity prices. The Bank classifies exposures to market risks into either trading or non-trading (or banking book).

#### Market risk – trading book

The Bank is exposed to an insignificant market risk on its trading book position of equities in local currency which is regularly marked to market and losses or gains on equity prices are taken directly into consolidated statement of income.

#### Market risk – non trading book

Market risks on non-trading book mainly arise from profit rate movements and, to a minor extent, from currency fluctuations. The Bank also faces price risks on investments held at "FVOCI".

### 30.1 Profit rate risk

It arises from changes in profit rates which will affect either the fair values or the future cash flows of the financial instruments. The Board has established profit rate gap limits which are regularly monitored by ALCO. Treasury imputes the funding costs based on the yield curve and the margins are also adjusted to account for liquidity premium based on the duration of the financing.

Following table depicts the sensitivity on the Bank's consolidated statement of income or equity due to reasonably possible changes in profit rates, with other variables held constant. The sensitivity is the effect of the assumed changes in profit rates on the net income or equity, based on profit bearing non-trading financial assets and financial liabilities as of the reporting date after taking in to account their respective maturities and re-pricing structure. Due to insignificant foreign currency exposures of profit bearing financial assets and liabilities in banking book, all the banking book exposures are monitored only in reporting currency.

2024 Increase/decrease in basis points	Average sensitivity of net income from financing and investments	Sensitivity of equity				
		Within 3 months	3-12 months	1-5 years	Over 5 years	Total
SAR '000						
10	15,680	(11,335)	27,360	(14,905)	(17,882)	(16,762)
-10	(15,680)	11,335	(27,360)	14,905	17,882	16,762
2023 Increase/decrease in basis points	Average sensitivity of net income from financing and investments	Sensitivity of equity				
		Within 3 months	3-12 months	1-5 years	Over 5 years	Total
SAR '000						
10	10,282	(3,350)	13,716	(10,533)	(18,241)	(18,408)
-10	(10,282)	3,350	(13,716)	10,533	18,241	18,408

#### Yield sensitivity of assets, liabilities and off-balance sheet items

The Bank manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market profit rates on its financial position and cash flows. The Bank uses the SAIBOR for SAR and appropriate reference rates for USD lending as a benchmark rate for different maturities. At times when these benchmark rates are not representative of the actual transactions in the market, marginal cost of fund is provided by Treasury. The Bank charges profit rates based on the maturity of loans (longer term loans usually require a higher profit rate) based on marginal costs of funds.

The table below summarizes the Bank's exposure to profit rate risks. Included in the table are the Bank's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

