arab national bank

A Saudi joint stock company

Consolidated Financial Statements

As at and for the year ended December 31, 2024

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For the Consolidated Financial Statements

* The independent auditors’ report is included at the beginning of these Consolidated Financial Statements.

KPMG

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Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

Deloitte.

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Independent Auditors' Report

To the Shareholders of Arab National Bank (A Saudi Joint Stock Company)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Arab National Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group"), 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 includes material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia ("the Code"), that are 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 for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To the Shareholders of Arab National Bank (A Saudi Joint Stock Company) (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Expected Credit Loss on loans and advances</td></tr>
<tr><td>
As at 31 December 2024, the gross loans and advances of the Group amounted to SAR 172.56 billion (2023: SAR 155.56 billion) against which an Expected Credit Loss ("ECL") allowance of SAR 3.07 billion (2023: SAR 3.33 billion) was recorded.
The determination of ECL involves significant estimation and management judgement, and this has a material impact on the consolidated financial statements of the Group. The key areas of judgement and uncertainity include:

Categorisation of loans into Stages 1, 2 and 3 based on the identification of:
(a) exposures with a significant increase in credit risk ("SICR") since their origination; and
(b) credit impaired / defaulted exposures.
In accordance with the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia, the Group measures ECL based on the credit losses expected to arise over the next twelve months ('12 month ECL'), unless there has been a significant increase in credit risk since origination or default, in which case the allowance is based on the ECL expected to arise over the life of the loans and advances ('Lifetime ECL'). The Group has applied additional judgements to identify and estimate the likelihood of borrowers that may have experienced SICR.
Assumptions used in the ECL model for determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") include, but are not limited to, assessment of the financial condition of the borrower, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.

</td><td>

We updated our understanding of management's process of assessing the ECL allowance against loans and advances, including the Group's internal rating model, accounting policy, and model methodology, including any key changes made during the year.
We assessed the Group's accounting policy for ECL allowance and the ECL methodology against the requirements of IFRSs as endorsed in the Kingdom of Saudi Arabia.
We assessed the design and implementation, and tested the operating effectiveness, of the key controls (including relevant General IT controls and specific IT application controls) over:

the ECL model (including governance over monitoring of the models and any model updates performed during the year, including approval of the ECL Committee of key inputs, assumptions and management overlays, if any);
the classification of loans and advances into stages 1, 2 and 3, and timely identification of SICR and the determination of default / credit impaired exposures;
the IT systems and applications supporting the ECL model; and
the integrity of data inputs into the ECL model.

For a sample of customers, we assessed:

the internal ratings determined by management based on the Group's internal rating mechanism, and considered these assigned ratings in light of the external market conditions and available industry information. We also assessed whether these were consistent with the ratings used as inputs in the ECL model; and
management's computations for ECL via analyzing the reasonableness, completeness, accuracy and appropriateness of the inputs, including assumptions used therein, such as but not limited to probability of default and loss given default percentages.

For selected customers, we evaluated management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.

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Independent auditors' report

To the shareholders of Arab National Bank (A Saudi Joint Stock Company) (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Expected Credit Losses on loans and advances (continued)</td></tr>
<tr><td>3. The need to apply overlays to the ECL model's output using credit judgement to reflect all relevant risk factors that might not have been captured by the ECL model.

We considered this as a key audit matter, as the application of these judgments and estimates have given rise to greater estimation uncertainty and the associated audit risk around ECL calculation as of 31 December 2024.

Refer to note 3.6 to the consolidated financial statements, which describes the accounting policy related to the allowance for expected credit losses; note 2.6.1 which contains the disclosure of critical accounting judgements, estimates and assumptions relating to ECL on financial assets and the impairment assessment methodology used by the Group; note 7 which contains the disclosure of impairment losses on loans and advances; and note 32.4 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.</td><td>▪ We assessed the Group's criteria for the determination of SICR and identification of "default" or "credit impaired" exposures. For a sample of exposures, we assessed the appropriatness of the staging classification of the Group's loans and advances portfolio based on the Group's staging classification policy, knowledge of corresponding customers and analysis of related financial information.
▪ We assessed the governance process implemented and the qualitative factors considered (in light of the prevailing facts and circumstances of the corresponding loans and advances) by the Group when applying any management overlays or making any adjustment to the output from the ECL model, due to data or model limitations or otherwise.
▪ We assessed the underlying assumptions used by the Group in the ECL model, including forward looking assumptions, keeping in view the uncertainty and volatility of economic scenarios.
▪ We tested the completeness and accuracy of data supporting the ECL calculations.
▪ We involved our specialists to assist us in assessing model calculations, evaluating interrelated inputs (including EAD, PDs and LGDs) and assessing the reasonableness of assumptions used in the ECL model, particularly around the macroeconomic variables, forecasted macroeconomic scenarios and probability weights and assumptions used in any manual adjustments made to the output from the ECL model.
▪ We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.</td></tr>
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Independent auditors' report

To the shareholders of Arab National Bank (A Saudi Joint Stock Company) (continued)

Report on the audit of the consolidated financial statements (continued)

Other information included in the Group's 2024 Annual Report

The Board of Directors of the Bank ("the Directors") are responsible for the other information. The other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditors' report thereon. 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 other information, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia, the applicable requirements of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's Bylaws, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

To the shareholders of Arab National 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 ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding 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.

Independent auditors' report

To the shareholders of Arab National 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)

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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's Bylaws in so far as they affect the preparation and presentation of the consolidated financial statements for the year ended 31 December 2024.

KPMG Professional Services Company

Saleh Mohammed S. Mostafa
Certified Public Accountant
License No. 524

Deloitte and Touche & Co.
Chartered Accountants

Mazen A. Al-Omari
Certified Public Accountant
License No. 480

14 Sha'ban 1446H
(13 February 2025)

Consolidated statement of financial position

As at December 31, 2024 and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2024	2023 - restated
Assets			
Cash and balances with Saudi Central Bank	4	12,342,361	10,892,182
Due from banks and other financial institutions, net	5	3,853,380	2,477,949
Positive fair value of derivatives	11	2,290,596	1,801,891
Investments, net	6 - 40	52,345,094	47,414,692
Loans and advances, net	7	169,494,661	152,235,109
Investments in associates	8	889,646	949,403
Other real estate owned, net		909,064	1,028,220
Property, equipment and right of use assets, net	9	2,978,359	2,497,677
Other assets	10	3,204,153	2,125,049
Total assets		**248,307,314**	**221,422,172**
Liabilities and equity			
Liabilities			
Due to banks, Saudi Central Bank and other financial institutions	12	14,383,728	8,429,750
Negative fair value of derivatives	11	1,598,910	1,403,360
Customers' deposits	13	182,198,157	165,861,338
Issued Sukuk	15	2,828,870	2,828,863
Other liabilities	14 - 40	9,148,601	7,092,100
Total liabilities		**210,158,266**	**185,615,411**
Equity			
Share capital	16.1	20,000,000	15,000,000
Treasury shares	16.2	(98,329)	-
Statutory reserve	17	11,890,000	10,648,000
Other reserves	18	110,945	436,656
Retained earnings	40	6,216,685	9,693,683
Total equity attributable to equity holders of the Bank		**38,119,301**	**35,778,339**
Non-controlling interest		29,747	28,422
Total equity		**38,149,048**	**35,806,761**
Total liabilities and equity		**248,307,314**	**221,422,172**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of income

For the years ended December 31, 2024 and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2024	2023
Special commission income	20	14,454,214	12,599,248
Special commission expense	20	6,481,870	5,340,355
Special commission income, net		**7,972,344**	**7,258,893**
Fee and commission income	21	1,866,424	1,527,835
Fee and commission expense	21	1,157,691	1,013,200
Fee and commission income, net		**708,733**	**514,635**
Exchange income, net		325,796	330,885
Gains on FVSI financial instruments, net		174,409	30,735
Trading income, net		59,274	26,939
Dividend income	22	157,628	143,139
Gain on sale of non-trading instruments, net	23	6,140	156,313
Other operating income	24	95,705	105,570
Total operating income		**9,500,029**	**8,567,109**
Salaries and employee related expenses	29	1,799,310	1,547,002
Premises related expenses		57,250	55,501
Depreciation and amortisation	9	245,894	228,287
Other general and administrative expenses		1,025,556	1,016,912
Total operating expenses before impairment charges		**3,128,010**	**2,847,702**
Expected credit losses (ECL) and other impairment charges, net	25	644,813	670,165
Impairment charge on other real estate owned		119,156	322,000
Total operating expenses		**3,891,979**	**3,839,867**
Net operating income		**5,608,050**	**4,727,242**
Share in earnings of associates, net	8	144,801	19,508
Net income before Zakat and income tax		**5,752,851**	**4,746,750**
Zakat	27.5	336,059	301,896
Income tax	27.5	449,445	369,215
Net income		**4,967,347**	**4,075,639**
Attributable to:			
Equity holders of the Bank		4,966,022	4,070,510
Non-controlling interest		1,325	5,129
Net income		**4,967,347**	**4,075,639**
Basic and diluted earnings per share (expressed in SAR)	26	**2.48**	**2.04**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of comprehensive income

For the years ended December 31, 2024 and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2024	2023
Net income		**4,967,347**	**4,075,639**
Other comprehensive income:			
Items that will not be reclassified to consolidated statement of income in subsequent periods			
Equity instruments at FVOCI:			
- Net changes in fair value		(253,966)	162,564
Actuarial (loss)/ gain on defined benefit plans	30	(7,872)	42,674
Items that may be reclassified to the consolidated statement of income in subsequent periods			
Debt instruments at FVOCI:			
- Net changes in fair value		(128,190)	156,342
- Net amounts transferred to consolidated statement of income		(6,140)	(467)
Cash flow hedges:			
- Effective portion of change in the fair value		31,346	30,465
Total other comprehensive (loss)/ income		**(364,822)**	**391,578**
Total comprehensive income		**4,602,525**	**4,467,217**
Attributable to:			
Equity holders of the Bank		4,601,200	4,462,088
Non-controlling interest		1,325	5,129
Total comprehensive income		**4,602,525**	**4,467,217**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of changes in equity

For the year ended December 31, 2024

All amounts in thousands of Saudi Riyals unless stated otherwise

		Attributable to equity holders of the Bank							
2024	Note	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total
Restated balance as at December 31, 2023		**15,000,000**	**-**	**10,648,000**	**436,656**	**9,693,683**	**35,778,339**	**28,422**	**35,806,761**
Net income		-	-	-	-	4,966,022	4,966,022	1,325	4,967,347
Changes in equity for the year:									
Net changes in fair values of FVOCI equity investments		-	-	-	(253,966)	-	(253,966)	-	(253,966)
Net changes in fair values of FVOCI debt instruments		-	-	-	(128,190)	-	(128,190)	-	(128,190)
Net changes in fair value of cash flow hedges		-	-	-	31,346	-	31,346	-	31,346
Net transfers to consolidated statement of income		-	-	-	(6,140)	-	(6,140)	-	(6,140)
Actuarial loss	30	-	-	-	(7,872)	-	(7,872)	-	(7,872)
Total comprehensive income		**-**	**-**	**-**	**(364,822)**	**4,966,022**	**4,601,200**	**1,325**	**4,602,525**
Net loss on derecognition of FVOCI equity investments		-	-	-	39,111	(39,111)	-	-	-
Transfer to statutory reserve	17	-	-	1,242,000	-	(1,242,000)	-	-	-
2023 final dividends	27.3	-	-	-	-	(956,692)	(956,692)	-	(956,692)
2024 interim dividends	27.4	-	-	-	-	(1,205,217)	(1,205,217)	-	(1,205,217)
Treasury shares		-	(98,329)	-	-	-	(98,329)	-	(98,329)
Issuance of bonus shares		5,000,000	-	-	-	(5,000,000)	-	-	-
Balance as at December 31, 2024		**20,000,000**	**(98,329)**	**11,890,000**	**110,945**	**6,216,685**	**38,119,301**	**29,747**	**38,149,048**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of changes in equity

For the year ended December 31, 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

		Attributable to equity holders of the Bank							
2023	Note	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividends	Total	Non-controlling interests	Total
Balance as at December 31, 2022 as previously presented		**15,000,000**	**9,630,000**	**58,504**	**6,819,244**	**826,616**	**32,334,364**	**23,293**	**32,357,657**
Restatement	40	-	-	-	708,862	-	708,862	-	708,862
Restated balance as at January 1, 2023		**15,000,000**	**9,630,000**	**58,504**	**7,528,106**	**826,616**	**33,043,226**	**23,293**	**33,066,519**
Net income		-	-	-	4,070,510	-	4,070,510	5,129	4,075,639
Changes in equity for the year:									
Net changes in fair values of FVOCI equity investments		-	-	162,564	-	-	162,564	-	162,564
Net changes in fair values of FVOCI debt instruments		-	-	156,342	-	-	156,342	-	156,342
Net changes in fair value of cash flow hedges		-	-	30,465	-	-	30,465	-	30,465
Net transfers to consolidated statement of income		-	-	(467)	-	-	(467)	-	(467)
Actuarial gain	30	-	-	42,674	-	-	42,674	-	42,674
Total comprehensive income		**-**	**-**	**391,578**	**4,070,510**	**-**	**4,462,088**	**5,129**	**4,467,217**
Net gain on derecognition of FVOCI equity investments		-	-	(13,426)	13,426	-	-	-	-
Transfer to statutory reserve	17	-	1,018,000	-	(1,018,000)	-	-	-	-
2022 final dividends	27.1	-	-	-	-	(826,616)	(826,616)	-	(826,616)
2023 interim dividends	27.2	-	-	-	(900,359)	-	(900,359)	-	(900,359)
Balance as at December 31, 2023		**15,000,000**	**10,648,000**	**436,656**	**9,693,683**	**-**	**35,778,339**	**28,422**	**35,806,761**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of cash flow

For the years ended December 31, 2024 and 2023

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2024	2023
Operating activities			
Net income before zakat and income tax		5,752,851	4,746,750
Adjustments to reconcile net income to net cash from operating activities:			
Amortisation relating to debt instruments		(173,459)	(101,600)
Special commission expense on Issued Sukuk	20	93,544	93,284
Gains on FVSI financial instruments, net		(174,409)	(30,735)
Dividend income	22	(157,628)	(143,139)
Gain on sale of non-trading investments, net	23	(6,140)	(156,313)
Depreciation and amortisation	9	245,894	228,287
Gains on disposal of property and equipment, net	24	(15,475)	(20,796)
ECL and other provisions charges, net	25	644,813	670,165
Impairment charges on other real estate owned		119,156	322,000
Share in earnings of associates, net	8	(144,801)	(19,508)
Net (increase)/ decrease in operating assets:			
Statutory deposit with Saudi Central Bank		(871,797)	(746,753)
Investments held at FVSI		(292,963)	799
Positive fair value of derivatives		(488,705)	1,157,778
Loans and advances		(17,889,161)	(9,074,879)
Other real estate owned		-	(32,070)
Other assets		(1,049,342)	(273,923)
Net increase/ (decrease) in operating liabilities:			
Due to banks, Saudi Central Bank and other financial institutions		5,953,978	(5,081,518)
Negative fair value of derivatives		195,550	(760,881)
Customers' deposits		16,336,819	10,990,071
Other liabilities		1,890,088	201,042
Zakat and income tax paid		(665,170)	(756,398)
Net cash from operating activities		**9,303,643**	**1,211,663**
Investing activities			
Proceeds from sale and maturities of investments not held as FVSI		1,386,566	1,530,581
Purchase of investments not held as FVSI		(6,039,920)	(6,554,929)
Dividend received		157,628	143,139
Dividend received from investment in associates		204,558	48,788
Proceeds from sale of property and equipment		33,885	22,361
Purchase of property and equipment		(627,342)	(379,098)
Net cash used in investing activities		**(4,884,625)**	**(5,189,158)**
Financing activities			
Dividends paid		(2,161,909)	(1,726,975)
Special commission paid on Issued Sukuk		(93,537)	(93,513)
Treasury shares		(98,329)	-
Payment of lease liabilities		(109,198)	(62,324)
Net cash used in financing activities		**(2,462,973)**	**(1,882,812)**
Net increase/(decrease) in cash and cash equivalents		**1,956,045**	**(5,860,307)**
Cash and cash equivalents at the beginning of the year		4,549,290	10,409,597
Cash and cash equivalents at the end of the year	28	**6,505,335**	**4,549,290**
Special commission received		14,155,339	11,528,895
Special commission paid		(6,150,555)	(4,967,208)

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Notes to consolidated financial statements

As at and for the years ended December 31, 2024 and 2023

1. General

Arab National Bank (a Saudi Joint Stock Company, the "Bank") was formed pursuant to Royal Decree No. M/38 dated Rajab 18,1399H (corresponding to June 13, 1979). The Bank commenced business on February 2, 1980 by taking over the operations of Arab Bank Limited in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010027912 dated Rabi Awal 1, 1400H (corresponding to January 19, 1980) through its 122 branches (2023: 127 branches), 58 remittance centres (2023: 59 remittance centres) in the Kingdom of Saudi Arabia and one branch in the United Kingdom. The address of the Bank's head office is as follows:

Arab National Bank

P.O. Box 56921

Riyadh 11564

Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of banking services. The Bank also provides its customers non-commission based banking products which are approved and supervised by an independent Shariah Board established by the Bank.

The consolidated financial statements comprise the financial statements of the Bank and the following subsidiaries (collectively referred to as "the Group"):

1.1 ANB Capital

In accordance with the Capital Market Authority (CMA) directives, a wholly owned subsidiary and a Saudi closed joint stock company registered in the Kingdom under Commercial Registration No. 1010239908 issued on Shawwal 26, 1428H (corresponding to November 7, 2007), to takeover and manage the Bank's investment services and asset management activities consisting of dealing, managing, arranging, advising and custody of securities regulated by the CMA. The subsidiary commenced its operations effective Muharram 3, 1429H (corresponding to January 12, 2008). On Muharram 19, 1436H (corresponding to November 12, 2014), the subsidiary changed its legal structure from a limited liability company to a closed joint stock company.