2024	SAR'000					Non-profit bearing	Total
	Within 3 months	3-12 months	1-5 years	Over 5 years			
<b>Assets</b>							
Cash and balances with SAMA	330,000	-	-	-	-	13,519,670	13,849,670
<b>Due from banks and other financial institutions:</b>							
Current accounts	-	-	-	-	-	727,169	727,169
Murabaha, Wakala and Reverse repo with banks	3,272,973	-	510,000	-	-	-	3,782,973
<b>Investments, net</b>							
Investments held at amortized cost	374,556	1,019,406	5,243,947	25,043,551	-	-	31,681,460
Investments held at FVOCI	2,046,853	2,901,547	5,459,597	2,515,425	827,396	-	13,750,818
Investments held at FVSI	-	-	-	-	3,142,665	-	3,142,665
Investments in associate and joint venture	-	-	-	-	50,267	-	50,267
Positive fair value of derivatives	312,185	183,889	-	-	9,343	-	505,417
<b>Financing, net</b>							
Retail	6,847,830	7,019,074	17,441,335	18,523,776	-	-	49,832,015
Corporate	51,528,801	97,018,368	3,478,871	450,039	-	-	152,476,079
Property and equipment, net	-	-	-	-	3,400,866	-	3,400,866
Other assets	-	-	-	-	3,628,082	-	3,628,082
<b>Total assets</b>	<b>64,713,198</b>	<b>108,142,284</b>	<b>32,133,750</b>	<b>46,532,791</b>	<b>25,305,458</b>	<b>-</b>	<b>276,827,481</b>
<b>Liabilities &amp; equity</b>							
<b>Due to SAMA, banks and other financial institutions</b>							
Current accounts	-	-	-	-	-	730,080	730,080
Time investments and placements with SAMA	4,787,080	7,198,605	1,220,491	-	-	-	13,206,176
<b>Customer deposits</b>							
Demand, savings and others	18,695,581	2,577,924	2,010,897	806,767	84,648,386	-	108,739,555
Customer's time investments	63,234,065	34,177,164	3,060,553	1,333,313	-	-	101,805,095
Negative fair value of derivatives	272,385	153,713	-	-	10,528	-	436,626
Amounts due to Mutual Funds' unitholders	-	-	-	-	114,557	-	114,557
Other liabilities	-	-	-	-	10,353,617	-	10,353,617
Total equity	-	-	-	-	41,441,775	-	41,441,775
<b>Total liabilities &amp; equity</b>	<b>86,989,111</b>	<b>44,107,406</b>	<b>6,291,941</b>	<b>2,140,080</b>	<b>137,298,943</b>	<b>-</b>	<b>276,827,481</b>
Yield sensitivity - On statement of financial position	(22,275,913)	64,034,878	25,841,809	44,392,711	-	-	-
Yield sensitivity - Off statement of financial position	5,042,125	11,888,623	24,297,577	98,098	-	-	-
Total yield sensitivity gap	(17,233,788)	75,923,501	50,139,386	44,490,809	-	-	-
<b>Cumulative yield sensitivity gap</b>	<b>(17,233,788)</b>	<b>58,689,713</b>	<b>108,829,099</b>	<b>153,319,908</b>	<b>-</b>	<b>-</b>	<b>-</b>



SAR'000

2023	Within 3 months	3-12 months	1-5 years	Over 5 years	Non-profit bearing	Total
<b>Assets</b>						
Cash and balances with SAMA	1,700,000	-	-	-	10,898,444	12,598,444
Due from banks and other financial institutions:						
<i>Current accounts</i>	-	-	-	-	485,810	485,810
<i>Murabaha and Wakala with banks</i>	1,215,097	-	-	-	-	1,215,097
Investments, net						
<i>Investments held at amortized cost</i>	43,192	2,844,947	3,155,796	21,061,224	-	27,105,159
<i>Investments held at FVOCI</i>	2,349,328	2,495,378	7,333,829	141,048	1,146,996	13,466,579
<i>Investments held at FVSI</i>	-	-	-	38,703	2,610,274	2,648,977
<i>Investments in associate and joint venture</i>	-	-	-	-	15,637	15,637
Positive fair value of derivatives	-	144,020	-	-	309	144,329
Financing, net						
<i>Retail</i>	6,775,192	3,797,746	15,906,974	15,766,137	-	42,246,049
<i>Corporate</i>	65,761,862	56,725,088	6,345,875	2,545,170	-	131,377,995
Property and equipment, net	-	-	-	-	2,888,209	2,888,209
Other assets	-	-	-	-	2,522,813	2,522,813
<b>Total assets</b>	<b>77,844,671</b>	<b>66,007,179</b>	<b>32,742,474</b>	<b>39,552,282</b>	<b>20,568,492</b>	<b>236,715,098</b>
<b>Liabilities &amp; equity</b>						
Due to SAMA, banks and other financial institutions						
<i>Current accounts</i>	-	-	-	-	316,396	316,396
<i>Time investments and placements with SAMA</i>	5,067,379	759,341	1,288,114	-	-	7,114,834
Customer deposits						
<i>Demand, savings and others</i>	7,204,676	1,528,884	2,064,716	4,783,062	74,970,876	90,552,214
<i>Customer's time investments</i>	67,720,197	27,178,861	2,316,206	133,103	-	97,348,367
Negative fair value of derivatives	-	110,321	-	-	-	110,321
Amounts due to Mutual Funds' unitholders	-	-	-	-	93,510	93,510
Other liabilities	-	-	-	-	6,845,855	6,845,855
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,333,601</b>	<b>34,333,601</b>
<b>Total liabilities &amp; equity</b>	<b>79,992,252</b>	<b>29,577,407</b>	<b>5,669,036</b>	<b>4,916,165</b>	<b>116,560,238</b>	<b>236,715,098</b>
Yield sensitivity - On statement of financial position	(2,147,581)	36,429,772	27,073,438	34,636,117		
Yield sensitivity - Off statement of financial position	6,735,663	9,006,941	20,589,451	33,603		
<b>Total yield sensitivity gap</b>	<b>4,588,082</b>	<b>45,436,713</b>	<b>47,662,889</b>	<b>34,669,720</b>		
<b>Cumulative yield sensitivity gap</b>	<b>4,588,082</b>	<b>50,024,795</b>	<b>97,687,684</b>	<b>132,357,404</b>		