The objective of the subsidiary was amended and approved by CMA Board of Commissioners on Muharram 28, 1437H (corresponding to November 10, 2015) through a resolution number S/1/6/14832/15 to include dealing as a principal activity.

The objective of the subsidiary was further amended on Sha'ban 26, 1437H (corresponding to June 2, 2016) to provide loans to the subsidiary's customers to trade in shares as per the Saudi Central Bank (SAMA) circular No. 371000014867 dated Safar 5, 1437H, and the CMA's circular No. S/6/16287/15 dated Rabih Al-Awal 10, 1437H.

1.2 Arabian Heavy Equipment Leasing Company (AHEL)

An 87.5% owned subsidiary incorporated in the Kingdom, as a Saudi closed joint stock company, under Commercial Registration no 1010267489 issued in Riyadh dated Jumada I 15, 1430H (corresponding to May 10, 2009). The Company is engaged in the leasing of heavy equipment and operates in compliance with Shari'ah principles.

The Bank started consolidating the subsidiary's financial statements effective May 10, 2009, the date the subsidiary started its operations. On May 6, 2014 the Bank increased its ownership percentage in this subsidiary from 62.5% to reach 87.5%.

1.3 Al-Manzil Al-Mubarak Real Estate Financing Ltd.

A wholly owned Saudi limited liability company, registered in the Kingdom under the commercial registration no. 1010199647 issued in Riyadh dated Jumada I 18, 1425H (corresponding to July 6, 2004). The subsidiary is engaged in the purchase of lands and real estates and invest them through sale or rent in favor of the company, maintenance and management of owners and others' assets as guarantee, sale and purchase of real estates for financing purposes as per SAMA approval No. 361000109161 dated 10/8/1436H.

1.4 ANB Global Markets Limited

The Bank established on Jumada I 3, 1438H (corresponding to January 31, 2017) ANB Global Markets Limited, as a limited liability company registered in the Cayman Islands. The Bank has 100% ownership in the investee. The objective of ANB Global Markets Limited is trading in derivatives and Repo activities on behalf of the Bank.

Notes to consolidated financial statements

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2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared;

2.1.1 in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia; other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA") referred to as "IFRS as endorsed in KSA"; and

2.1.2 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.

2.2 Basis of measurement and presentation

The consolidated financial statements are prepared on a going concern basis 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), financial instruments held at Fair Value through Other Comprehensive Income (FVOCI), and employee defined benefit obligations which are stated at present value of their obligation using the projected unit credit method. In addition, financial assets or liabilities that are hedged in a fair value hedging relationship and otherwise adjusted to record changes in fair value attributable to the risks that are being hedged. The statement of financial position is stated in order of liquidity.

The new Regulations for Companies issued through Royal Decree M/132 on Dhul Hijjah 1, 1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on Jumada II 26, 1444H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from Jumada II 26, 1444H (corresponding to January 19, 2023). On March 26, 2024, the Extra Ordinary General Assembly of the Bank has approved the amendments to the Bank's By-laws to comply with the new Law. The regulatory procedures to update the Bank's By-Laws were completed during the year.

2.3 Going concern

In making the going concern assessment, the Group has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc. The management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.4 Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies. Adjustments have been made to the financial statements of the subsidiaries where necessary to align them with the Bank's financial statements.

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

Specifically, the Group controls an investee if and only if it 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 its returns.

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

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

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

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If the Group 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 the consolidated statement of income; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the portion of net income or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and separately from equity holders of the Bank within equity in the consolidated statement of financial position. Any Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions of non-controlling interests are accounted for using the purchase method of accounting, whereby, the difference between the cost of acquisition and the fair value of the share of the net assets acquired is recognised as goodwill.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Non-controlling interest is subsequently adjusted for the Group's share of changes in the equity of the consolidated subsidiary after the date of acquisition.

All intra-group assets and liabilities, equity, income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

2.5 Functional and presentation currency

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

2.6 Critical accounting judgements, estimates and assumptions

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

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of non-financial assets.

Revisions to accounting estimates are recognised 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:

2.6.1 Expected credit losses (ECL) on financial assets:

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 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 Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

The selection of an estimation technique or modelling methodology, covering below key judgements and assumptions:

- The Group's internal credit grading model, which assigns Probabilities of Defaults (PDs) to the individual grades;

Notes to consolidated financial statements
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- The Group'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;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- The Bank applies overlay adjustments to its expected credit loss model to reflect factors not fully captured by model inputs, such as macroeconomic conditions, forward-looking information, or borrower-specific circumstances. These overlays involve significant judgment and the underlying assumptions considered include current and forecasted economic conditions, sectoral trends, and other factors that may materially affect credit risk. The overlay adjustments are regularly reviewed and revised to ensure they remain appropriate and reflective of the current credit risk environment. These adjustments are made in line with the Bank's credit risk management policies.

2.6.2 Fair value of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Assumptions and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

2.6.3 Define benefit plans (note 30); and
2.6.4 Fair value of other real estate owned.

3. Summary of material accounting policies

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

3.1 Changes in accounting policies

3.1.1 New standards, interpretations and amendments adopted by the Group

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

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

- 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. Effective date is deferred until accounting periods starting not earlier than January 1, 2024.
- Amendment 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. Effective date is January 1, 2024.
- Amendment to IAS 1 - Non-current liabilities with covenants: These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. Effective date is January 1, 2024.

3.1.2 Accounting standards issued but not yet effective

- 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 date is January 1, 2024 subject to the 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 date is January 1, 2024 subject to the endorsement by SOCPA.

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- Amendment to IFRS 21 – Lack of exchangeability: IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique. Effective date is January 1, 2025.
- Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full. Effective date deferred indefinitely.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

  The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. Effective date is 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. Effective date is January 1, 2027.
- IFRS 19, Subsidiaries without Public Accountability: Disclosures: IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards. Effective date is January 1, 2027.

3.2 Classification of financial assets

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

3.2.1 Financial asset at amortised cost (AC)

A financial asset is measured at amortised 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 of cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.2.2 Financial asset at fair value through other comprehensive income (FVOCI)

3.2.2.1 Debt instrument

Debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognised in the consolidated statement of income.

3.2.2.2 Equity Instruments

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

3.2.2.3 Financial Asset at fair value through statement of income (FVSI)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVSI.

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

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

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3.2.3 Business model assessment

The Group assesses 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 interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and 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 Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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 realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets 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.

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

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

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

- Contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.2.5 Designation at FVSI

At initial recognition, the Group may designate certain financial assets at FVSI. The designated financial assets (if any) are required to be managed, evaluated and reported internally on a fair value.

3.3 Classification of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium and costs that are an integral part of the Effective Interest Rate ("EIR").

3.4 Derecognition

3.4.1 Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) 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 recognised in OCI is recognised in the consolidated statement of income.

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

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise 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.

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In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in statement of income on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

3.4.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

3.5 Modifications of financial assets and financial liabilities

3.5.1 Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised with the difference recognised as a de-recognition gain or loss and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the 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 allowance for expected credit losses.

3.5.2 Financial liabilities

The Group derecognises 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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of income.

If the modification of a financial liability is not accounted for as derecognition, then the amortised 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 recognised in consolidated statement of income. For financial liabilities, the Group 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.

3.6 Allowance for expected credit losses

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

- Due from banks and other financial institutions;
- Debt instruments;
- Loans and advances;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No allowance for expected credit losses is recognised on FVOCI equity investments.

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

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

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

12-month ECL 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 recognised 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 recognised 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 nor credit-impaired.

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

3.6.1 Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

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- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group 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.

3.6.2 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 derecognised 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 EIR of the existing financial asset.

3.6.3 Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; 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 allowance for expected credit losses. In addition, a loan that is overdue for 90 days or more is considered impaired.

In assessing of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

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

3.6.4 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 amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision classified under other liabilities;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision under other liabilities; and
- debt instruments measured at FVOCI: no ECL allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value.

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However, the ECL allowance is disclosed and is recognised in the fair value reserve. Allowances charge for expected credit losses are recognised in the consolidated statement of income and changes between the amortised cost of the assets and their fair value are recognised in OCI.

3.6.5 Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated 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 allowance charges for expected credit losses and other provisions.

3.6.6 Collateral valuation

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

3.6.7 Collateral repossessed

The Group'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 its internal operations are transferred to their relevant asset category, in line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio to settle outstanding debt, but engages external agents to recover funds generally at auction. 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.

3.7 Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group 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. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued and commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

The Group has not issued loan commitments that are measured at FVSI. It recognises an expected credit loss allowance for all other loan commitments.

3.8 Government grant

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of interest is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the deposit determined in accordance with IFRS 9 and the proceeds received.

The benefit is accounted for in accordance with IAS 20. Government grant is recognised in statement of consolidated income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. The grant income is only recognised when the ultimate beneficiary is the Group.

Where the customer is the ultimate beneficiary, the Group only records the respective receivable and payable amounts.

3.9 Revenue/ expenses recognition

3.9.1 Special commission income and expenses

Special commission income and expense are recognised in the consolidated statement of income using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts of the financial instrument or the amortised cost of the financial instrument.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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3.9.2 Measurement of amortised cost and special commission income

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

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

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

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

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

3.9.3 Exchange income/ (loss)

Exchange income/ (loss) is recognised when earned/ incurred.

3.9.4 Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the special commission income/ expense as applicable.

Income from asset management and brokerage are recognised at a point-in-time when the performance obligation of the Group is satisfied.

Investment banking and corporate finance fee revenues are recognised over the period of time that 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 recognised 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, then the related loan commitment fee is recognised 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.

3.10 Rendering of services

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

The Group has concluded that revenue from rendering of various services related to share trading and fund management, trade finance, corporate finance, and advisory and other banking services, should be recognized at the point when services are rendered i.e., when performance obligation is satisfied. Whereas for free services related to credit card, the Group recognizes revenue over the period of time.

3.10.1 Brokerage income

Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Group is satisfied when the Group carries out the transaction, which is considered as a performance obligation satisfied at a point in time, which triggers immediate recognition of the revenue, as the Group will have no further commitments.

3.10.2 Asset management fees

Asset management fees are recognised based on a fixed percentage of net assets under management ("asset-based"), or a percentage of returns from net assets ("returns-based"), or % of capital deployed/raised subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Group's efforts to transfer the services for that period. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

This fee compensates and contributes to single performance obligation, the Group's obligation will generally be satisfied upon the provision of non-restrictive legal custodial structure and therefore recognized over time as the overall services are performed.

3.10.3 Advisory and investment banking services revenue

Advisory and investment banking services revenue is recognised when services are determined as complete in accordance with the underlying agreement based on performance obligations being met, agreed with the customer and invoiced, as generally set forth under the terms of the engagement.

Revenue recognition of retainer fees is recognized over a period of time and it is generally linked to the timing of performance obligation (i.e., monthly, quarterly, etc.).

Success fees are recognized upon the fulfilment of performance obligations. For example, either on the satisfaction of financial advisory services or completion of underwriting agreement.

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3.11 Investments in associates

Investments in associates are initially recognised at cost and subsequently equity accounted. An associate is an entity in which the Group has significant influence (but not control) over financial and operating policies and which is neither a subsidiary nor a joint venture. Investments in associates are carried in the statement of financial position at cost, plus post-acquisition changes in the Group share of net assets of the associate, less any impairment in the value of individual investments. The Group share of its associates' post-acquisition profits or losses are recognised in the statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in reserves.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables (if applicable), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

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

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

3.12 Settlement date accounting

All regular-way purchases and sales of financial assets are accounted for on settlement date. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or market convention. For financial instruments held at fair value, the Group accounts for any change in fair values between the trade date and the settlement date.

A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Instead, such a contract is accounted for as a derivative in the period between the trade date and the settlement date.

3.13 Derivative financial instruments and hedge accounting

Derivative financial instruments, including forward foreign exchange contracts, commission rate futures, forward rate agreements, currency and commission rate swaps and currency and commission rate options are measured at fair value. 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 pricing models, as appropriate.

The treatment of changes in fair values depends on classifying derivatives into the following categories:

3.13.1 Derivatives held for trading

Changes in the fair value of derivatives held for trading are taken directly to the consolidated statement of income and disclosed under trading income, net. Derivatives held for trading do not qualify for hedge accounting and embedded derivatives.

3.13.2 Embedded derivatives

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

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

Separated embedded derivatives are measured at fair value. with all changes in fair value recognised in statement of income unless they form part of a qualifying cash flow or net investment hedging relationship.

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3.13.3 Hedge accounting

The Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rate, foreign currency, and credit risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risks, the Group 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 recognised asset or liability and (b) cash flow hedges which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised 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 Group 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 ongoing basis.

3.13.3.1 Fair Value Hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect statement of income, any gain or loss from re-measuring the hedging instruments to fair value is recognised immediately in the consolidated statement of income together with change in the fair value of the hedged item attributable to the hedged risk under non-trading gains / losses in the statement of income.

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

3.13.3.2 Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a micro fair value hedge relationship include fixed rate corporate and small business loans, fixed rate debt instruments at FVOCI and fixed rate issued long-term deposits. These hedge relationships are assessed for prospective and retrospective hedge effectiveness on a monthly basis. If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Group decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively.

If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement. For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVOCI, changes in fair value that were recorded in the income statement whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the income statement to OCI. There were no such instances in either the current year or in the comparative year.

3.13.3.3 Portfolio macro fair value hedges

The Group applies macro fair value hedging to its fixed rate mortgages. The Group determines hedged items by identifying portfolios of homogenous loans based on their contractual interest rates, maturity and other risk characteristics. Loans within the Identified portfolios are allocated to repricing time buckets based on expected, rather than contractual, repricing dates. The hedging instruments (pay fix/receive floating rate interest rate swaps) are designated appropriately to those repricing time buckets. Hedge effectiveness is measured on a monthly basis, by comparing fair value movements of the designated proportion of the bucketed loans due to the hedged risk, against the fair value movements of the derivatives, to ensure that they are within an 80% to 125% range. The aggregated fair value changes in the hedged loans are recognised as an asset in the Fair value hedge accounting adjustment on the face of the statement of financial position.

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Should hedge effectiveness testing highlight that movements for a particular bucket fall outside the 80-125% range (i.e., the hedge relationship was ineffective for the period), no fair value hedge accounting adjustment is recorded for that month for that particular bucket. Regardless of the results of the retrospective hedge effectiveness testing, at the end of every month, in order to minimise the ineffectiveness from early repayments and accommodate new exposures, the Group voluntarily de-designates the hedge relationships and re-designates them as new hedges. At de-designation, the fair value hedge accounting adjustments are amortised on a straight-line basis over the original hedged life. The Group has elected to commence amortisation at the date of de-designation.

IBOR reform Phase 2 provide relief for items within a designated group of items such as those forming part of the Group's macro fair value hedging strategy, that are amended as a result of IBOR reform. The reliefs allow the Group's hedging strategy to remain and not be discontinued. As items within the hedged group transition at different times from IBORs to RFRs, the Group transfers them to sub-groups of instruments that reference RFRs as the hedged risk.

3.13.3.4 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 recognised 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 recognised directly in other comprehensive income and the ineffective portion, if any, is recognised in the consolidated statement of income. For cash flow hedges affecting future transactions, the gains or losses recognised 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 Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into the statement of income as a reclassification adjustment the amount that is not to be recognised.

Where the hedged forecasted transaction results in the recognition of a non- financial asset or a non-financial liability, then at the time such asset or liability is recognised the associated gains or losses that had previously been recognised directly in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of such asset or liability. 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 Group 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 recognised 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 affects the statement of income, the net cumulative gain or loss recognised in "other comprehensive income" is transferred immediately to the consolidated statement of income for the period.

3.14 Foreign currencies

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 profit or loss are also recognised in OCI or profit or loss, 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 Group 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 Group determines the transaction date for each payment or receipt of advance consideration.

The Group's consolidated financial statements are presented in Saudi Arabian Riyals, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the spot rates prevailing at transaction dates. Monetary assets and liabilities at year-end (other than monetary items that form part of the net investment in a foreign operation), denominated in foreign currencies, are translated into Saudi Arabian Riyals at rates of exchange prevailing at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for the effective interest rate and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. All differences arising on non-trading activities are taken to other non-operating income in the statement of income, with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in foreign entity.

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Foreign currency differences arising from the translation of the following items are recognized in OCI:

- FVOCI equity instruments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

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

As at the reporting date, the assets and liabilities of foreign operations are translated into Saudi Arabian Riyals at the rate of exchange as at the statement of financial position date, and their statement of incomes are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are recognized in other comprehensive income. Goodwill and fair value adjustments, arising on the acquisition of foreign subsidiaries are maintained in the functional currency of the foreign operation are translated at the closing rate and included in hedges of net investments where appropriate.

If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

3.15 Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised on the consolidated statement of financial position and are measured in accordance with relevant accounting policies for trading, FVSI, FVOCI and at amortised cost securities. The counterparty liability for amounts received under these agreements is included in due to banks, SAMA and other financial institutions or customers' deposits, as appropriate. The difference between the sale and repurchase price is treated as special commission expense and accrued over the life of the repo agreement on an effective yield basis. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised in the consolidated statement of financial position of the Group. Amounts paid under these agreements are included in cash and balances with SAMA, due from banks, SAMA and other financial institutions or loans and advances, as appropriate. The difference between the purchase and resale price is treated as special commission income and accrued over the life of the reverse repo agreement on an effective yield basis.

3.16 Other real estate owned

The Group, in the ordinary course of business, acquires certain real estate against settlement of loans and advances. Such real estate is considered as assets held for sale and are initially stated at the carrying amount of the defaulted loans and advances. No depreciation is charged on such real estate.

Subsequent to initial recognition, write downs to fair value, less costs to sell, is charged to the consolidated statement of income. Similarly, subsequent gains in fair value less costs to sell are recognised as income to the extent that it does not exceed the cumulative write down. Gains or losses on disposal are recognised in the consolidated statement of income.

3.17 Provisions

Provisions other than allowance charges for expected credit losses are recognised when a reliable estimate can be made of a present legal or constructive obligation as a result of past events that is more likely than not to lead to an outflow of resources to settle the obligation.

3.17.1 Provisions for liabilities and charges

The Group receives legal claims against it in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process being followed as per law.

3.18 Accounting for leases

3.18.1 Right of Use Assets / Lease Liabilities

On initial recognition, at inception of the contract, the Group assesses 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 group and the group can direct the usage of such assets.

At inception or on reassessment of a contract that contains a lease component, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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3.18.2 Right of Use Asset

The Group applies a cost model, and measures the right of use of an asset at cost;

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any re-measurement of the lease liability for lease modifications.

3.18.3 Lease liability

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

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

- Increasing the carrying amount to reflect interest on the lease liability;
- 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 amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured 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.

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

The Group has elected not to recognise 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 Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.19 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in cash, cash with others, balances with SAMA (excluding statutory deposit) and due from banks and other financial institutions maturing within 90 days.

3.20 Employee defined benefit obligation

The provision for employee defined benefit obligation is made based on actuarial valuation in accordance with Saudi Arabian Labour Laws. Net obligation, with respect to end of service benefits, to the Group is reviewed by using a projected unit credit method. Actuarial gains and losses (Re-measurements) are recognized in full in the period in which they occur in other comprehensive income. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Group 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
- net interest expense or income.

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.

3.21 Zakat and income tax

3.21.1 Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). The Zakat expense is charged to the consolidated statement of income. Zakat principles are not the same basis as income tax and as such no deferred tax is required to be calculated.

3.21.2 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Bank and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

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3.21.3 Value added tax ("VAT")

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

3.21.4 Deferred income tax

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised.

3.22 Investment management services

The Group offers investment services to its customers, through its subsidiary, ANBC, which include management of certain investment funds. The Group's share of these funds is included in the FVSI investments and fees earned are disclosed under related party transactions. Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

3.23 Shari'ah compliant banking products

In addition to conventional banking, the Group offers its customers the following non-special commission based banking products, which are approved by its Shari'ah Board:

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

3.23.2 **Ijarah** is an agreement whereby the Group, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on its promise to lease the asset for an agreed rent and specific period that would transfer the ownership of the leased asset to the lessee by the end of the lease term.

3.23.3 **Tawarruq** is a form of Murabaha transactions where the Group purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements.

These non-commission based banking products are included in "loans and advances" in conformity with the related accounting policies described in these consolidated financial statements

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4. Cash and balances with Saudi Central Bank

	2024	2023
Cash in hand	1,204,664	1,042,122
Cash held in custody with others	881,827	667,541
Statutory deposit	9,694,947	8,823,150
Placement with SAMA	560,000	358,000
Current account	923	1,369
Total	**12,342,361**	**10,892,182**

In accordance with the Banking Control Law and regulations issued by SAMA, the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its deposit liabilities calculated on monthly averages at the end of reporting period. The statutory deposit with SAMA is not available to finance the Bank's day-to-day operations and is therefore not part of cash and cash equivalents (note 28).

5. Due from banks and other financial institutions, net

	2024	2023
Current accounts	458,195	488,831
Money market placements	3,399,726	1,991,427
ECL allowance	(4,541)	(2,309)
Total	**3,853,380**	**2,477,949**

5.1 The following table further explains changes in gross carrying amount of the due from banks and other financial institutions:

	2024			
Due from banks and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	2,480,258	-	-	2,480,258
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	1,377,663	-	-	1,377,663
Write-offs	-	-	-	-
Closing balance as at December 31	**3,857,921**	**-**	**-**	**3,857,921**

	2023			
Due from banks and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	6,051,797	-	-	6,051,797
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(3,571,539)	-	-	(3,571,539)
Write-offs	-	-	-	-
Closing balance as at December 31	**2,480,258**	**-**	**-**	**2,480,258**

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5.2 An analysis of changes of the ECL allowance for due from banks and other financial institutions are as follows:

	2024			
Due from banks and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	2,309	-	-	2,309
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	2,232	-	-	2,232
Write-offs	-	-	-	-
Closing balance as at December 31	**4,541**	**-**	**-**	**4,541**

	2023			
Due from banks and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	3,762	-	-	3,762
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(1,453)	-	-	(1,453)
Write-offs	-	-	-	-
Closing balance as at December 31	**2,309**	**-**	**-**	**2,309**

6. Investments, net

6.1 Investment securities are classified as follows:

	2024	2023 - restated
Investments at amortised cost	39,223,140	36,946,218
Equity investments at FVOCI	2,811,699	2,611,580
Debt investments at FVOCI	8,466,450	6,481,654
Investments at FVSI	1,854,979	1,387,610
ECL allowance	(11,174)	(12,370)
Total	**52,345,094**	**47,414,692**

Certain equity investments designated at FVOCI were disposed of during the year and a cumulative net loss was transferred within the equity amounted to SAR 39,111 thousands for the year ended December 31, 2024 (2023: gain SAR 13,426 thousands).

Investments include items which have been utlised as pledged collateral under repurchase agreement and securities available under other arrangements. The market value of such investments held as a collateral against active repurchase agreements at December 31, 2024 is SAR 1,473 million (2023: SAR 86 million).

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6.2 Investments by type of securities:

	Domestic		International		Total	
	2024	2023 - restated	2024	2023 - restated	2024	2023 - restated
Fixed rate debt securities	38,184,302	26,579,230	5,521,550	4,074,350	43,705,852	30,653,580
Floating rate debt securities	3,983,738	12,774,292	-	-	3,983,738	12,774,292
Equities and funds	2,509,048	2,694,321	2,157,630	1,304,869	4,666,678	3,999,190
ECL allowance	(10,302)	(11,482)	(872)	(888)	(11,174)	(12,370)
Total	**44,666,786**	**42,036,361**	**7,678,308**	**5,378,331**	**52,345,094**	**47,414,692**

6.3 Staging details by class of investments:

6.3.1 The following table further explains changes in gross carrying amount of debt investments at amortised cost:

	2024			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	36,946,218	-	-	36,946,218
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	2,276,922	-	-	2,276,922
Write-offs	-	-	-	-
Closing balance as at December 31	**39,223,140**	**-**	**-**	**39,223,140**

	2023			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	36,758,208	-	-	36,758,208
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	188,010	-	-	188,010
Write-offs	-	-	-	-
Closing balance as at December 31	**36,946,218**	**-**	**-**	**36,946,218**

6.3.2 The following table further explains changes in gross carrying amount of debt investments at FVOCI:

	2024			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	6,481,654	-	-	6,481,654
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	1,984,796	-	-	1,984,796
Write-offs	-	-	-	-
Closing balance as at December 31	**8,466,450**	**-**	**-**	**8,466,450**

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	2023			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	1,327,381	-	-	1,327,381
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	5,154,273	-	-	5,154,273
Write-offs	-	-	-	-
Closing balance as at December 31	**6,481,654**	**-**	**-**	**6,481,654**

6.3.3 The analysis of changes in ECL allowance for debt instruments carried at amortised cost:

	2024			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	12,370	-	-	12,370
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(1,196)	-	-	(1,196)
Write-offs	-	-	-	-
Closing balance as at December 31	**11,174**	**-**	**-**	**11,174**

	2023			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	22,069	-	-	22,069
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(9,699)	-	-	(9,699)
Write-offs	-	-	-	-
Closing balance as at December 31	**12,370**	**-**	**-**	**12,370**

6.3.4 The analysis of changes in ECL allowance for debt instruments carried at FVOCI:

	2024			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	26,733	-	-	26,733
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	14,166	-	-	14,166
Write-offs	-	-	-	-
Closing balance as at December 31	**40,899**	**-**	**-**	**40,899**

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	2023			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	14,005	-	-	14,005
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	12,728	-	-	12,728
Write-offs	-	-	-	-
Closing balance as at December 31	**26,733**	**-**	**-**	**26,733**

6.4 The analysis of the composition of investments is as follows:

	2024			2023 - restated		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed rate debt securities	42,962,683	743,169	43,705,852	30,089,184	564,396	30,653,580
Floating rate debt securities	1,802,173	2,181,565	3,983,738	10,197,286	2,577,006	12,774,292
Equities and funds	3,828,595	838,083	4,666,678	3,517,588	481,602	3,999,190
ECL allowance	(4,312)	(6,862)	(11,174)	(5,469)	(6,901)	(12,370)
Investments, net	**48,589,139**	**3,755,955**	**52,345,094**	**43,798,589**	**3,616,103**	**47,414,692**

6.5 The analysis of unrealised gains and losses and fair values of investments held at amortised cost is as follows:

	2024				2023			
	Carrying value	Gross unrealised gains	Gross unrealised losses	Fair value	Carrying value	Gross unrealised gains	Gross Unrealized losses	Fair value
Fixed rate debt securities	35,850,600	68,551	(3,666,723)	32,252,428	24,869,900	79,527	(2,800,308)	22,149,119
Floating rate debt securities	3,372,540	13,344	(6,561)	3,379,323	12,076,318	104,125	(1,474)	12,178,969
ECL allowance	(11,174)	-	-	(11,174)	(12,370)	-	-	(12,370)
Total	**39,211,966**	**81,895**	**(3,673,284)**	**35,620,577**	**36,933,848**	**183,652**	**(2,801,782)**	**34,315,718**

6.6 The analysis of investments by counter-party is as follows:

	2024	2023 - restated
Government and quasi government	39,557,379	35,810,430
Banks and other financial institutions	5,757,543	4,450,099
Corporate	6,881,369	6,970,238
Other	148,803	183,925
Total	**52,345,094**	**47,414,692**

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6.7 Investments include Shariah based investments as follows:

	2024	2023
Investments at amortised cost	38,206,751	26,563,633
Equity investments at FVOCI	1,060,964	2,279,213
Debt investments at FVOCI	2,508,828	1,075,489
Investments at FVSI	685,320	627,911
ECL allowance	(9,439)	(9,661)
Total	**42,452,424**	**30,536,585**

7. Loans and advances, net

7.1 Loans and advances held at amortised cost comprise of the following:

2024	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Performing loans and advances	4,674,232	1,219,849	43,471,320	121,131,240	170,496,641
Non-performing loans and advances	13,959	21,722	93,041	1,938,195	2,066,917
Total loans and advances	**4,688,191**	**1,241,571**	**43,564,361**	**123,069,435**	**172,563,558**
ECL allowance	(142,473)	(142,487)	(525,547)	(2,258,390)	(3,068,897)
Loans and advances, net	**4,545,718**	**1,099,084**	**43,038,814**	**120,811,045**	**169,494,661**

2023	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Performing loans and advances	3,696,654	988,993	39,790,378	108,786,407	153,262,432
Non-performing loans and advances	15,221	23,365	93,505	2,169,747	2,301,838
Total loans and advances	**3,711,875**	**1,012,358**	**39,883,883**	**110,956,154**	**155,564,270**
ECL allowance	(121,528)	(89,313)	(478,570)	(2,639,750)	(3,329,161)
Loans and advances, net	**3,590,347**	**923,045**	**39,405,313**	**108,316,404**	**152,235,109**

7.2 Loans and advances include Shariah based products as follow:

	2024	2023
Murabaha	22,915,207	20,199,827
Tawarruq	115,202,480	98,265,965
Others	2,535,886	1,520,799
ECL allowance	(2,507,276)	(2,881,617)
Total	**138,146,297**	**117,104,974**

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7.3 The following table further explains changes in gross carrying amount:

	2024			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	138,660,682	14,531,404	2,372,184	155,564,270
Transfers to stage 1	2,012,454	(1,958,155)	(54,299)	-
Transfers to stage 2	(6,059,969)	6,092,181	(32,212)	-
Transfers to stage 3	(201,033)	(986,572)	1,187,605	-
Net change for the year	23,773,882	(5,425,916)	(445,670)	17,902,296
Write-offs	-	-	(903,008)	(903,008)
Closing balance as at December 31	**158,186,016**	**12,252,942**	**2,124,600**	**172,563,558**

	2023			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	133,134,295	11,885,608	2,728,724	147,748,627
Transfers to stage 1	3,025,099	(2,971,344)	(53,755)	-
Transfers to stage 2	(4,599,398)	4,861,586	(262,188)	-
Transfers to stage 3	(185,714)	(482,745)	668,459	-
Net change for the year	7,286,400	1,238,299	763,437	9,288,136
Write-offs	-	-	(1,472,493)	(1,472,493)
Closing balance as at December 31	**138,660,682**	**14,531,404**	**2,372,184**	**155,564,270**

	2024			
Overdrafts	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	3,235,782	460,872	15,221	3,711,875
Transfers to stage 1	103,178	(103,178)	-	-
Transfers to stage 2	(108,460)	108,460	-	-
Transfers to stage 3	(3)	(964)	967	-
Net change for the year	732,720	245,676	38,439	1,016,835
Write-offs	-	-	(40,519)	(40,519)
Closing balance as at December 31	**3,963,217**	**710,866**	**14,108**	**4,688,191**

	2023			
Overdrafts	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	2,837,495	178,865	28,654	3,045,014
Transfers to stage 1	39,025	(38,035)	(990)	-
Transfers to stage 2	(283,657)	283,657	-	-
Transfers to stage 3	(10)	(970)	980	-
Net change for the year	642,929	37,355	113,713	793,997
Write-offs	-	-	(127,136)	(127,136)
Closing balance as at December 31	**3,235,782**	**460,872**	**15,221**	**3,711,875**

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	2024			
Credit cards	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	790,326	195,515	26,517	1,012,358
Transfers to stage 1	116,324	(114,942)	(1,382)	-
Transfers to stage 2	(147,565)	148,966	(1,401)	-
Transfers to stage 3	(8,624)	(3,452)	12,076	-
Net change for the year	243,360	(1,716)	42,787	284,431
Write-offs	-	-	(55,218)	(55,218)
Closing balance as at December 31	**993,821**	**224,371**	**23,379**	**1,241,571**

	2023			
Credit cards	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	558,127	167,082	13,170	738,379
Transfers to stage 1	83,519	(82,941)	(578)	-
Transfers to stage 2	(102,695)	103,085	(390)	-
Transfers to stage 3	(6,476)	(3,826)	10,302	-
Net change for the year	257,851	12,115	60,075	330,041
Write-offs	-	-	(56,062)	(56,062)
Closing balance as at December 31	**790,326**	**195,515**	**26,517**	**1,012,358**

	2024			
Consumer loans	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	35,938,529	3,791,574	153,780	39,883,883
Transfers to stage 1	1,027,205	(982,015)	(45,190)	-
Transfers to stage 2	(1,930,239)	1,953,271	(23,032)	-
Transfers to stage 3	(60,576)	(59,436)	120,012	-
Net change for the year	5,087,502	(1,341,896)	172,066	3,917,672
Write-offs	-	-	(237,194)	(237,194)
Closing balance as at December 31	**40,062,421**	**3,361,498**	**140,442**	**43,564,361**

	2023			
Consumer loans	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	33,137,873	3,033,377	102,226	36,273,476
Transfers to stage 1	953,055	(930,108)	(22,947)	-
Transfers to stage 2	(2,217,956)	2,230,571	(12,615)	-
Transfers to stage 3	(56,052)	(52,291)	108,343	-
Net change for the year	4,121,609	(489,975)	254,423	3,886,057
Write-offs	-	-	(275,650)	(275,650)
Closing balance as at December 31	**35,938,529**	**3,791,574**	**153,780**	**39,883,883**

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	2024			
Commercial loans and others	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	98,696,045	10,083,443	2,176,666	110,956,154
Transfers to stage 1	765,747	(758,020)	(7,727)	-
Transfers to stage 2	(3,873,705)	3,881,484	(7,779)	-
Transfers to stage 3	(131,830)	(922,720)	1,054,550	-
Net change for the year	17,710,300	(4,327,980)	(698,962)	12,683,358
Write-offs	-	-	(570,077)	(570,077)
Closing balance as at December 31	**113,166,557**	**7,956,207**	**1,946,671**	**123,069,435**

	2023			
Commercial loans and others	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	96,600,800	8,506,284	2,584,674	107,691,758
Transfers to stage 1	1,949,500	(1,920,260)	(29,240)	-
Transfers to stage 2	(1,995,090)	2,244,273	(249,183)	-
Transfers to stage 3	(123,176)	(425,658)	548,834	-
Net change for the year	2,264,011	1,678,804	335,226	4,278,041
Write-offs	-	-	(1,013,645)	(1,013,645)
Closing balance as at December 31	**98,696,045**	**10,083,443**	**2,176,666**	**110,956,154**

7.4 ECL allowance for expected credit losses:

7.4.1 Movement in ECL allowance balance is as follows:

2024	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Opening balance as at January 1	121,528	89,313	478,570	2,639,750	3,329,161
Net change for the year	61,464	108,392	284,171	188,717	642,744
Written-off against allowance	(40,519)	(55,218)	(237,194)	(570,077)	(903,008)
Closing balance as at December 31	**142,473**	**142,487**	**525,547**	**2,258,390**	**3,068,897**

2023	Overdrafts	Credit cards	Consumer loans	Commercial loans and others	Total
Opening balance as at January 1	183,314	63,458	366,072	3,306,964	3,919,808
Net change for the year	65,350	81,917	388,148	346,431	881,846
Written-off against allowance	(127,136)	(56,062)	(275,650)	(1,013,645)	(1,472,493)
Closing balance as at December 31	**121,528**	**89,313**	**478,570**	**2,639,750**	**3,329,161**

ECL allowance for loans and advances, net for the year ended December 31, 2024 amounted to SAR 494,298 thousands (2023: SAR 721,405 thousands) (note 25), including bad debts directly written-off to consolidated statement of income amounting to SAR 6,982 thousands (2023: SAR 19,372 thousands), and net of recoveries and others amounting to SAR 155,428 thousands (2023: SAR 179,813 thousands).