### 30.2 Currency risk

Currency risk represents the risks of change of value of financial instruments due to changes in foreign exchange rates. The Bank's Risk Appetite Framework and policies contain limits for positions by currencies. However, the Bank has negligible exposure in foreign currencies because its assets and liabilities are primarily denominated in Saudi Riyals and to a smaller extent in United States Dollars (USD) or in USD pegged currencies.

The Bank has the following summarized exposure to foreign currency exchange rate risk as at December 31:

	2024	2023
	SAR'000	SAR'000
<b>Assets</b>		
Cash and balances with SAMA	165,651	122,668
Due from banks and other financial institutions	2,192,940	487,098
Investments, net	5,679,078	4,821,685
Financing, net	13,429,237	5,487,801
Other assets	488,119	636,662
<b>Total currency risk on assets</b>	<b>21,955,026</b>	<b>11,555,914</b>
<b>Liabilities</b>		
Due to SAMA, banks and other financial institutions	4,014,762	2,410,785
Customers' deposits	13,945,998	5,929,878
Other liabilities	946,394	464,493
<b>Total currency risk on liabilities</b>	<b>18,907,154</b>	<b>8,805,156</b>
Tier 1 sukuk	3,750,500	-
Foreign currency forwards, net	(743,946)	(901,874)
<b>Net position – (liability) / asset</b>	<b>(1,446,574)</b>	<b>1,848,884</b>

The table below shows the currencies to which the Bank has a significant exposure as at December 31:

	2024	2023
	SAR'000	SAR'000
USD	(1,463,602)	1,831,814
Euro	(36,119)	(30,026)
UAE Dirham	11,182	46,326
BHD	(21,323)	(19,273)
QAR	1,927	1,633
Others	61,361	18,410
<b>Total</b>	<b>(1,446,574)</b>	<b>1,848,884</b>

### 30.3 Equity price risk

Equity price risk refers to the risk of decrease in fair values of equities as a result of changes in the levels of equity index and the value of individual stocks.

The effect on the Bank's equity investments held at FVOCI due to reasonable possible change in equity index, with all other variables held constant is as follows:

Market index-(Saudi Exchange)	2024 SAR'000		2023 SAR'000	
	Increase / decrease in market prices%	Effect on equity	Increase / decrease in market prices%	Effect on equity
Impact of change in market prices	±10%	± 80,019	±10%	± 112,216

### 31. Liquidity risk

Liquidity risk is the risk that the Bank 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, the Bank has diversified funding sources and assets are managed taking liquidity into consideration, maintaining an adequate balance of cash and cash equivalents. The Bank has a Market Risk Management team under the Risk Management Group that regularly monitors the liquidity risk of the Bank.

In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% of total demand deposits and 4% of customers' time investments.