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7.4.2 An analysis of changes in the ECL allowance by product is as follows:

	2024			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	860,756	901,604	1,566,801	3,329,161
Transfers to stage 1	96,874	(57,960)	(38,914)	-
Transfers to stage 2	(50,550)	73,294	(22,744)	-
Transfers to stage 3	(2,582)	(154,154)	156,736	-
Net change for the year	(28,826)	(45,365)	716,935	642,744
Write-offs	-	-	(903,008)	(903,008)
Closing balance as at December 31	**875,672**	**717,419**	**1,475,806**	**3,068,897**

	2023			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	1,012,772	1,348,817	1,558,219	3,919,808
Transfers to stage 1	191,950	(175,377)	(16,573)	-
Transfers to stage 2	(48,657)	121,470	(72,813)	-
Transfers to stage 3	(3,047)	(25,764)	28,811	-
Net change for the year	(292,262)	(367,542)	1,541,650	881,846
Write-offs	-	-	(1,472,493)	(1,472,493)
Closing balance as at December 31	**860,756**	**901,604**	**1,566,801**	**3,329,161**

	2024			
Overdrafts	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	32,955	18,736	69,837	121,528
Transfers to stage 1	3,748	(3,748)	-	-
Transfers to stage 2	(973)	973	-	-
Transfers to stage 3	-	(27)	27	-
Net change for the year	2,503	22,533	36,428	61,464
Write-offs	-	-	(40,519)	(40,519)
Closing balance as at December 31	**38,233**	**38,467**	**65,773**	**142,473**

	2023			
Overdrafts	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	44,430	4,011	134,873	183,314
Transfers to stage 1	336	(331)	(5)	-
Transfers to stage 2	(7,386)	7,386	-	-
Transfers to stage 3	(9)	(31)	40	-
Net change for the year	(4,416)	7,701	62,065	65,350
Write-offs	-	-	(127,136)	(127,136)
Closing balance as at December 31	**32,955**	**18,736**	**69,837**	**121,528**

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	2024			
Credit cards	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	45,957	28,373	14,983	89,313
Transfers to stage 1	14,492	(12,989)	(1,503)	-
Transfers to stage 2	(5,520)	6,998	(1,478)	-
Transfers to stage 3	(359)	(545)	904	-
Net change for the year	3,727	47,031	57,634	108,392
Write-offs	-	-	(55,218)	(55,218)
Closing balance as at December 31	**58,297**	**68,868**	**15,322**	**142,487**

	2023			
Credit cards	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	39,882	16,270	7,306	63,458
Transfers to stage 1	8,314	(7,715)	(599)	-
Transfers to stage 2	(4,664)	4,968	(304)	-
Transfers to stage 3	(659)	(629)	1,288	-
Net change for the year	3,084	15,479	63,354	81,917
Write-offs	-	-	(56,062)	(56,062)
Closing balance as at December 31	**45,957**	**28,373**	**14,983**	**89,313**

	2024			
Consumer loans	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	226,745	120,864	130,961	478,570
Transfers to stage 1	66,175	(32,230)	(33,945)	-
Transfers to stage 2	(21,516)	37,839	(16,323)	-
Transfers to stage 3	(1,138)	(5,662)	6,800	-
Net change for the year	4,692	12,701	266,778	284,171
Write-offs	-	-	(237,194)	(237,194)
Closing balance as at December 31	**274,958**	**133,512**	**117,077**	**525,547**

	2023			
Consumer loans	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	205,040	70,345	90,687	366,072
Transfers to stage 1	41,892	(26,141)	(15,751)	-
Transfers to stage 2	(18,784)	27,864	(9,080)	-
Transfers to stage 3	(845)	(3,731)	4,576	-
Net change for the year	(558)	52,527	336,179	388,148
Write-offs	-	-	(275,650)	(275,650)
Closing balance as at December 31	**226,745**	**120,864**	**130,961**	**478,570**

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	2024			
Commercial loans and others	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	555,099	733,631	1,351,020	2,639,750
Transfers to stage 1	12,459	(8,993)	(3,466)	-
Transfers to stage 2	(22,541)	27,484	(4,943)	-
Transfers to stage 3	(1,085)	(147,920)	149,005	-
Net change for the year	(39,748)	(127,630)	356,095	188,717
Write-offs	-	-	(570,077)	(570,077)
Closing balance as at December 31	**504,184**	**476,572**	**1,277,634**	**2,258,390**

	2023			
Commercial loans and others	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	723,420	1,258,191	1,325,353	3,306,964
Transfers to stage 1	141,408	(141,190)	(218)	-
Transfers to stage 2	(17,823)	81,252	(63,429)	-
Transfers to stage 3	(1,534)	(21,373)	22,907	-
Net change for the year	(290,372)	(443,249)	1,080,052	346,431
Write-offs	-	-	(1,013,645)	(1,013,645)
Closing balance as at December 31	**555,099**	**733,631**	**1,351,020**	**2,639,750**

7.5 Economic sector risk concentration for loans and advances, net is as follows:

2024	Performing	Non-performing	ECL allowance	Loans and advances, net
Government and quasi government	431,717	-	(176)	431,541
Banks and other financial institutions	9,352,923	668	(45,921)	9,307,670
Agriculture and fishing	1,041,168	497	(4,165)	1,037,500
Manufacturing	12,006,752	837,453	(664,938)	12,179,267
Mining and quarrying	5,009,097	2,353	(42,473)	4,968,977
Electricity, water, gas and health services	7,484,505	1,433	(35,405)	7,450,533
Building and construction	4,484,085	281,875	(237,758)	4,528,202
Commerce	14,449,454	281,699	(428,815)	14,302,338
Real estate activities	26,339,209	59,388	(179,702)	26,218,895
Transportation and communication	6,879,587	11,531	(117,979)	6,773,139
Services	6,826,620	83,759	(138,396)	6,771,983
Consumer loans and credit cards	44,691,169	114,763	(668,034)	44,137,898
Other	31,500,355	391,498	(505,135)	31,386,718
Total	**170,496,641**	**2,066,917**	**(3,068,897)**	**169,494,661**

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2023	Performing	Non-performing	ECL allowance	Loans and advances, net
Banks and other financial institutions	6,750,725	518	(38,314)	6,712,929
Agriculture and fishing	1,447,997	228	(11,030)	1,437,195
Manufacturing	11,661,611	963,062	(614,325)	12,010,348
Mining and quarrying	1,104,433	523	(11,992)	1,092,964
Electricity, water, gas and health services	8,017,023	984	(55,717)	7,962,290
Building and construction	6,474,180	515,197	(686,520)	6,302,857
Commerce	11,955,727	328,114	(322,208)	11,961,633
Real estate activities	18,909,006	41,279	(134,077)	18,816,208
Transportation and communication	7,662,065	7,564	(120,239)	7,549,390
Services	4,826,347	22,939	(64,963)	4,784,323
Consumer loans and credit cards	40,779,371	116,870	(567,883)	40,328,358
Other	33,673,947	304,560	(701,893)	33,276,614
Total	**153,262,432**	**2,301,838**	**(3,329,161)**	**152,235,109**

8. Investments in associates

	2024	2023
Balance at beginning of the year	949,403	978,683
Dividends during the year	(204,558)	(48,788)
Share in earnings, net	144,801	19,508
Balance at end of the year	**889,646**	**949,403**

8.1 SHL Finance Company

The Group participated in the setting up of SHL Finance Company (SHL). The associate's authorised capital was SAR 1 billion and its issued and paid-up capital was SAR 1 billion. The Group's share of the paid-up capital amounted to SAR 400 million, (40 million shares at SAR 10 per share), representing 40% of the issued share capital of the associate.

During Q1 2022, the Group offered 30% of its shareholding (12 million shares) as part of the company's initial public offering (IPO) for a gain of SAR 36.05 million, which was recognised as a realised gain on partial disposal of an investment in an associate in the consolidated statement of income

The Group continues to classify its remaining interest of 29.4% in the company (29.4 million shares) as an associate as the Group still exercises significant influence over SHL.

The associate is a specialised Islamic home and real estate finance company with all its products and services being fully Shariah compliant. The associate was launched at the end of the fourth quarter of 2007 and is accounted for under the equity method.

Below is the latest available financial information of the company:

SHL Finance Company	2024	2023
Total assets	4,523,803	4,385,453
Total liabilities	2,846,752	2,717,203
Total equity	1,677,051	1,668,250
Total income	263,881	128,702
Total expenses	(244,149)	(115,487)

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8.2 ANBC Business Gate Fund

The Group owns 12.75 % (2023: 12.75%) of ANBC Business Gate Fund (the Fund), which is a closed-ended private placement real estate investment fund launched on August 25, 2014 for a period of 5 years starting from the date of closure of the first offering on January 11, 2015. Since its launch the fund was extended a number of times. The last being December 14, 2020 when the unitholders approved an extension to December 31, 2025.

During the year, the Fund sold the underlying assets and the gain of the transaction has been recognized as share in earnings in the Group statement of income, the Fund is in the process of closure.

Below is the latest available financial information of the fund:

ANBC Business Gate Fund	2024	2023
Total assets	-	1,505,802
Total liabilities	-	1,227,268
Total equity	-	278,534
Total income	219,925	219,392
Total expenses	(214,500)	(205,254)

8.3 Sara Second Real Estate Investment Fund (Sara Second Fund)

The Group invested in the Sara Second Real Estate Investment Fund, a private, CMA regulated and closed ended fund. It was formed to acquire an income generating residential compound in Khobar. The Fund commenced operations in May 2020 and the Group's interest in the Fund is 31.9%.

Below is the latest available financial information of the Sara Second Fund:

Sara Second Fund	2024	2023
Total assets	1,729,277	1,815,132
Total liabilities	528,727	563,143
Total equity	1,200,550	1,251,989
Total income	163,660	189,796
Total expenses	(93,994)	(180,217)

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

	Land and buildings	Leasehold improvements	Equipment, furniture and vehicles	Computer and Software	Work in-progress	Right of Use Assets (ROU)	Total
Cost:							
Balance at beginning of the year	1,382,266	727,222	686,141	1,312,244	302,094	1,168,979	5,578,946
Additions	9,500	56,462	71,174	153,574	336,632	202,862	830,204
Disposals	(17,521)	(1,068)	(14,315)	(9)	-	(133,505)	(166,418)
Balance as at December 31, 2024	**1,374,245**	**782,616**	**743,000**	**1,465,809**	**638,726**	**1,238,336**	**6,242,732**
Balance at beginning of the year	1,378,266	672,018	806,221	1,303,781	153,840	1,092,406	5,406,532
Additions	4,000	55,022	45,227	126,595	148,254	264,953	644,051
Disposals	-	(3,435)	(165,307)	(118,132)	-	(188,380)	(475,254)
Balance as at December 31, 2023	**1,382,266**	**723,605**	**686,141**	**1,312,244**	**302,094**	**1,168,979**	**5,575,329**
Accumulated depreciation:							
Balance at beginning of the year	556,777	594,946	500,751	1,117,290	-	311,505	3,081,269
Charge for the year	17,659	35,506	46,141	70,535	-	76,053	245,894
Disposals/ adjustments	-	(1,068)	(13,428)	(8)	-	(48,286)	(62,790)
Balance as at December 31, 2024	**574,436**	**629,384**	**533,464**	**1,187,817**	**-**	**339,272**	**3,264,373**
Net book value as at December 31, 2024	**799,809**	**153,232**	**209,536**	**277,992**	**638,726**	**899,064**	**2,978,359**
Balance at beginning of the year	528,675	562,561	621,112	1,186,291	-	276,665	3,175,304
Charge for the year	28,102	30,868	44,719	49,127	-	75,471	228,287
Disposals/ adjustments	-	(2,100)	(165,080)	(118,128)	-	(40,631)	(325,939)
Balance as at December 31, 2023	**556,777**	**591,329**	**500,751**	**1,117,290**	**-**	**311,505**	**3,077,652**
Net book value as at December 31, 2023	**825,489**	**132,276**	**185,390**	**194,954**	**302,094**	**857,474**	**2,497,677**

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10. Other assets

	2024	2023
Paid derivatives collateral margins	938,023	673,272
Accrued commission	584,877	276,147
Prepaid expenses	228,911	149,419
Accrued income	122,198	71,874
Other	1,330,144	954,337
Total	**3,204,153**	**2,125,049**

11. Derivative financial instruments

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

Swaps

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

Forwards and futures

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

Foreign currency and commission rate futures are transacted in standardised amounts on regulated exchanges with changes in fair values settled daily.

Forward rate agreements

Forward rate agreements are individually negotiated commission rate contracts that call for the cash settlement, on a specified future date or series of dates, of the difference between the contracted commission rate and the market rate calculated on a notional principal.

Options

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

Held for trading purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks in order to, inter alia, 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. Arbitrage involves identifying, with the expectation of profiting from price differentials between markets or products.

Held for hedging purposes

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

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The Board of Directors 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 set limits. The Board of Directors has established the level of commission rate risk by setting limits on commission rate gaps for stipulated periods. Asset and liability commission rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce commission rate gap to be within the set limits.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to adjust its exposure to currency and commission rate risks to acceptable levels. This is generally achieved by hedging specific transactions as well as strategic hedging against overall statement of financial position exposures. Strategic hedging, other than portfolio hedges for commission rate risk, do not qualify for hedge accounting and related derivatives are accounted for as held for trading.

The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks. In addition, the Group uses commission rate swaps and commission rate futures to hedge against commission rate risk arising from specifically identified fixed commission rate exposures.

The Group also uses commission 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 either fair value or cash flow hedges.

11.1 Cash flow hedges

The Group is exposed to variability in future commission cash flows on non-trading assets which bear commission income at a variable rate. The Group uses commission rate swaps as cash flow hedges to hedge these commission rate risks. The below table indicating, the periods when the hedged cash flows are expected to occur and when they are expected to affect statement of income:

2024	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	141,988	33,544	-	-
Cash out flows (liabilities)	(94,329)	(21,794)	-	-
Net cash flow	**47,659**	**11,750**	**-**	**-**

2023	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	46,586	58,218	-	-
Cash out flows (liabilities)	(101,793)	(94,893)	-	-
Net cash flow	**(55,207)**	**(36,675)**	**-**	**-**

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11.2 The tables below show the notional amounts and the positive and negative fair values of derivative financial instruments analysed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk:

2024	Positive fair value	Negative fair value	Notional amount total	Notional amounts by term to maturity Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	1,535,398	1,455,714	40,765,093	50,000	3,341,478	20,860,880	16,512,735
Commission rate futures and options	9,600	8,795	1,335,374	375,000	612,389	337,985	10,000
Forward foreign exchange and commodity contracts	89,533	73,321	7,023,979	6,573,060	450,919	-	-
Currency and commodity options	1,628	1,467	179,274	59,625	119,649	-	-
Held as fair value hedges:							
Commission rate swaps	654,437	5,285	13,695,363	1,307,309	5,893	3,663,411	8,718,750
Held as cash flow hedges:							
Commission rate swaps	-	54,328	1,800,000	-	-	1,800,000	-
Total	**2,290,596**	**1,598,910**	**64,799,083**	**8,364,994**	**4,530,328**	**26,662,276**	**25,241,485**

2023	Positive fair value	Negative fair value	Notional amount total	Notional amounts by term to maturity Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	1,337,280	1,271,818	35,159,175	976,249	2,599,181	14,820,152	16,763,593
Commission rate futures and options	18,693	17,261	1,149,841	38,250	100,000	732,390	279,201
Forward foreign exchange and commodity contracts	38,558	17,691	2,337,030	1,567,890	769,140	-	-
Currency and commodity options	20	95	88,696	88,696	-	-	-
Held as fair value hedges:							
Commission rate swaps	407,340	10,821	8,137,552	-	-	2,165,471	5,972,081
Held as cash flow hedges:							
Commission rate swaps	-	85,674	1,800,000	-	-	1,800,000	-
Total	**1,801,891**	**1,403,360**	**48,672,294**	**2,671,085**	**3,468,321**	**19,518,013**	**23,014,875**

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11.3 The previous table includes Shariah approved derivatives products as follows:

2024	Positive fair value	Negative fair value	Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	416,845	325,395	9,856,266	7	1,165,793	6,606,400	2,084,066
Commission rate futures and options	-	4,699	168,993	-	-	168,993	-
Total	**416,845**	**330,094**	**10,025,259**	**7**	**1,165,793**	**6,775,393**	**2,084,066**

2023	Positive fair value	Negative fair value	Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	492,990	360,340	8,446,097	-	-	3,332,934	5,113,163
Commission rate futures and options	-	6,434	209,601	-	-	75,000	134,601
Total	**492,990**	**366,774**	**8,655,698**	**-**	**-**	**3,407,934**	**5,247,764**

11.4 The table below shows a summary of hedged items and portfolios, the nature of the risk being hedged, the hedging instrument and its fair value:

2024	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Fixed commission rate investments	5,758,758	6,260,625	Fair value	Commission rate swap	501,867	-
Floating commission rate investments	1,854,328	1,800,000	Cash flow	Commission rate swap	-	54,328
Fixed commission rate loans	6,111,925	6,264,495	Fair value	Commission rate swap	152,570	-
Fixed commission rate deposits	2,045,285	2,040,000	Fair value	Commission rate swap	-	5,285

2023	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Fixed commission rate investments	2,246,578	2,585,618	Fair value	Commission rate swap	339,050	10
Floating commission rate investments	1,885,674	1,800,000	Cash flow	Commission rate swap	-	85,674
Fixed commission rate loans	6,207,004	6,264,483	Fair value	Commission rate swap	68,290	10,811

The Group is exposed to variability in future special commission cash flows on non-trading assets and liabilities which bear special commission at variable rates. The Group generally uses special commission rate swaps as hedging instruments to hedge against these special commission rate risks.

In the case of discontinued fair value hedges, the remaining unamortised accumulated fair value hedge adjustment to the carrying amount of hedged items held at amortised cost is SAR 725 million (2023: SAR 808 million). This amount will continue to be amortised over the remaining term of the original hedge.

Approximately 67.5 % (2023: 39.9%) of the positive fair value of the Group's derivatives are entered into with financial institutions and approximately 32.5 % (2023: 60.1%) of the positive fair value contracts are with non-financial institutions at the reporting date. Derivative activities are mainly carried out by the Group's treasury segment.

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11.5 The amounts relating items designated as hedging instruments and hedge ineffectiveness as follows:

2024	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used to calculate hedge ineffectiveness	Ineffectiveness recognised in statement of income
Held as fair value hedges:					
Commission rate swaps	654,437	5,285	13,695,363	3,610	(6,730)

2023	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used to calculate hedge ineffectiveness	Ineffectiveness recognised in statement of income
Held as fair value hedges:					
Commission rate swaps	407,340	10,821	8,137,552	3,890	(10,338)

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

	2024	2023
Current accounts	162,151	175,963
Money market deposits	4,608,605	1,539,024
Repo with SAMA	-	96,000
Deposits from SAMA	9,612,972	6,618,763
Total	**14,383,728**	**8,429,750**

13. Customers' deposits

	2024	2023
Demand	92,727,933	82,453,283
Time	82,191,088	77,569,880
Saving	464,613	367,976
Other	6,814,523	5,470,199
Total	**182,198,157**	**165,861,338**

Time deposits do not include any deposits against sale of securities with agreements to repurchase the same at fixed future dates. Other customers' deposits include SAR 2,285 million (2023: SAR 1,891 million) of margins held against irrevocable commitments.

13.1 The above include Shariah approved customer deposits as below:

	2024	2023
Demand	61,352,273	54,438,258
Time	60,234,628	46,583,505
Other	1,714,210	1,120,571
Total	**123,301,111**	**102,142,334**

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13.2 Customers' deposits include foreign currency deposits as follows:

	2024	2023
Demand	6,778,803	2,515,464
Time	16,091,783	13,210,773
Saving	2,752	4,151
Other	399,044	191,240
Total	**23,272,382**	**15,921,628**

14. Other liabilities

	2024	2023 – restated
Employee defined benefit obligation (note 30)	595,214	552,161
ECL allowance on loan commitment and financial guarantee contracts	566,256	432,837
Accrued expenses	876,710	758,125
Zakat and income tax accrual	629,816	479,719
Lease liability	966,444	918,524
Received derivatives collateral margins	1,244,322	660,987
Others	4,269,839	3,289,747
Total	**9,148,601**	**7,092,100**

14.1 Movement in ECL allowance for credit related commitments and contingencies:

2024	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	44,137	34,956	353,744	432,837
Transfer to stage 1	2,315	(2,092)	(223)	-
Transfer to stage 2	(1,755)	1,898	(143)	-
Transfer to stage 3	-	(661)	661	-
Net change for the year	19,311	7,332	108,670	135,313
Write-off	-	-	(1,894)	(1,894)
Closing balance as at December 31	**64,008**	**41,433**	**460,815**	**566,256**

2023	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	49,512	31,891	406,829	488,232
Transfer to stage 1	2,956	(2,956)	-	-
Transfer to stage 2	(1,340)	1,340	-	-
Transfer to stage 3	-	(28)	28	-
Net change for the year	(6,991)	4,709	(50,534)	(52,816)
Write-off	-	-	(2,579)	(2,579)
Closing balance as at December 31	**44,137**	**34,956**	**353,744**	**432,837**

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14.2 Movement in gross carrying amounts for credit related commitments and contingencies:

2024	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	35,770,689	1,470,874	752,671	37,994,234
Transfer to stage 1	1,223,604	(1,223,381)	(223)	-
Transfer to stage 2	(718,376)	718,662	(286)	-
Transfer to stage 3	-	(17,708)	17,708	-
Net change for the year	11,464,107	795,259	(174,933)	12,084,433
Closing balance as at December 31	**47,740,024**	**1,743,706**	**594,937**	**50,078,667**

2023	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	23,561,218	2,041,893	855,600	26,458,711
Transfer to stage 1	209,527	(209,527)	-	-
Transfer to stage 2	(158,296)	158,296	-	-
Transfer to stage 3	(87)	(933)	1,020	-
Net change for the year	12,158,327	(518,855)	(103,949)	11,535,523
Closing balance as at December 31	**35,770,689**	**1,470,874**	**752,671**	**37,994,234**

15. Issued Sukuk

On October 21, 2020 the Group issued a USD 750 million 10 years subordinated Tier II capital (Sukuk) callable in 5 years and carrying a special commission rate of 3.326%.

16. Share capital and treasury shares

16.1 Share capital

As at December 31, 2024, the authorised, issued and fully paid share capital of the Bank consists of 2,000 million shares of SAR 10 each (2023: 1,500 million shares of SAR 10 each). The ownership of the Bank's share capital is as follows:

	2024	2023
Saudi and non-strategic foreign shareholders	60%	60%
Strategic shareholder - Arab Bank PLC - Jordan	40%	40%

On February 7, 2024, the Board of Directors recommended to the Extraordinary General Assembly of the Bank to increase the share capital by SAR 5 billion through capitalization from the retained earnings by way of granting one share for every three shares (i.e. issue of bonus shares). The issue of bonus shares was approved by Extraordinary General Assembly on May 20, 2024 after obtaining the necessary regulatory approvals. The regulatory procedures to update the Bank's bylaws and Commercial Registration to reflect the increase in share capital were completed during the year.

16.2 Treasury shares

On May 20, 2024, the Extraordinary General Assembly Meeting approved the purchase of 5 million treasury shares. The purchase was completed during the year. These shares are intended for allocation to the Employee Share Program.

On December 17, 2024, the Board of Directors recommended to buy-back additional number of the Bank's shares with a maximum of 10 million shares to allocate them to Employee Stock Incentive Plan. This is subject to the approval by Extraordinary General Assembly meeting in accordance with applicable regulations.

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17. Statutory reserve

In accordance with the Saudi Arabian Banking Control Law and the By-Laws of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up share capital of the Bank. Accordingly, SAR 1,242 million was transferred from 2024 net income to statutory reserve (2023: SAR 1,018 million). The statutory reserve is not currently available for distribution.

18. Other reserves

The movement of the other reserve for the years ended December 31, 2024 and 2023 is summarized as follows:

2024	FVOCI - debt instruments	FVOCI - equity instruments	Cash flow hedge	Actuarial loss on defined benefit plan	Total
Balance as at December 31, 2023	**142,586**	**466,006**	**(85,674)**	**(86,262)**	**436,656**
Net changes in fair values	(128,190)	(253,966)	31,346	-	(350,810)
Actuarial loss	-	-	-	(7,872)	(7,872)
Net transfers to consolidated statement of income	-	(6,140)	-	-	(6,140)
Total comprehensive loss for the year	**(128,190)**	**(260,106)**	**31,346**	**(7,872)**	**(364,822)**
Net loss on derecognition of FVOCI equity investments	-	39,111	-	-	39,111
Balance as at December 31, 2024	**14,396**	**245,011**	**(54,328)**	**(94,134)**	**110,945**

2023	FVOCI - debt instruments	FVOCI - equity instruments	Cash flow hedge	Actuarial gain on defined benefit plan	Total
Balance as at December 31, 2022	**(13,290)**	**316,869**	**(116,139)**	**(128,936)**	**58,504**
Net changes in fair values	156,342	162,564	30,465	-	349,371
Actuarial gain	-	-	-	42,674	42,674
Net transfers to consolidated statement of income	-	(467)	-	-	(467)
Total comprehensive income for the year	**156,342**	**162,097**	**30,465**	**42,674**	**391,578**
Net gain on derecognition of FVOCI equity investments	-	(13,426)	-	-	(13,426)
Balance as at December 31, 2023	**143,052**	**465,540**	**(85,674)**	**(86,262)**	**436,656**

19. Commitments and contingencies

19.1 Legal proceedings

As at December 31, 2024 and 2023 there were legal proceedings of a routine nature outstanding against the Group. No material provision has been made as professional legal advice indicates that the possibility of any adverse outcome is remote.

19.2 Capital commitments

As at December 31, 2024 the Group had capital commitments of SAR 1,627 million (2023: SAR 1,298 million) in respect of capital projects.

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19.3 Credit related commitments and contingencies

The primary purpose of these instruments is to ensure that funds are available to customers as required.

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

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

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

Commitments to extend credit represent the unused portion of authorisations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss, 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 below mentioned commitments and contingences are callable on demand of the counter-party. Furthermore, 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.

19.3.1 The Group's commitments and contingencies is as follows:

	2024	2023
Letters of credit	5,899,143	5,532,713
Letters of guarantee	32,268,297	25,049,118
Acceptances	2,061,217	1,567,174
Irrevocable commitments to extend credit	9,840,260	5,835,479
Other	9,750	9,750
Total	**50,078,667**	**37,994,234**

The unutilised portion of non-firm commitments for commercial and corporate loans as at December 31,2024, which can be revoked unilaterally at any time by the Group, amounts to SAR 26.66 billion (2023: SAR 24.63 billion).

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

	2024	2023
Corporate	46,418,195	33,334,540
Banks and other financial institutions	3,103,584	2,935,082
Other	556,888	1,724,612
Total	**50,078,667**	**37,994,234**

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19.3.3 Assets pledged

Securities utilized as pledged collateral under repurchase agreements with other financial institutions. The market value of assets pledged as collateral with other financial institutions as security is as follows:

	2024		2023	
	Assets	Related liabilities	Assets	Related liabilities
Debt securities	1,472,669	1,773,750	86,438	96,000

20. Special commission income, net

	2024	2023
Special commission income:		
Investments at FVOCI	425,197	216,308
Investments at amortised cost	1,934,020	1,840,010
Due from banks and other financial institutions	192,705	311,769
Loans and advances	11,902,292	10,231,161
Total	**14,454,214**	**12,599,248**
Special commission expense:		
Due to banks, SAMA and other financial institutions	507,595	548,845
Customers' deposits	5,847,074	4,667,718
Issued Sukuk	93,544	93,284
Other	33,657	30,508
Total	**6,481,870**	**5,340,355**
Special commission income, net	**7,972,344**	**7,258,893**

Net special commission income for the years ended December 31, 2024 and 2023 include income from shariah transactions amounting to SAR 5,438 million and SAR 4,428 million respectively.

21. Fee and commission income, net

	2024	2023
Fee and commission income:		
Share trading and fund management	167,640	127,338
Trade finance	224,866	201,662
Credit cards	464,839	384,773
Credit facilities	450,109	295,219
Other banking services	558,970	518,843
Total	**1,866,424**	**1,527,835**
Fee and commission expense:		
Credit cards	511,314	412,494
Credit facilities	162,814	132,268
Other banking services	483,563	468,438
Total	**1,157,691**	**1,013,200**
Fee and commission income, net	**708,733**	**514,635**

The above mentioned net fees and commission income are primarily originated from Saudi Arabia.

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22. Dividend income

	2024	2023
FVSI investments	31,714	31,500
FVOCI investments	125,914	111,639
Total	**157,628**	**143,139**

23. Gain on sale of non-trading investments, net

	2024	2023
Debt investments at FVOCI	6,140	467
Investments at amortised cost	-	155,846
Total	**6,140**	**156,313**

24. Other operating income

	2024	2023
Rental income, net	74,697	73,696
Gains on disposal of property and equipment, net	15,475	20,796
Others	5,533	11,078
Total	**95,705**	**105,570**

25. Impairment charges, net

	2024	2023
ECL allowance for loans and advances, net (note 7)	494,297	721,405
ECL allowance for other financial assets	15,203	1,576
Charge/ (reversal) of ECL allowance for credit-related commitments and contingencies (note 14.1)	135,313	(52,816)
Total	**644,813**	**670,165**

26. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ended December 31, 2024 and 2023 are calculated by dividing net income for the year attributable to equity holders by the weighted average number of outstanding shares as of December 31, 2024: 2,000 million shares (December 31, 2023: 2,000 million shares - restated) after accounting for treasury shares.

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27. Dividends, Zakat and income tax

27.1 On December 20, 2022 the Board of Directors recommended to pay cash dividends of SAR 900 million from net income after deducting zakat for the second half of 2022. This proposed final dividend resulted in a net payment of SAR 0.60 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the related period was deducted from their share of the dividend. This cash dividend distribution was approved by the Ordinary General Assembly in the meeting held on March 28, 2023.

27.2 On July 23, 2023 the Board of Directors approved to pay cash dividends of SAR 975 million for the first half of 2023 after deducting zakat. This interim dividend resulted in a net payment of SAR 0.65 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the related period was deducted from their share of the dividend. This interim dividend was distributed on August 8, 2023.

27.3 On February 6, 2024, the Board of Directors approved to pay cash dividends of SAR 1,050 million from net income after deducting zakat for the second half of 2023. This final dividend resulted in a net payment of SAR 0.70 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the current and prior period was deducted from their share of the dividend. This cash dividend was distributed on February 25, 2024.

27.4 On August 7, 2024, the Board of Directors approved to pay cash dividends of SAR 1,300 million from net income after deducting zakat for the first half of 2024. This interim dividend resulted in a net payment of SAR 0.65 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the related period was deducted from their share of the dividend. This cash dividend was distributed on August 21, 2024.

The dividends are paid to Saudi and the non-Saudi strategic shareholder after deduction of Zakat and income tax respectively.

27.5 Zakat and income tax

27.5.1 Zakat

Zakat for the year attributable to Group on Saudi shareholders amounted to SAR 336 million (2023: SAR 302 million).

27.5.2 Income tax

Income tax attributable to Group on the current year's share of net income for the non-Saudi strategic shareholder is SAR 479 million (2023: SAR 409 million).

27.5.3 Deferred tax

The components and movements of deferred tax is as follows:

2024	Opening deferred tax	Recognised in statement of income	Closing deferred tax
Accelerated depreciation for accounting purposes	33,532	(20,419)	13,113
Provision for employee benefit obligation	41,758	2,963	44,721
Provision for losses	42,712	47,219	89,931
Total	**118,002**	**29,763**	**147,765**

2023	Opening deferred tax	Recognised in statement of income	Closing deferred tax
Accelerated depreciation for accounting purposes	15,494	18,038	33,532
Provision for employee benefit obligation	47,380	(5,622)	41,758
Provision for losses	15,559	27,153	42,712
Total	**78,433**	**39,569**	**118,002**

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28. Cash and cash equivalents

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

	2024	2023
Cash and balances with SAMA excluding statutory deposit (note 4)	2,647,414	2,069,032
Due from banks and other financial institutions maturing within ninety days of acquisition	3,857,921	2,480,258
Total	**6,505,335**	**4,549,290**

29. Salaries and employee related expenses

The Group has implemented a "Risk-Based Compensation Policy" in compliance with the rules issued by SAMA, which are consistent with the principles and standards of the Financial Stability Board (FSB). The policy was approved by the Board of Directors and gives highest consideration to the alignment of compensation with risk and provides a competitive and balanced package of fixed and variable compensation. The policy ensures that compensation takes into account the likelihood and timelines of earnings and its impact on the Group's capital. It also focuses on promoting effective risk management, achieving financial stability and dealing with risks posed by the Group's compensation practices. The Group takes into account all types of existing and potential material risks and ensures a balance between general industry practices and Group-specific factors such as business model, financial condition, operating performance, market perception, business prospects and appropriate managerial judgement, etc.

The Board of Directors, while determining and approving the bonus pool of the Group, considers performance in absolute and relative terms, consistency of earnings, long term performance, historical bonus pool, market conditions, etc. Similarly, while allocating the Group-wide bonus pool to business units, due consideration is given to the type of business transacted, level of risk assumed, relative importance of earnings, distinctive business drivers, historical bonus pool, current performance and the business unit's consistency of performance.

The Board of Directors has ultimate responsibility for promoting effective governance and sound compensation practices. In order to assist it in overseeing the compensation policies design and its operation, the Board of Directors has appointed a Nomination & Compensation Committee. The Nomination & Compensation Committee comprises three non-executives members of the Board of Directors and is chaired by an independent member of the Board of Directors. The Committee has full authority on behalf of the Board of Directors to review and were considered appropriate propose changes to the Group's compensation policy and practices and recommend the same to the Board of Directors, for its approval and to ensure adequacy and effectiveness of the policy in meeting its intended objectives. The Committee also reviews the level and composition of remuneration of key executives of the Group and recommends a risk-adjusted bonus pool to the Board of Directors, for approval.

The governance process ensures that the Compensation Policy is consistently applied and operates as intended. The Group has established an oversight mechanism to regularly evaluate the design characteristics of compensation practices and their implementation.

2024	Number of employees	Fixed compensation	Variable cost paid (cash basis)
Senior executive requiring SAMA no objections	21	49,556	38,060
Employees engaged in risk taking activities	302	152,353	46,963
Employees engaged in control functions	559	176,553	33,991
Other employees	3,592	776,482	99,665
Total	**4,474**	**1,154,944**	**218,679**
Variable compensation accrued		274,571	
Other employee related costs*		369,795	
Total salaries and employee related expenses		**1,799,310**	

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2023	Number of employees	Fixed compensation	Variable cost paid (cash basis)
Senior executive requiring SAMA no objections	20	46,885	39,005
Employees engaged in risk taking activities	236	129,046	39,200
Employees engaged in control functions	506	156,390	26,406
Other employees	3,444	694,886	115,580
Total	**4,206**	**1,027,207**	**220,191**
Variable compensation accrued		219,509	
Other employee related costs*		300,286	
Total salaries and employee related expenses		**1,547,002**	

*Other employee related costs include defined benefit obligation plan, GOSI, business travel, training and development, and other employees' benefits.

30. Employee benefit obligation

30.1 General description

The Group operates a defined benefit obligation 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.