In addition to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash and assets, which can be converted into cash within a period not exceeding 30 days.

#### 31.1 Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Bank's financial liabilities at December 31, 2024 and 2023 based on contractual undiscounted repayment obligations whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

As profit payments up to contractual maturity are included in the table, totals do not match with the figures as appearing in the consolidated statement of financial position.

2024	SAR'000					Total
	Within 3 months	3 months to 12 months	1 to 5 years	Over 5 years	No fixed maturity	
<b>Liabilities</b>						
<b>Due to SAMA, banks and other financial institutions</b>						
<i>Current accounts</i>	-	-	-	-	730,080*	730,080
<i>Time investments and placements with SAMA</i>	5,699,186	6,789,562	1,311,506	-	-	13,800,254
<b>Customers' deposits</b>						
<i>Demand, savings and others</i>	-	-	-	-	108,739,555*	108,739,555
<i>Customer's time investments</i>	81,424,994	18,240,515	2,245,534	2,258,201	-	104,169,244
Negative fair value of derivatives	8,835	2,327	118,246	307,218	-	436,626
Other liabilities	-	-	-	-	10,468,174	10,468,174
<b>Total liabilities</b>	<b>87,133,015</b>	<b>25,032,404</b>	<b>3,675,286</b>	<b>2,565,419</b>	<b>119,937,809</b>	<b>238,343,933</b>

2023	SAR'000					Total
	Within 3 months	3 months to 12 months	1 to 5 years	Over 5 years	No fixed maturity	
<b>Liabilities</b>						
<b>Due to SAMA, banks and other financial institutions</b>						
<i>Current accounts</i>	-	-	-	-	316,396*	316,396
<i>Time investments and placements with SAMA</i>	2,930,488	2,392,998	2,341,697	-	-	7,665,183
<b>Customers' deposits</b>						
<i>Demand, savings and others</i>	-	-	-	-	90,552,214*	90,552,214
<i>Customer's time investments</i>	68,266,219	28,094,066	2,543,338	193,834	-	99,097,457
Negative fair value of derivatives	-	2,527	25,923	81,871	-	110,321
Other liabilities	-	-	-	-	6,939,365	6,939,365
<b>Total liabilities</b>	<b>71,196,707</b>	<b>30,489,591</b>	<b>4,910,958</b>	<b>275,705</b>	<b>97,807,975</b>	<b>204,680,936</b>

\* These are all payable on demand

### 31.2 The tables below show the maturity profile of the assets and liabilities:

The maturities of assets and liabilities have been determined on the basis of the remaining period at reporting date and does not reflect the effective maturities as indicated by the historical experience.

2024	SAR'000					Total
	Within 3 months	3 months to 12 months	1 to 5 years	Over 5 years	No fixed maturity	
<b>Assets</b>						
Cash and balances with SAMA	330,000	-	-	-	13,519,670	13,849,670
<b>Due from banks and other financial institutions:</b>						
Current accounts	-	-	-	-	727,169*	727,169
Murabaha, Wakala and Reverse repo with banks	3,269,242	-	513,731	-	-	3,782,973
<b>Investments, net</b>						
Investments held at amortized cost	68,100	1,041,115	5,026,126	25,546,119	-	31,681,460
Investments held at FVOCI	101,696	1,493,715	6,683,721	4,644,290	827,396	13,750,818
Investments held at FVSI	-	-	-	-	3,142,665	3,142,665
Investments in associate and joint venture	-	-	-	-	50,267	50,267
Positive fair value of derivatives	6,931	3,112	121,082	374,292	-	505,417
<b>Financing, net</b>						
Retail	4,987,303	6,066,883	19,733,972	19,043,857	-	49,832,015
Corporate	16,054,828	40,229,010	58,342,564	37,849,677	-	152,476,079
Property and equipment, net	-	-	-	-	3,400,866	3,400,866
Other assets	-	-	-	-	3,628,082	3,628,082
<b>Total assets</b>	<b>24,818,100</b>	<b>48,833,835</b>	<b>90,421,196</b>	<b>87,458,235</b>	<b>25,296,115</b>	<b>276,827,481</b>
<b>Liabilities and equity</b>						
<b>Due to SAMA, banks and other financial institutions</b>						
Current accounts	-	-	-	-	730,080*	730,080
Time investments and placements with SAMA	5,666,216	6,404,721	1,135,239	-	-	13,206,176
<b>Customers' deposits</b>						
Demand, savings and others	-	-	-	-	108,739,555*	108,739,555
Customer's time investments	80,930,596	17,661,651	1,829,551	1,383,297	-	101,805,095
Negative fair value of derivatives	8,836	2,327	118,246	307,217	-	436,626
Amount due to Mutual Funds' unitholders	-	-	-	-	114,557	114,557
Other liabilities	-	-	-	-	10,353,617	10,353,617
Total equity	-	-	-	-	41,441,775	41,441,775
<b>Total liabilities and equity</b>	<b>86,605,648</b>	<b>24,068,699</b>	<b>3,083,036</b>	<b>1,690,514</b>	<b>161,379,584</b>	<b>276,827,481</b>
<b>Commitments &amp; contingencies</b>						
Letters of credit	1,531,781	1,715,739	145,410	-	-	3,392,930
Letters of guarantee*	2,307,082	10,172,884	8,970,910	98,098	-	21,548,974
Acceptances	1,203,262	-	-	-	-	1,203,262
Irrevocable commitments to extend credit*	-	-	15,181,257	-	-	15,181,257

\* These are all receivables / payable on demand. Letters of guarantee and irrevocable commitments may be payable on demand in the event of default.

2023	SAR'000					Total
	Within 3 months	3 months to 12 months	1 to 5 years	Over 5 years	No fixed maturity	
<b>Assets</b>						
Cash and balances with SAMA	1,700,000	-	-	-	10,898,444	12,598,444
Due from banks and other financial institutions:						
<i>Current accounts</i>	-	-	-	-	485,810*	485,810
<i>Murabaha and Wakala with banks</i>	1,010,171	-	204,926	-	-	1,215,097
<b>Investments, net</b>						
<i>Investments held at amortized cost</i>	49,708	2,949,864	4,868,914	19,236,673	-	27,105,159
<i>Investments held at FVOCI</i>	9,883	1,135,776	6,379,067	4,794,857	1,146,996	13,466,579
<i>Investments held at FVSI</i>	-	-	-	38,703	2,610,274	2,648,977
<i>Investments in associate and joint venture</i>	-	-	-	-	15,637	15,637
Positive fair value of derivatives	-	144,020	-	-	309	144,329
<b>Financing, net</b>						
<i>Retail</i>	2,860,018	5,887,992	17,475,298	16,022,741	-	42,246,049
<i>Corporate</i>	16,821,272	30,791,448	53,301,305	30,463,970	-	131,377,995
Property and equipment, net	-	-	-	-	2,888,209	2,888,209
Other assets	-	-	-	-	2,522,813	2,522,813
<b>Total assets</b>	<b>22,451,052</b>	<b>40,909,100</b>	<b>82,229,510</b>	<b>70,556,944</b>	<b>20,568,492</b>	<b>236,715,098</b>
<b>Liabilities and equity</b>						
Due to SAMA, banks and other financial institutions:						
<i>Current accounts</i>	-	-	-	-	316,396*	316,396
<i>Time investments and placements with SAMA</i>	5,067,379	759,341	1,288,114	-	-	7,114,834
<b>Customers' deposits</b>						
<i>Demand, savings and others</i>	-	-	-	-	90,552,214*	90,552,214
<i>Customer's time investments</i>	67,721,036	27,178,022	2,316,206	133,103	-	97,348,367
Negative fair value of derivatives	-	2,527	25,923	81,871	-	110,321
<i>Amount due to Mutual Funds' unitholders</i>	-	-	-	-	93,510	93,510
Other liabilities	-	-	-	-	6,845,855	6,845,855
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,333,601</b>	<b>34,333,601</b>
<b>Total liabilities and equity</b>	<b>72,788,415</b>	<b>27,939,890</b>	<b>3,630,243</b>	<b>214,974</b>	<b>132,141,576</b>	<b>236,715,098</b>
<b>Commitments &amp; contingencies</b>						
<i>Letters of credit</i>	2,369,762	1,402,770	150,445	-	-	3,922,977
<i>Letters of guarantee*</i>	3,111,702	7,604,171	8,302,668	33,603	-	19,052,144
<i>Acceptances</i>	1,254,199	-	-	-	-	1,254,199
<i>Irrevocable commitments to extend credit*</i>	-	-	12,136,338	-	-	12,136,338