30.2 The movement of the defined benefit obligation plan balance during the year based on its present value is as follows:

	2024	2023
Employee defined benefit obligation at the beginning of the year	552,161	567,427
Past service cost	-	145
Current service cost	61,244	53,279
Special commission cost	30,196	27,036
Benefits paid	(56,259)	(53,052)
Remeasurements due to actuarial loss/ (gain)	7,872	(42,674)
Employee defined benefit obligation at the end of the year	**595,214**	**552,161**

30.3 Charge for the year:

	2024	2023
Current service cost	61,244	53,279
Special commission cost	30,196	27,036
Past service cost	-	145
	91,440	**80,460**

30.4 Re-measurement recognised in other comprehensive income:

	2024	2023
Loss from change in experience assumptions	23,242	24,089
Gain from change in financial assumptions	(15,370)	(66,763)
	7,872	**(42,674)**

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30.5 Principal defined benefit obligation plan actuarial assumptions in respect of the employee benefit scheme:

	2024	2023
Discount rate	5.55%	5.75%
Expected rate of salary increase	4.00%	4.50%
Normal retirement age	65 years	65 years

30.6 Sensitivity of actuarial assumptions:

The table below illustrates the sensitivity of the defined benefit obligation valuation as at December 31, 2024 and 2023 based on the principal actuarial assumptions disclosed in note 30.5 above:

2024	Impact on defined benefit obligation – Increase/(Decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+1%	(52,859)	-
	-1%	-	57,826
Expected rate of salary increase	+1%	58,165	-
	-1%	-	(54,024)
Withdrawal rate	+20%	1,835	-
	-20%	-	(7,065)

2023	Impact on defined benefit obligation – Increase/(Decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+1%	(46,376)	-
	-1%	-	58,394
Expected rate of salary increase	+1%	58,540	-
	-1%	-	(47,343)
Withdrawal rate	+20%	3,780	-
	-20%	-	(1,202)

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

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31. Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer in order to allocate resources to the segments and to assess its performance.

For management purposes, the Group is organised into the following major operating segments:

Retail banking

Deposit, credit and investment products for individuals.

Corporate banking

Loans and advances, deposits and other credit products for corporate and institutional customers, small to medium sized businesses.

Treasury

Manages the Bank's trading and investment portfolios and the Bank's funding, liquidity, currency and commission rate risks.

Investment and brokerage services

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

Other

Includes income on capital and unallocated costs and assets and liabilities of Head Office and other supporting departments.

Transactions between operating segments are reported as recorded in the Group's transfer pricing system. The basis for determining intersegment operating income/ (expense) for the current year are consistent with the basis used for December 31, 2023. Segment assets and liabilities comprise mainly operating assets and liabilities.

The Group's primary business is conducted in the Kingdom with one international branch in London. The total assets, liabilities, commitments and results of operations of this branch are, however, not material to the Group's overall consolidated financial statements.

31.1 The Group's total assets and liabilities as at December 31, 2024 and 2023 and its total operating income, expenses and net income before zakat and income tax for the years then ended, by operating segments, are as follows:

2024	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	68,708,018	106,365,022	69,496,632	898,984	2,838,658	248,307,314
Investments in associates	-	-	-	285,218	604,428	889,646
Total liabilities	92,394,163	96,274,063	19,171,519	147,007	2,171,514	210,158,266
Operating income/ (expense) from external customers	2,256,655	6,977,346	365,860	486,100	(585,932)	9,500,029
Intersegment operating income/ (expense)	2,113,088	(2,973,768)	424,184	-	436,496	-
Total operating income	4,369,743	4,003,578	790,044	486,100	(149,436)	9,500,029
Of which:						
Net special commission income	4,132,839	3,167,892	67,153	258,756	345,704	7,972,344
ECL allowance charges and other provisions, net	253,752	369,858	15,203	6,000	-	644,813
Impairment charge on other real estate owned	-	119,156	-	-	-	119,156
Depreciation and amortisation	208,195	10,695	40	4,767	22,197	245,894
Total operating expenses	2,352,227	1,173,490	162,991	178,789	24,482	3,891,979
Share in earnings of associates, net	-	-	-	155,773	(10,972)	144,801
Net income before Zakat and income tax	2,017,516	2,830,088	627,053	463,084	(184,890)	5,752,851

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2023 - restated	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	63,288,965	93,894,239	60,984,925	591,689	2,662,354	221,422,172
Investments in associates	-	-	-	328,489	620,914	949,403
Total liabilities	89,551,969	80,433,353	13,422,936	129,727	2,077,426	185,615,411
Operating income/ (expense) from external customers	2,077,731	6,164,298	68,985	384,898	(128,803)	8,567,109
Intersegment operating income/ (expense)	2,067,323	(2,990,452)	508,807	-	414,322	-
Total operating income	4,145,054	3,173,846	577,792	384,898	285,519	8,567,109
Of which:						
Net special commission income	4,054,449	2,756,242	(69,342)	172,699	344,845	7,258,893
ECL allowance charges and other provisions, net	411,135	257,454	1,576	-	-	670,165
Impairment charge on other real estate owned	-	322,000	-	-	-	322,000
Depreciation and amortisation	189,659	9,432	498	5,307	23,391	228,287
Total operating expenses	2,356,993	1,251,299	165,312	128,503	(62,240)	3,839,867
Share in earnings of associates, net	-	-	-	11,991	7,517	19,508
Net income before Zakat and income tax	1,788,061	1,922,547	412,480	268,386	355,276	4,746,750

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

2024	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	65,319,725	105,128,844	67,872,873	807,805	-	239,129,247
Credit-related commitment and contingencies	809,399	27,426,976	-	-	-	28,236,375
Derivatives	-	1,000,424	4,215,071	-	-	5,215,495

2023 - restated	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	60,476,722	92,800,568	60,017,427	492,392	274,454	214,061,563
Credit-related commitment and contingencies	506,574	22,274,065	-	-	-	22,780,639
Derivatives	-	899,748	2,063,223	-	-	2,962,971

Credit exposure comprises the carrying value of consolidated statement of financial position assets, excluding cash, property, equipment and right of use assets, other real estate owned, and other assets. The credit equivalent value of commitments, contingencies and derivatives are included in credit exposure (note 32.4.15).

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32. Credit risk

Credit risk is the risk that a customer or counter-party may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer or counter-party is either unwilling to perform an obligation or its ability to perform such an obligation is impaired, resulting in an economic loss to the Group. The Group is exposed to credit risk when its business units extend credit to counterparties. The Group's Executive Committee (ExCom)/ Board of Directors provides oversight of Credit Risk through the documented Credit Policy.

The enterprise-wide requirements for identification, assessment, monitoring and reporting of credit risk is set by the Risk Management Group, while business/support units are accountable for the credit risks within their respective areas, aligning business strategies with Group's risk appetite.

Credit Risk policies and procedures are established to provide control of credit portfolios through periodic assessment of the credit standing of borrowers and quantifying maximum permissible exposures to specific borrowers. Such individuals and/or groups exposures are monitored periodically on a portfolio basis. The Group's Credit Policy provides detailed guidelines to manage credit risk effectively; it is reviewed and updated from time to time based on experience, emerging issues, best market practices and directives from regulatory authorities. The Credit Policy is designed to ensure clear recognition of credit risk management strategies and objectives, which, inter-alia, include:

- Strengthening and enhancing Group's ability to measure and mitigate credit risks on pre-emptive basis to minimise credit losses.
- Strengthening and enhancing credit portfolio management process.
- Strengthening and enhancing Group's systems and procedures for early problem recognition.
- Compliance with local regulatory requirement and industry's best practices for credit risk management.

The Credit Policy addresses all functions and activities related to the credit process including the underwriting criteria. It stipulates Group's appetite for risk, which, inter-alia, provides guidance on the target markets (Corporate, Commercial/ Small and Medium Enterprises (SMEs), Consumer and High Net-Worth Individuals) and desirable type of borrowers/industries. Some criteria are product-specific and are governed by individual credit product policies, while others generally include credit quality standards, purpose and terms of facilities, undesirable loans, credit analysis, concentrations of credit, repayment ability, compliance with laws & regulations, expected losses and documentation.

32.1 Portfolio Monitoring

Portfolio management is ensured through diversification of the credit portfolio on the basis of tenor, industries/business segments, risk grades and geographical areas to avoid the risk of over-exposure to certain economic sectors/credit products, which might be impacted by unfavorable developments in the economy. The Group broadly uses borrower and sector criteria for mitigating concentration risk. The Group's business is predominantly concentrated in Saudi Arabia, minimising cross-currency risk although geographical concentration remains but this is considered acceptable and within Group's risk appetite.

Consumer banking portfolio is a diversified one since relatively small exposures are approved to a large number of individuals, based mainly on assignment of salary or security with exposure caps on products/ employers, etc.

32.2 Risk Measurement and Reporting System

Credit Risk tracks trends and identifies weaknesses in the quality of corporate, commercial, retail and private banking loans portfolio by employing:

- Obligor and facility risk rating system to assess the quality of obligor and riskiness of facilities; and
- Periodic reviews and reporting of aggregate statistics on asset diversification and credit quality for key segments of the portfolio.

Rating system is established with the objective to:

- place the responsibility on business units to regularly evaluate credit risk on exposures and identify problems within their portfolios;
- establish early warning signals for detecting deterioration in credit quality;
- set standards for business units to submit their inputs on problematic exposures; and
- provide guidelines to respond and take remedial actions as soon as deterioration in credit quality is detected.

The Group classifies its exposures into 13 risk categories, of which 10 are for performing obligors and 3 are for non-performing obligors. A rating is assigned to a borrower through a system-based methodology that takes into account financial and non-financial information, translating into a grade and Probability of Default (PD) for the relationship.

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Facility Risk Rating (FRR), which assesses the riskiness of facilities, is used for deriving the Loss Given Default (LGD) for a relationship, thus assigning separate rating for obligor and facility characteristics.

Management reports are generated for monitoring and control purposes on periodical basis - monthly, quarterly, semi-annually and annually. These reports are comprehensive, have wide scope and address several issues including:

- Portfolio quality, industry concentration and large exposures;
- Product concentration, credit monitoring and concentration of shares held by the Group as collateral; and
- Past due follow-up, customer-provisioning details and provision movement.

Retail portfolio comprises of personal loans, credit cards, housing loans and auto leasing.

Individual customers are assessed on the basis of standardised pre-set criteria for specific schemes to assess eligibility for each of the above products. Delinquent customers, based on days past due (bucket-wise), are classified as non-performing.

For the retail portfolio, personal loans are granted against salary assignments to borrowers who are employees of approved list of acceptable employers, mainly government and quasi-government employees. The main criteria for lending to this portfolio include approved employer, minimum salary requirements, length of service and pre-specified Debt Service Ratio (DSR). Housing loan and auto leasing products are considered generally secured since the underlying assets are owned by the Group and leased to customers in the case of auto loans, or mortgaged to the Group in the case of housing loans, thus mitigating risk to a large extent, housing loans are also insured against mortality, permanent disability and damages to property.

The Group has developed application score-cards and behavior score-cards, using internal and external data, to evaluate, monitor and control consumer credits as this is expected to go a long way in making consumer credit risk management more effective and efficient.

32.3 Asset Quality

Corporate and commercial exposures are considered non-performing in the following circumstances:

- The principal of loan or interest payment remains past due more than 90 days after its due date;
- The outstanding of an overdraft remains in excess of approved limit for more than 90 days or the overdraft account is in-active for more than 180 days.

Non-performing exposures migrate across the non-performing risk grades (substandard, doubtful and loss) according to their days past due and/or deterioration in credit quality.

In determining whether a corporate exposure has become impaired, the Group makes judgements as to whether there is any observable data indicating decrease in the estimated future cash flows. This evidence may include an indication that there has been an adverse change in the payment status of borrowers. Management uses estimates based on historical loss experience for loans with similar credit risk characteristics, when estimating the cash flows.

The methodology and assumptions used for estimating both, the amount and timing of future cash flows, are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Consumer exposures are considered non-performing if payment remains past due more than 90 days after its due date.

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32.4 Credit quality analysis

32.4.1 Financial assets measured at amortised cost and FVOCI debt investments

The following tables sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively:

	2024			
Due from bank and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Investment grade	3,734,456	-	-	3,734,456
Non-investment grade	123,465	-	-	123,465
Unrated	-	-	-	-
Gross carrying amount	**3,857,921**	**-**	**-**	**3,857,921**

	2023			
Due from bank and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Investment grade	2,459,322	-	-	2,459,322
Non-investment grade	20,936	-	-	20,936
Unrated	-	-	-	-
Gross carrying amount	**2,480,258**	**-**	**-**	**2,480,258**

Consumer loans and credit cards	2024			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Current and within 30 days	40,962,182	3,296,253	25,969	44,284,404
Past due 31-90 days	94,060	289,616	23,089	406,765
Above 90 days	-	-	114,763	114,763
Gross carrying amount	**41,056,242**	**3,585,869**	**163,821**	**44,805,932**

Consumer loans and credit cards	2023			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Current and within 30 days	36,728,855	3,684,367	36,155	40,449,377
Past due 31-90 days	-	302,722	27,272	329,994
Above 90 days	-	-	116,870	116,870
Gross carrying amount	**36,728,855**	**3,987,089**	**180,297**	**40,896,241**

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Commercial loans, overdrafts and others	2024			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	28,739,252	136,519	67	28,875,838
Grades 5-8: Fair risk	88,390,522	5,607,965	-	93,998,487
Grades 9-10: Watch list	-	2,922,589	8,558	2,931,147
Grades 11-13 Substandard, Doubtful, Loss	-	-	1,952,154	1,952,154
Carrying amount - corporate and overdrafts	**117,129,774**	**8,667,073**	**1,960,779**	**127,757,626**

Commercial loans, overdrafts and others	2023			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	26,071,162	32,541	-	26,103,703
Grades 5-8: Fair risk	75,860,665	7,337,793	3,508	83,201,966
Grades 9-10: Watch list	-	3,173,981	3,411	3,177,392
Grades 11-13 Substandard, Doubtful, Loss	-	-	2,184,968	2,184,968
Carrying amount - corporate and overdrafts	**101,931,827**	**10,544,315**	**2,191,887**	**114,668,029**

	2024			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Investment grade	39,177,451	-	-	39,177,451
Non-investment grade	45,689	-	-	45,689
Unrated	-	-	-	-
Gross carrying amount	**39,223,140**	**-**	**-**	**39,223,140**

	2023			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Investment grade	36,693,537	-	-	36,693,537
Non-investment grade	252,681	-	-	252,681
Unrated	-	-	-	-
Gross carrying amount	**36,946,218**	**-**	**-**	**36,946,218**

	2024			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Investment grade	6,415,912	-	-	6,415,912
Non-investment grade	1,770,744	-	-	1,770,744
Unrated	279,794	-	-	279,794
Gross carrying amount	**8,466,450**	**-**	**-**	**8,466,450**

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	2023			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Investment grade	5,063,242	-	-	5,063,242
Non-investment grade	1,418,412	-	-	1,418,412
Unrated	-	-	-	-
Gross carrying amount	**6,481,654**	**-**	**-**	**6,481,654**

Investment grade comprises investments having credit rating equivalent to Standard & Poor's AAA to BBB.

	2024			
Credit-related commitments and contingencies	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	26,599,895	24,597	-	26,624,492
Grades 5-8: Fair risk	20,431,182	530,544	-	20,961,726
Grades 9-10: Watch list	708,947	1,188,565	-	1,897,512
Grades 11-13 Substandard, Doubtful, Loss	-	-	594,937	594,937
Closing balance - non-funded	**47,740,024**	**1,743,706**	**594,937**	**50,078,667**

	2023			
Credit-related commitments and contingencies	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	10,569,719	395,055	-	10,964,774
Grades 5-8: Fair risk	25,200,970	138,991	-	25,339,961
Grades 9-10: Watch list	-	936,828	-	936,828
Grades 11-13 Substandard, Doubtful, Loss	-	-	752,671	752,671
Closing balance - non-funded	**35,770,689**	**1,470,874**	**752,671**	**37,994,234**

32.4.2 Credit analysis of financial assets held as FVSI

The following table sets out the credit analysis for financial assets measured at FVSI:

Equities and funds	2024	2023 -restated
Investment grade	897,808	738,862
Non-investment grade	-	-
Unrated	957,171	648,748
Gross carrying amount	**1,854,979**	**1,387,610**

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32.4.3 Amounts arising from ECL - Significant increase in credit risk

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

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

32.4.4 Credit risk grades

The Group allocates credit risk grades to each exposure based on a variety of variables that is determined to be predictive of the risk of default and applying experienced credit judgements. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases significantly as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 8 and 9.

The 12 months PIT PD for the exposures in grade 1 to 8 ranges from 0.25% to 4.59%. The 12 months PIT PD for grade 9 and 10 (watch list) goes up to 23.49%.

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

Corporate exposures	Retail exposures
Information obtained during periodic review of customer files - e.g., audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes etc	Internally collected data and customer behaviour data - e.g., utilisation of credit card facilities
Data from credit reference agencies, press articles, changes in external credit ratings	Affordability metrics
Quoted bond and credit default swap (CDS) prices for the borrower where available. Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	External data from credit reference agencies; including default information

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32.4.5 Generating the term structure of PD

Credit risk grades are a primary input in the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. For retail portfolios, SIMAH information is also used.

The Group employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change over a period of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macro-economic factors. For most exposures, key macro-economic indicators include Oil Price, GDP growth, Government Expenditures, Share Price Index and Employment.

Based on the available economic data and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts to adjust its estimates of PDs.

32.4.6 Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and a backstop based on delinquency.

Using its expert credit judgements and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The assessment of significant increase in credit risk, is assessed taking on account of:

- Days past due;
- change in probability of default by 150% occurring since initial recognition for retail portfolio;
- downgrade in obligor risk rating of 2 or more notches for wholesale portfolio expected life of the financial instrument; and
- reasonable and supportable information, that is available without undue cost or effort that may affect credit risk.

Lifetime expected credit losses are recognised against any material facility which has experienced significant increase in credit risk since initial recognition. Recognition of lifetime expected credit losses will be made if any facility is past due for 30 days or more. The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date when full payment became due.

32.4.7 Modified financial assets

The contractual terms of a loan may be modified for several reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining Net Present Value (NPV) of the cash-flows at the reporting date based on the modified terms; with
- the remaining NPV of the cash-flows calculated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. As per Group's policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the restructuring policy.