\* These are all receivables / payable on demand. Letters of guarantee and irrevocable commitments may be payable on demand in the event of default.

### 32. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and innovation. In all cases, Bank policy requires compliance with all applicable legal and regulatory requirements.

The Bank has an Operational Risk Team as a part of Risk Management Group which is tasked with monitoring and controlling the operational risks of the Bank. Functions of this unit are guided by the Operational Risk Policy and Framework. To systematize the assessment and mitigation of operational risks, the Business Environment and Internal Control Framework is established through Risk Control and Self-Assessment (RCSA) along with establishing Key Risk Indicators (KRIs) for all business and support units. These risk metrics are proactively monitored by Operational Risk department on a regular basis. In addition, the Bank has a successfully tested and documented business continuity plan and operational disaster recovery site.

### 33. Sharia'a non-compliance risk

Being an Islamic bank, the Bank is exposed to the risk of Sharia'a non-compliance. To mitigate such risk, extensive Sharia'a policies and procedures are in place. Further, the Bank has established a Sharia'a Committee and a Sharia'a Compliance Audit Unit to monitor such risk.

### 34. Reputational risk

Reputational risk covers the potential adverse effects resulting from negative publicity about the Bank's products, services, competence, integrity and reliability.

As an Islamic bank, one of the major sources of reputational risk is Sharia'a non-compliance. The other sources of negative publicity could be major frauds, customer complaints, regulatory actions and negative perceptions about the Bank's financial condition. The Bank has put in place controls around reputational risk in order to mitigate and avoid such risks. Currently, the Bank measures the reputational risk through a Scorecard based approach, where Risk Management Group compiles the results of assessments made by business heads to derive the Bank's overall reputational risk indicators.

### 35. Fair values of financial assets and liabilities

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

- 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 by the Bank

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

Level 1: Quoted prices in active market for the same instrument (i.e. without modification or repacking):

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

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

#### Valuation technique and significant unobservable inputs for financial instruments at fair value

The Bank uses various valuation techniques used in measuring level 2 and Level 3 fair values at December 31, 2024 and December 31, 2023, as well as the significant unobservable inputs used.

For the valuation of investments in mutual funds, the Bank utilizes fund manager valuation reports. The fund manager deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying assets classified under level 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk-adjusted discount rates, marketability and liquidity discounts and control premiums.

#### 35.1 Fair values of financial assets and liabilities carried at fair value

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

2024	SAR '000			
	Level 1	Level 2	Level 3	Total carrying value
<b>Financial assets measured at fair value</b>				
<b>Financial assets held as FVSI</b>				
- Equities	168,270	-	57,817	226,087
- Sukuk	61,318	15,642	-	76,960
- Mutual funds	563,311	1,591,304	685,003	2,839,618
<b>Financial assets held as FVOCI</b>				
- Equities	800,194	-	27,202	827,396
- Sukuk	4,715,304	8,208,118	-	12,923,422
<b>Positive fair value of derivatives</b>				
- Held for trading	-	492,942	-	492,942
- Held for cash flow hedges	-	12,475	-	12,475
<b>Total</b>	<b>6,308,397</b>	<b>10,320,481</b>	<b>770,022</b>	<b>17,398,900</b>
<b>Financial liabilities measured at fair value</b>				
<b>Negative fair value of derivatives</b>				
- Held for trading	-	401,191	-	401,191
- Held for cash flow hedges	-	35,435	-	35,435
<b>Total</b>	<b>-</b>	<b>436,626</b>	<b>-</b>	<b>436,626</b>



2023	SAR '000			
	Level 1	Level 2	Level 3	Total carrying value
Financial assets measured at fair value				
Financial assets held as FVSI				
- Equities	187,728	-	42,817	230,545
- Sukuk	23,274	15,429	-	38,703
- Mutual funds	337,927	1,420,727	621,075	2,379,729
Financial assets held as FVOCI				
- Equities	1,122,156	-	24,839	1,146,995
- Sukuk	3,799,811	8,519,773	-	12,319,584
Positive fair value of derivatives				
- Held for trading	-	144,329	-	144,329
<b>Total</b>	<b>5,470,896</b>	<b>10,100,258</b>	<b>688,731</b>	<b>16,259,885</b>
Financial liabilities measured at fair value				
Negative fair value of derivatives				
- Held for trading	-	110,321	-	110,321
<b>Total</b>	<b>-</b>	<b>110,321</b>	<b>-</b>	<b>110,321</b>

There were no transfers between fair value hierarchy levels during the year.

#### Reconciliation of Level 3 fair values

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

2024	Financial assets held as FVSI	Financial assets held as FVOCI
	SAR'000	SAR'000
Balance at January 1, 2024	663,892	24,839
Additional / new investments	149,817	2,455
Capital return and disposals during the year	(25,437)	(92)
Net change in fair value (unrealized)	(45,452)	-
<b>Balance at December 31, 2024</b>	<b>742,820</b>	<b>27,202</b>
2023	Financial assets held as FVSI	Financial assets held as FVOCI
	SAR'000	SAR'000
Balance at January 1, 2023	582,234	21,779
Additional / new investments	83,211	2,923
Capital return and disposals during the year	(4,732)	-
Net change in fair value (unrealized)	3,179	137
Balance at December 31, 2023	663,892	24,839

### 35.2 Fair values of financial assets and liabilities not carried at fair value

Management adopts discounted cash flow method using the current yield curve to arrive at the fair value of financial instruments which is categorized within Level 3 of the fair value hierarchy except for investments in Sukuks and Murabaha with SAMA which are categorized within Level 2. The fair values of cash and balances with SAMA are not materially different from its carrying values included in the consolidated financial statements. Following table shows the fair value of financial instruments carried at amortized cost.

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
SAR '000				
<b>Assets</b>				
Due from banks and other financial institutions	4,510,142	4,518,324	1,700,907	1,693,958
Murabaha with SAMA, gross	1,771,552	1,775,870	1,626,379	1,619,862
Sukuks – amortized cost, gross	29,927,069	29,090,466	25,498,634	25,039,413
Financing, net	202,308,094	202,392,193	173,624,044	173,043,853
<b>Liabilities</b>				
Due to SAMA, banks and other financial institutions	13,936,256	13,960,074	7,431,230	7,378,987
Customers' deposits	210,544,650	210,665,693	187,900,581	187,898,339

### 36. Related party balances and transactions

In the ordinary course of its activities, the Bank transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA. Major shareholder represents shareholding of more than 5% of the Bank's issued share capital. Related parties are the persons or close members of those persons' families and their affiliated entities where they have control, joint control or significant influence over these entities.