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

Generally, restructuring is a qualitative indicator of a significant increase in credit risk and an expectation of restructuring may constitute evidence that an exposure is credit-impaired /in default. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

32.4.8 Definition of 'Default'

The following criteria are used to determine obligor default, if the obligor:

- has an obligation which is 90 (or more) days past due;
- has an obligation for which the Group has stopped accruing interest;
- has obligation(s) that has/have been restructured with loss to the Group;
- has an obligation that is classified as non-performing by the Group; and
- has an obligation that the Group has charged off in part or in full.

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

- Qualitative - e.g., breaches of covenant;
- Quantitative - e.g., overdue status and non-payment on another obligation of the same issuer to the Group;
- based on data developed internally and obtained from external sources; and
- inputs to the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

32.4.9 Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts provided by agencies, such as Moody's Economic Data services.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio using an analysis of historical data and estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used included the following weightages ranges of key indicators:

Economic Indicators	2024	2023
GDP	Upside 25% Base case 30% Downside 45%	Upside 25% Base case 30% Downside 45%
Brent oil prices	Upside 25% Base case 30% Downside 45%	Upside 25% Base case 30% Downside 45%
Tadawul all shares index	Upside 25% Base case 30% Downside 45%	Upside 25% Base case 30% Downside 45%

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32.4.10 Probability weightages

The Group considered the probability weightings to provide the best estimate of the possible loss outcomes and has analysed inter-relationships and correlations (over both the short and long term) within the Group's credit portfolios in determining them.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 10 to 15 years. The Group has used below scenarios forecast in its ECL model, which is based on updated information available as at the reporting date:

Economic Indicators		Forecast calendar years used in 2024 ECL model			Forecast calendar years used in 2023 ECL model		
		2025	2026	2027	2024	2025	2026
GDP	Upside	872	902	929	842	882	902
	Base	853	878	904	825	860	880
	Downside	800	790	832	772	772	808
Brent oil prices (USD$)	Upside	79.74	72.23	70.22	85.41	74.39	74.03
	Base	74.12	68.96	69.01	83.09	74.31	74.03
	Downside	41.01	50.29	61.13	47.40	52.01	65.69
Tadawul all shares index	Upside	12,985	12,476	12,842	11,664	11,683	12,141
	Base	11,613	11,350	11,987	11,119	11,491	11,855
	Downside	7,704	9,698	11,141	7,000	9,158	10,460

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

2024	Due from Banks and other financial institutions	Investments	Loans and advances	Commitments and contingencies	Total
More optimistic (upside)	3,116	33,451	2,144,209	106,128	2,286,904
Most likely (base case)	2,437	26,554	2,042,125	91,794	2,162,910
More pessimistic (downside)	6,666	78,660	22,749,765	183,448	23,018,539

2023	Due from Banks and other financial institutions	Investments	Loans and advances	Commitments and contingencies	Total
More optimistic (upside)	1,394	22,322	2,456,569	73,730	2,554,015
Most likely (base case)	1,594	25,421	2,518,111	78,363	2,623,489
More pessimistic (downside)	3,351	57,489	3,092,677	119,450	3,272,967

32.4.11 Measurement of ECL

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

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

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

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PD estimates are estimates at a certain date, which are calculated, based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral and recovery costs of any collateral that is integral to the financial asset. For secured retail loans, asset value/ type is a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

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

However, for overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect; however this contractual right is not enforced in the normal day-to-day management but only when the Group becomes aware of significant increase in credit risk at the facility level, prompting such action. This longer period is estimated considering the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

32.4.12 Sensitivity of ECL allowance

The table below illustrates the sensitivity of ECL to key factors used in determining it as at the year-end:

	Statement of income impact (absolute values)	
Assumptions sensitised	2024	2023
Changes in Macro-economic factors while other assumptions kept constant:		
Decrease/ increase in Oil price by 1%	7,050	6,498
Decrease/ increase in GDP by 1%	39,611	51,037
Decrease/ increase in Tadawul all shares index by 1%	4,327	3,566
Scenario weightages:		
Base scenario sensitised by - 5% with corresponding change in downside	36,582	32,474
Base scenario increases by + 5% with corresponding change in upside	6,200	3,474

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32.4.13 Aging of loans and advances (past due but not impaired)

2024	Credit cards	Consumer loans	Commercial loans, overdrafts and others	Total
Past due (1-30) days	104,315	1,061,531	1,136,529	2,302,375
Past due (31-60) days	8,847	251,850	39,624	300,321
Past due (61-90) days	7,127	115,852	126,720	249,699
Past due (91-180) days	-	-	32,620	32,620
Above 180 days	-	-	15,213	15,213
Total	**120,289**	**1,429,233**	**1,350,706**	**2,900,228**

2023	Credit cards	Consumer loans	Commercial loans, overdrafts and others	Total
Past due (1-30) days	33,132	1,097,994	2,023,647	3,154,773
Past due (31-60) days	16,022	205,054	747,160	968,236
Past due (61-90) days	7,205	74,441	551,532	633,178
Past due (91-180) days	-	-	207,122	207,122
Above 180 days	-	-	1,769	1,769
Total	**56,359**	**1,377,489**	**3,531,230**	**4,965,078**

In exceptional cases financial assets past due more than 90 days are considered performing based on reasonable and supportable information (e.g., administrative oversight, delay in receipt of receivables from entities with strong credit standing) after following a rigorous review and governance process.

32.4.14 Collateral

In the ordinary course of lending activities, the Group hold collaterals as security to mitigate credit risk. These collaterals mostly include time, demand, and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial loans and are managed against relevant exposures at their net realisable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk.

The amount of collateral held as security for loans that are credit impaired are as follows:

	2024	2023
Less than 50%	571,872	1,443,660
51-70%	238,872	144,285
More than 70%	1,313,856	784,239
Total	**2,124,600**	**2,372,184**

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32.4.15 Geographical concentration

The Group's main credit exposure by geographical region is as follows in the table in next page:

2024	Saudi Arabia	Other GCC & Middle East	Europe	North America	Latin America	South East Asia	Other Countries	Total
Assets								
Cash and balances with SAMA								
Cash in hand	2,085,108	-	1,383	-	-	-	-	2,086,491
Balances with SAMA	10,255,870	-	-	-	-	-	-	10,255,870
Due from banks and other financial institutions								
Current accounts	315,342	76,955	57,024	-	-	4,127	4,747	458,195
Money market placements	1,495,641	308,787	1,590,757	-	-	-	-	3,395,185
Investments, net								
Held as FVSI	303,275	-	68	1,551,636	-	-	-	1,854,979
Held as FVOCI	5,195,298	1,965,815	728,293	2,917,023	190,657	82,292	198,771	11,278,149
Held at amortised cost	39,167,149	44,817	-	-	-	-	-	39,211,966
Positive fair value of derivatives								
Held for trading	349,518	233,214	654,375	399,052	-	-	-	1,636,159
Held as fair value hedges	-	-	654,437	-	-	-	-	654,437
Loans and advances, net								
Overdraft	4,522,894	-	22,824	-	-	-	-	4,545,718
Credit cards	1,098,690	-	394	-	-	-	-	1,099,084
Consumer loans	43,038,659	-	155	-	-	-	-	43,038,814
Commercial loans and others	113,777,789	527,617	5,067,513	1,438,126	-	-	-	120,811,045
Accounts receivable	2,680,377	-	294,865	-	-	-	-	2,975,242
Total assets	**224,285,610**	**3,157,205**	**9,072,088**	**6,305,837**	**190,657**	**86,419**	**203,518**	**243,301,334**
Liabilities								
Due to banks, SAMA and other financial institutions								
Current accounts	160,571	-	1,580	-	-	-	-	162,151
Money market deposits & SAMA deposits	11,049,714	2,630,788	446,785	-	-	-	94,290	14,221,577
Customers' deposits								
Demand	92,199,997	-	527,936	-	-	-	-	92,727,933
Time	81,546,921	-	644,167	-	-	-	-	82,191,088
Saving	464,613	-	-	-	-	-	-	464,613
Other	6,814,523	-	-	-	-	-	-	6,814,523
Negative fair value of derivatives								
Held for trading	145,568	54,536	1,035,898	303,295	-	-	-	1,539,297
Held as fair value hedges	-	1,659	3,626	-	-	-	-	5,285
Held as cash flow hedges	12,413	-	41,915	-	-	-	-	54,328
Accrued expenses and accounts payable	7,979,454	-	7,677	-	-	-	-	7,987,131
Issued Sukuk	2,828,870	-	-	-	-	-	-	2,828,870
Total liabilities	**203,202,644**	**2,686,983**	**2,709,584**	**303,295**	**-**	**-**	**94,290**	**208,996,796**
Commitments and contingencies								
Letters of credit	5,865,063	17,327	16,725	-	-	-	28	5,899,143
Letters of guarantee	31,127,725	699,407	292,552	852	-	111,190	36,571	32,268,297
Acceptances	2,058,960	2,257	-	-	-	-	-	2,061,217
Irrevocable commitments to extend credit	9,840,260	-	-	-	-	-	-	9,840,260
Other	9,750	-	-	-	-	-	-	9,750
Maximum credit exposure (credit equivalent amounts)								
Derivatives								
Held for trading	1,012,883	741,886	726,483	75,020	-	-	300,089	2,856,361
Held as fair value hedges	67	-	2,282,374	76,693	-	-	-	2,359,134
Commitments and contingencies								
Letters of credit	5,113,608	17,327	16,725	-	-	-	28	5,147,688
Letters of guarantee	16,520,106	349,703	146,276	426	-	55,595	18,285	17,090,391
Acceptances	2,058,960	2,257	-	-	-	-	-	2,061,217
Irrevocable commitments to extend credit	3,936,104	-	-	-	-	-	-	3,936,104
Other	975	-	-	-	-	-	-	975

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2023 - restated	Saudi Arabia	Other GCC & Middle East	Europe	North America	Latin America	South East Asia	Other Countries	Total
Assets								
Cash and balances with SAMA								
Cash in hand	1,707,402	-	2,261	-	-	-	-	1,709,663
Balances with SAMA	9,182,519	-	-	-	-	-	-	9,182,519
Due from banks and other financial institutions								
Current accounts	-	67,003	287,804	46,521	-	24,106	63,397	488,831
Money market placements	-	1,224,769	764,349	-	-	-	-	1,989,118
Investments, net								
Held as FVSI	179,683	-	81	1,207,846	-	-	-	1,387,610
Held as FVOCI	4,966,636	1,027,943	498,992	2,478,702	-	-	120,961	9,093,234
Held at amortised cost	36,889,157	44,691	-	-	-	-	-	36,933,848
Positive fair value of derivatives								
Held for trading	226,890	14,278	669,323	484,060	-	-	-	1,394,551
Held as fair value hedges	-	-	407,340	-	-	-	-	407,340
Loans and advances, net								
Overdraft	3,590,347	-	-	-	-	-	-	3,590,347
Credit cards	922,614	-	431	-	-	-	-	923,045
Consumer loans	39,405,154	-	159	-	-	-	-	39,405,313
Commercial loans and others	105,732,899	825,999	181,759	1,574,848	899	-	-	108,316,404
Accounts receivable	1,975,630	-	-	-	-	-	-	1,975,630
Total assets	**204,778,931**	**3,204,683**	**2,812,499**	**5,791,977**	**899**	**24,106**	**184,358**	**216,797,453**
Liabilities								
Due to banks, SAMA and other financial institutions								
Current accounts	-	67,943	1,408	105,540	-	1,012	60	175,963
Money market deposits & SAMA deposits	7,339,774	914,013	-	-	-	-	-	8,253,787
Customers' deposits								
Demand	81,936,230	-	626,660	-	-	-	-	82,562,890
Time	77,569,880	-	-	-	-	-	-	77,569,880
Saving	367,976	-	-	-	-	-	-	367,976
Other	5,360,592	-	-	-	-	-	-	5,360,592
Negative fair value of derivatives								
Held for trading	167,976	43,393	760,783	334,713	-	-	-	1,306,865
Held as fair value hedges	-	-	10,821	-	-	-	-	10,821
Held as cash flow hedges	19,974	-	65,700	-	-	-	-	85,674
Accrued expenses and accounts payable	6,096,340	-	10,762	-	-	-	-	6,107,102
Issued Sukuk	2,828,863	-	-	-	-	-	-	2,828,863
Total liabilities	**181,687,605**	**1,025,349**	**1,476,134**	**440,253**	**-**	**1,012**	**60**	**184,630,413**
Commitments and contingencies								
Letters of credit	5,492,537	14,949	14,721	10,478	-	-	28	5,532,713
Letters of guarantee	24,088,023	430,019	318,363	470	-	176,801	35,442	25,049,118
Acceptances	1,567,174	-	-	-	-	-	-	1,567,174
Irrevocable commitments to extend credit	5,835,479	-	-	-	-	-	-	5,835,479
Other	9,750	-	-	-	-	-	-	9,750
Maximum credit exposure (credit equivalent amounts)								
Derivatives								
Held for trading	918,453	37,908	861,893	65,843	-	-	162,344	2,046,441
Held as fair value hedges	1,284	-	742,317	172,929	-	-	-	916,530
Commitments and contingencies								
Letters of credit	5,274,541	14,949	14,721	10,478	-	-	28	5,314,717
Letters of guarantee	13,083,035	215,009	159,181	235	-	88,400	17,721	13,563,581
Acceptances	1,567,174	-	-	-	-	-	-	1,567,174
Irrevocable commitments to extend credit	2,334,192	-	-	-	-	-	-	2,334,192
Other	975	-	-	-	-	-	-	975

Credit equivalent amounts reflect the amounts that result from translating the Group's off consolidated statement of financial position liabilities into the risk equivalent of loans using credit conversion factors prescribed by SAMA. Credit conversion factor is meant to capture the potential credit risk related to commitments being exercised.

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32.4.16 The distributions by geographical concentration of non-performing loans and advances and allowance for expected credit losses are as follows:

2024	Non-Performing Loans				Allowance for expected credit losses			
	Overdraft	Credit cards	Consumer loans	Commercial loans and others	Overdraft	Credit cards	Consumer loans	Commercial loans and others
Saudi Arabia	13,959	21,722	93,041	1,938,195	142,473	142,487	525,547	2,258,390

2023	Non-Performing Loans				Allowance for expected credit losses			
	Overdraft	Credit cards	Consumer loans	Commercial loans and others	Overdraft	Credit cards	Consumer loans	Commercial loans and others
Saudi Arabia	15,221	23,365	93,505	2,169,747	121,528	89,313	478,570	2,639,750

33. Market risk

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

33.1 Market risk - trading book

The Board of Directors has set limits for the acceptable level of risk in managing the trading book. To manage market risk in the trading book, the Group periodically applies a VaR (Value at Risk) methodology to assess the market risk positions held and to estimate the potential economic loss based on a set of parameters and assumptions regarding changes in market conditions.

A VaR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Group uses risk models to assess the possible changes in the market value of the trading book based on historical data. VaR models are usually designed to measure the market risk in a normal market environment and therefore the use thereof has limitations due to it being based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution.

The VaR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. The use of 99% confidence level depicts that within a one-day horizon, losses exceeding VaR should occur, on average, not more than once every hundred days.

The VaR represents the market risk in a portfolio at the close of a business day. It does not account for any losses that may occur beyond the defined confidence interval. Actual trading results can, however, differ from the VaR calculations. VaR does not provide a meaningful indication of profits and losses in stressed market conditions.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 1-day holding period assumes that it is possible to hedge or dispose of positions within a one day horizon. This is considered to be a realistic assumption in most cases but may not be true in situations where there is severe market liquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed VaR.
- VaR is calculated on an end of day basis and does not reflect exposures that may arise on positions during the trading day.
- VaR is dependent upon the Group's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The limitations of VaR are recognised by supplementing the VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Group carries out stress testing on its trading book to simulate conditions outside normal confidence intervals. The potential losses occurring under stress test conditions are reported regularly to the Bank’s Asset and Liabilities Committee (ALCO) for review.

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The Group's calculated VaR is disclosed below in SAR million as follows:

	2024			2023		
	Year-end	High	Low	Year-end	High	Low
Special commission rate risk	0.4844	1.4188	0.3294	0.9986	6.2442	0.5002
Foreign exchange risk	1.5931	10.6243	0.1323	0.4545	5.6209	0.3696
Diversification effect *	(0.5105)	**	**	(0.4964)	**	**
Total VaR (one day measure)	1.5670	10.2134	0.3988	0.9567	6.4552	0.5390

* Total VaR is less than the sum of the VaR of the different market risk types due to risk offsets resulting from a portfolio diversification effect.

** It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

33.2 Market risk: non-trading or banking book

Market risk on non-trading or banking positions mainly arises from commission rate and foreign currency exposures and equity price changes.

33.2.1 Commission rate risk

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

The following table shows the sensitivity of the Group's consolidated statement of income and equity to a reasonable possible change in commission rates, with other variables held constant. Income sensitivity arises from the impact of assumed changes in commission rates on net special commission income for one year, based on floating rate non-trading financial assets and liabilities held as at year end, after taking into account the effect of hedging. Equity sensitivity is calculated by revaluing fixed rate FVOCI/ FVOCI financial assets, including the effect of any associated hedges for the effect of assumed changes in commission rates. The sensitivity of equity is analyzed by maturity of the asset or swap.

Banking book exposures are monitored and analyzed in their respective currencies and relevant sensitivities are disclosed in SAR million as follows:

	2024						
Currency	Increase/ (decrease) in basis points	Sensitivity of net special commission income	Sensitivity of equity				Total
			6 months or less	1 year or less	1-5 years or less	Over 5 years	
SAR	+10	(2.36)	(0.06)	-	(0.32)	-	(0.38)
USD	+10	(2.45)	(0.02)	(2.16)	(34.26)	(8.31)	(44.75)
Others	+10	0.63	-	-	-	-	-
SAR	-10	2.36	0.06	-	0.32	-	0.38
USD	-10	2.45	0.02	2.16	34.26	8.31	44.75
Others	-10	(0.63)	-	-	-	-	-

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	2023							
Currency	Increase/ (decrease) in basis points	Sensitivity of net special commission income	Sensitivity of equity				Total
			6 months or less	1 year or less	1-5 years or less	Over 5 years	
SAR	+10	32.32	(0.03)	(0.04)	(0.06)	-	(0.13)
USD	+10	2.71	-	(1.33)	(27.00)	(2.39)	(30.72)
Others	+10	0.55	-	-	-	-	-
SAR	-10	(32.32)	0.03	0.04	0.06	-	0.13
USD	-10	(2.71)	-	1.33	27.00	2.39	30.72
Others	-10	(0.55)	-	-	-	-	-

33.2.2 Commission rate sensitivity of assets, liabilities and off consolidated statement of financial position items

The Group manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market commission rates on its financial position and cash flows.