The balances as at December 31, resulting from such transactions included in the consolidated financial statements are as follows:

	2024	2023
	SAR'000	SAR'000
<b>Balances with related parties except Bank's mutual funds</b>		
Financing to directors and key management personnel	192,139	61,138
Financing to affiliates	2,588,847	1,428,750
Allowance for impairment on financing to directors, key management personnel and affiliates	818	1,950
Customers' deposits from major shareholder	4,202,955	-
Customers' deposits from directors and key management personnel	75,925	16,390
Customers' deposits from affiliates	41,764	-
Customer's deposits from associate and joint venture	30,573	42,569
Investments in associate and joint venture	50,267	15,637
Investments in major shareholder held at FVOCI	159,052	165,440
<b>Bank's mutual funds</b>		
Investments in mutual funds	922,514	953,614
Deposits from mutual funds	705,846	335,531

Affiliates pertain to entities having common directorships or common key management personnel (in accordance with SAMA regulations). Financing and customer deposits with related parties are transacted at market rate and in the normal course of business.

(i) **Income and expenses pertaining to transactions with related parties included in the consolidated statement of income are as follows:**

	2024	2023
	SAR'000	SAR'000
Income on financing	128,604	91,421
Return on time investments	120,861	137,129
Fee from banking services, net	470,512	434,278
Directors' remuneration	14,430	7,870

The advances and expenses related to executives are in line with the normal employment terms.

(ii) **The total amount of compensation to key management personnel during the year is as follow:**

	2024	2023
	SAR'000	SAR'000
Short-term employees' benefits	113,408	101,839
End of service benefit	8,562	4,254

### 37. Capital adequacy

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

Capital adequacy and the use of regulatory capital are monitored by the Bank's management. SAMA requires to hold and maintain a ratio of total regulatory capital to the risk-weighted assets at or above the Basel prescribed minimum percentage.

The Bank actively manages its capital base to cover the risks inherent in its business. The adequacy of the Basel Committee on Banking Supervision including the framework and guidance regarding the implementation of sheet assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to risk ("RWA") at or above 10.5% including a capital conservation buffer of 2.5%.

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

SAMA has issued the framework and guidance for implementation of capital reforms under Basel III Final Post Crisis Reforms effective from January 1, 2023.

Particulars	2024	2023
	SAR'000	SAR'000
Credit Risk Weighted Assets	235,523,265	200,114,001
Operational Risk Weighted Assets	7,321,465	6,040,617
Market Risk Weighted Assets	5,383,760	5,439,506
<b>Total Pillar-I Risk Weighted Assets</b>	<b>248,228,490</b>	<b>211,594,124</b>
Tier I Capital	41,464,734	34,574,557
Tier II Capital	2,576,153	2,423,433
<b>Total Tier I &amp; II Capital</b>	<b>44,040,887</b>	<b>36,997,990</b>
Capital Adequacy Ratio %		
Common Equity Tier I Ratio	13%	14%
Tier I ratio	17%	16%
Tier I + Tier II ratio	18%	17%

Tier 1 capital is comprised of share capital, statutory reserve, other reserves, retained earnings, proposed issue of bonus shares and Tier 1 Sukuk less treasury shares and other prescribed deductions. Tier 2 capital comprises of prescribed amounts of eligible portfolio collective provisions.

### 38. Investment management and brokerage services

The Bank offers investment management services to its customers through its subsidiary which include management of funds with total assets under management of SAR 90,103 million (2023: SAR 82,683 million).

### 39. Prospective changes in the International Financial Reporting Standards

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2025.

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 1, 2025
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.  The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19, Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

Standard, interpretation, amendments	Description	Effective date
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Effective upon endorsement by SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Effective upon endorsement by SOCPA
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

Except for IFRS 18, the management has assessed that the above amendments have no significant impact on the Bank's consolidated financial statements.

The Bank has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance with effect from future dates

#### 40. Comparative figures

Figures have been rearranged or reclassified wherever necessary for the purpose of better presentation; however, no significant rearrangements or reclassifications have been made in these consolidated financial statements.

#### 41. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors of the Bank on 29 Rajab 1446H (corresponding to January 29, 2025).