The table in next page summarises the Group's exposure to commission rate risk. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The Group is exposed to commission rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities and derivatives, credit related commitment and contingencies that mature or re-price in a given period. The Group manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

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2024	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA	560,000	-	-	-	11,782,361	12,342,361
Due from banks and other financial institutions	3,395,186	-	-	-	458,194	3,853,380
Positive fair value derivatives	313,059	150,263	910,274	917,000	-	2,290,596
Investments, net						
Held as FVSI	-	-	-	-	1,854,979	1,854,979
Held as FVOCI	794,865	245,266	2,885,763	4,540,556	2,811,699	11,278,149
Held at amortised cost	2,612,223	515,128	9,178,466	26,906,149	-	39,211,966
Loans and advances, net						
Overdrafts	4,545,718	-	-	-	-	4,545,718
Credit cards	1,099,084	-	-	-	-	1,099,084
Consumer loans	1,421,890	5,190,823	18,011,356	18,414,745	-	43,038,814
Commercial loans and others	64,610,307	42,200,288	12,695,660	1,304,790	-	120,811,045
Other assets						
Accounts receivable	-	-	-	-	2,975,242	2,975,242
Total assets	**79,352,332**	**48,301,768**	**43,681,519**	**52,083,240**	**19,882,475**	**243,301,334**
Liabilities						
Due to banks, SAMA and other financial institutions	10,408,428	3,813,149	-	-	162,151	14,383,728
Negative fair value derivatives	218,525	104,888	635,401	640,096	-	1,598,910
Customers' deposits	72,665,717	16,400,269	404,238	-	92,727,933	182,198,157
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,987,131	7,987,131
Issued Sukuk	-	-	-	2,828,870	-	2,828,870
Total liabilities	**83,292,670**	**20,318,306**	**1,039,639**	**3,468,966**	**100,877,215**	**208,996,796**
Commission rate sensitivity on financial assets and liabilities financial position gap	(3,940,338)	27,983,462	42,641,880	48,614,274	(80,994,740)	34,304,538
Commission rate sensitivity for derivative financial instruments	5,291,179	5,050,982	(1,623,411)	(8,718,750)	-	-
Total commission rate sensitivity gap	1,350,841	33,034,444	41,018,469	39,895,524	(80,994,740)	34,304,538
Cumulative commission rate sensitivity gap	1,350,841	34,385,285	75,403,754	115,299,278	34,304,538	-

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2023 - restated	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA	358,000	-	-	-	10,534,182	10,892,182
Due from banks and other financial institutions	1,991,427	-	-	-	486,522	2,477,949
Positive fair value derivatives	124,572	111,060	683,761	882,498	-	1,801,891
Investments, net						
Held as FVSI	-	-	-	-	1,387,610	1,387,610
Held as FVOCI	561,429	213,498	2,139,803	3,566,924	2,611,580	9,093,234
Held at amortised cost	11,523,561	587,325	8,651,134	16,171,828	-	36,933,848
Loans and advances, net						
Overdrafts	3,590,347	-	-	-	-	3,590,347
Credit cards	923,045	-	-	-	-	923,045
Consumer loans	508,352	4,134,073	17,798,056	16,964,832	-	39,405,313
Commercial loans and others	74,968,198	32,526,926	620,656	200,624	-	108,316,404
Other assets						
Accounts receivable	-	-	-	-	1,975,630	1,975,630
Total assets	**94,548,931**	**37,572,882**	**29,893,410**	**37,786,706**	**16,995,524**	**216,797,453**
Liabilities						
Due to banks, SAMA and other financial institutions	4,132,862	1,266,868	2,854,057	-	175,963	8,429,750
Negative fair value derivatives	40,611	108,824	602,988	650,937	-	1,403,360
Customers' deposits	70,557,233	11,786,923	1,063,899	-	82,453,283	165,861,338
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	6,107,102	6,107,102
Issued Sukuk	-	-	-	2,828,863	-	2,828,863
Total liabilities	**74,730,706**	**13,162,615**	**4,520,944**	**3,479,800**	**88,736,348**	**184,630,413**
Commission rate sensitivity on financial assets and liabilities financial position gap	19,818,225	24,410,267	25,372,466	34,306,906	(71,740,824)	32,167,040
Commission rate sensitivity for derivative financial instruments	6,785,731	1,472,724	(2,139,645)	(6,118,810)	-	-
Total commission rate sensitivity gap	26,603,956	25,882,991	23,232,821	28,188,096	(71,740,824)	32,167,040
Cumulative commission rate sensitivity gap	26,603,956	52,486,947	75,719,768	103,907,864	32,167,040	-

The off consolidated statement of financial position gap represents the net notional amounts of derivative financial instruments, which are used to manage commission rate risk.

The effective commission rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current market rate for a floating rate instrument or an instrument carried at fair value.

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33.2.3 Currency risk

Currency risk represents the risk of changes in the value of financial instruments due to changes in foreign exchange rates. Foreign currency risk exposures that arise in the banking book are transferred to the trading book and are managed as part of the trading portfolio. The Board sets various types of currency risk limits that are monitored daily, including position, stop-loss and VaR limits.

The table below shows the currencies to which the Group has a significant exposure as at year end, on its non-trading monetary assets and liabilities and forecasted cash flows. The analysis calculates the effect of reasonable possible movement of the currency rate against SAR with all other variables held constant, on the consolidated statement of income (due to changes in fair values of currency sensitive non-trading monetary assets and liabilities) and equity (due to changes in fair values of currency swaps used as cash flow hedges). A positive effect shows a potential increase in the consolidated statement of income or equity whereas, a negative effect shows a potential net reduction in the consolidated statement of income or equity, and are disclosed in SAR million as per the below table:

	2024		2023	
Currency risk exposures	Changes in currency rate in %	Effect on net income	Changes in currency rate in %	Effect on net Income
US Dollar	+5	(87.786)	+5	(2.480)
	-5	87.786	-5	2.480
Euro	+3	0.031	+3	0.051
	-3	(0.031)	-3	(0.051)
Pound Sterling	+3	0.003	+3	(0.577)
	-3	(0.003)	-3	0.577

33.2.4 Currency position

The Group manages exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions. These limits are monitored daily. At the end of the year, the Group had the following significant net exposures denominated in foreign currencies:

	Long (short) 2024	Long (short) 2023
US Dollar	(1,755,718)	(49,601)
Euro	1,039	1,703
Pound Sterling	101	(19,244)

33.2.5 Equity price risk

Equity price risk refers to the risk of a decrease in the fair values of equities in the non-trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks. The effect on the Group's FVOCI equity investments due to reasonable possible change in equity indices, with all other variables held constant is as follows:

	2024		2023	
Market indices	Change in index %	Effect in SAR thousands	Change in index %	Effect in SAR thousands
Tadawul	+5	81,660	+5	102,469
	-5	(81,660)	-5	(102,469)
International indices	+5	34.06	+5	24,453
	-5	(34.06)	-5	(24,453)
Unquoted	+5	41,230	+5	15,780
	-5	(41,230)	-5	(15,780)

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34. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up suddenly. To mitigate this risk, management has diversified funding sources, manages assets with liquidity in mind and maintains a healthy balance of cash, cash equivalents and readily marketable securities.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA equal to 7% (2023: 7%) of total demand deposits and 4% (2023: 4%) of saving and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash, Saudi Government debt instruments or assets that can be converted into cash within 30 days.

The Group has the ability to raise additional funds through repo facilities with SAMA mainly against debt instruments issued by Saudi companies or Saudi government.

34.1 Analysis of undiscounted financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. As special commission payments up to contractual maturity are included in the table, totals do not match with the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the reporting date to the contractual maturity date and do not take into account the effective expected maturities. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not affect the expected cash flows indicated by the Group's deposit retention history.

2024	Within 3 months	3-12 months	1-5 years	Above 5 years	No fixed maturity	Total
Financial liabilities						
Due to banks, SAMA and other financial institutions	10,411,882	3,883,172	-	-	162,151	14,457,205
Customers' deposits	62,040,691	17,880,147	2,842,820	-	100,562,494	183,326,152
Issued Sukuk	16,402	93,544	305,833	2,906,051	-	3,321,830
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,987,131	7,987,131
Total financial liabilities	**72,468,975**	**21,856,863**	**3,148,653**	**2,906,051**	**108,711,776**	**209,092,318**

2023	Within 3 months	3-12 months	1-5 years	Above 5 years	No fixed maturity	Total
Financial liabilities						
Due to banks, SAMA and other financial institutions	2,954,699	1,755,053	3,586,902	-	175,963	8,472,617
Customers' deposits	64,795,364	12,585,131	1,110,410	-	88,226,870	166,717,775
Issued Sukuk	16,402	77,398	374,432	2,999,595	-	3,467,827
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	6,107,102	6,107,102
Total financial liabilities	**67,766,465**	**14,417,582**	**5,071,744**	**2,999,595**	**94,509,935**	**184,765,321**

Due to banks, SAMA and other financial institutions and Customers' deposits under no fixed maturity are callable on demand.

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34.2 Maturity profile of Group's financial assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to contractual maturities. See note 34.1 above for the Group's contractual undiscounted financial liabilities.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Bank, operating subsidiaries and the foreign branch. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

2024	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	2,647,414	-	-	-	9,694,947	12,342,361
Due from banks and other financial institutions	3,399,727	-	-	-	453,653	3,853,380
Positive fair value of derivatives	313,059	150,263	910,274	917,000	-	2,290,596
Investments, net						
Held as FVSI	-	-	-	-	1,854,979	1,854,979
Held as FVOCI	376,910	275,705	3,180,073	4,633,762	2,811,699	11,278,149
Held at amortised cost	453,492	126,050	11,412,391	27,220,033	-	39,211,966
Loans and advances, net						
Overdraft	4,545,718	-	-	-	-	4,545,718
Credit cards	1,099,084	-	-	-	-	1,099,084
Consumer loans	1,509,243	5,088,862	17,969,955	18,470,754	-	43,038,814
Commercial loans and others	49,913,568	33,426,893	26,505,284	10,965,300	-	120,811,045
Other assets						
Accounts receivable	-	-	-	-	2,975,242	2,975,242
Total assets	**64,258,215**	**39,067,773**	**59,977,977**	**62,206,849**	**17,790,520**	**243,301,334**
Liabilities						
Due to banks, SAMA and other financial institutions	10,408,428	3,813,149	-	-	162,151	14,383,728
Negative fair value of derivatives	218,525	104,888	635,401	640,096	-	1,598,910
Customers' deposits	63,083,829	16,685,205	2,422,054	-	100,007,069	182,198,157
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,987,131	7,987,131
Issued Sukuk	-	-	-	2,828,870	-	2,828,870
Total liabilities	**73,710,782**	**20,603,242**	**3,057,455**	**3,468,966**	**108,156,351**	**208,996,796**

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2023 - restated	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	2,069,032	-	-	-	8,823,150	10,892,182
Due from banks and other financial institutions	1,991,427	-	-	-	486,522	2,477,949
Positive fair value of derivatives	124,572	111,060	683,761	882,498	-	1,801,891
Investments, net						
Held as FVSI	-	-	-	-	1,387,610	1,387,610
Held as FVOCI	-	215,970	2,532,799	3,732,885	2,611,580	9,093,234
Held at amortised cost	544,184	235,341	18,625,652	17,528,671	-	36,933,848
Loans and advances, net						
Overdraft	3,590,347	-	-	-	-	3,590,347
Credit cards	923,045	-	-	-	-	923,045
Consumer loans	1,261,501	4,870,972	16,302,593	16,970,247	-	39,405,313
Commercial loans and others	42,669,689	28,651,943	28,030,508	8,964,264	-	108,316,404
Other assets						
Accounts receivable	-	-	-	-	1,975,630	1,975,630
Total assets	**53,173,797**	**34,085,286**	**66,175,313**	**48,078,565**	**15,284,492**	**216,797,453**
Liabilities						
Due to banks, SAMA and other financial institutions	2,925,024	1,717,763	3,611,000	-	175,963	8,429,750
Negative fair value of derivatives	40,611	108,824	602,988	650,937	-	1,403,360
Customers' deposits	64,598,241	12,078,054	1,075,115	-	88,109,928	165,861,338
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	6,107,102	6,107,102
Issued Sukuk	-	-	-	2,828,863	-	2,828,863
Total liabilities	**67,563,876**	**13,904,641**	**5,289,103**	**3,479,800**	**94,392,993**	**184,630,413**

Due to/ from banks, SAMA and other financial institutions and Customers' deposits under no fixed maturity are callable on demand.

35. Fair values of assets and liabilities

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

- The accessible principal market for the asset or liability; or
- The absence of a principal market, in the most advantageous accessible market for the asset or liability.
- The fair values of on-consolidated statement of financial position for assets and liabilities are not significantly different from their carrying amounts included in the consolidated financial statements.

Determination of fair value and fair value hierarchy. The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking);

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

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

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35.1 Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. It does not include the fair value hierarchy information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

35.1.1 Financial assets

2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments at FVSI	1,854,979	925,158	-	929,821	1,854,979
Investments at FVOCI	11,278,149	2,810,806	8,466,450	893	11,278,149
Positive fair value of derivatives	2,290,596	-	2,290,596	-	2,290,596
Financial assets not measured at fair value					
Investments at amortised cost	39,211,966	-	35,620,577	-	35,620,577
Loans and advances	169,494,661	-	-	165,794,208	165,794,208

2023 - restated	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments at FVSI	1,387,610	761,322	-	626,288	1,387,610
Investments at FVOCI	9,093,234	2,610,687	6,481,654	893	9,093,234
Positive fair value of derivatives	1,801,891	-	1,801,891	-	1,801,891
Financial assets not measured at fair value					
Investments at amortised cost	36,933,848	-	34,315,718	-	34,315,718
Loans and advances	152,235,109	-	-	150,135,004	150,135,004

35.1.2 Financial Liabilities

2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,598,910	-	1,598,910	-	1,598,910
Financial liabilities not measured at fair value					
Issued Sukuk	2,828,870	-	2,758,050	-	2,758,050

2023	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,403,360	-	1,403,360	-	1,403,360
Financial liabilities not measured at fair value					
Issued Sukuk	2,828,863	-	2,694,431	-	2,694,431

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35.2 Measurement of fair values

35.2.1 Transfer between levels of the fair value hierarchy

There have been no transfers between levels of the fair value hierarchy during the years ended December 31, 2024 and 2023.

35.2.2 Reconciliation of Level 3 fair values

The following table shows the movement of Level 3 fair values for the year:

Investments at FVSI	2024	2023
Balance at the beginning of the year	627,180	604,838
Total gains in consolidated statement of income	9,887	23,827
Additions/ Settlements	293,647	(1,485)
Balance at the end of the year	**930,714**	**627,180**

35.2.3 Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at December 31, 2024 and 2023, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
FVSI investments classified as Level 3	Fair value is determined based on the investee fund's most recent reported net assets value	These inputs include risk-adjusted discount rates, marketability and liquidity discounts and control premiums	The higher the discount rate, the lower is the valuation; vice versa
Financial assets and liabilities that are disclosed at fair value and classified as Level 3 include loans and advances and debt issuances	These instruments are fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads	Additional buffer is added to the credit spreads to account for any potential model discrepancy or any stressed market conditions	The higher the credit spread, the lower is the valuation; vice versa
Other real estate asset	Earning Before Tax, Depreciation and Amortization (EBITDA) margins has been forecasted based on market and similar products offerings, taking into account the expected growth rate, room occupancy rate, rate per room, discount rate, yield, construction cost and other costs	– EBITDA forecast – Discount rate and yield rate – Room occupancy rate – Rent per room	– EBITDA has been forecasted as higher or (lower) – The discount rate or yield were lower or (higher) – The occupancy rate was higher or (lower) – The rent per room were higher or (lower)

Certain unobservable inputs were applied for the above valuation and the impact of the sensitivity is not material.

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36. Related party transactions

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of management and the Board of Directors, the related party transactions are performed on an arm's length basis. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA.

36.1 The balances resulting from transactions with related parties included in the consolidated financial statements are as follows:

	2024	2023
Non-Saudi Major Shareholder and their Affiliates:		
Due from banks and other financial institutions	35,996	43,491
Due to banks and other financial institutions	792,777	442,133
Commitments and contingencies	2,291,495	1,594,459
Directors, key management personnel, and their affiliates:		
Loans and advances	8,056,379	6,237,362
Customers' deposits	3,265,863	3,414,391
Commitments and contingencies	1,875,832	2,463,398
Bank's mutual funds and others:		
Investments	1,237,455	602,546
Loans and advances	1,994,150	1,805,822
Customers' deposits	63,829	5,274
Associates:		
Investments in associates	889,646	949,403
Loans and advances	2,246,997	3,365,114
Customers' deposits	36,093	158,681

36.2 Income and expense transactions with related parties included in these consolidated financial statements are as follows:

	2024	2023
Special commission income	1,111,043	1,009,498
Special commission expense	(128,615)	(128,871)
Fees and commission income	151,195	109,451
Share in earnings of associates, net	144,801	19,508
Directors' remuneration	(13,349)	(8,404)
Miscellaneous expenses	(141,667)	(127,604)
Insurance contracts	(1,541)	(68,153)

Special commission income mainly include income from directors, key management personnel and their affiliates.

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36.3 The total amount of compensation paid to key management personnel during the year is as follows:

	2024	2023
Short-term employee benefits (Salaries and allowances)	51,098	51,676
Post-employment benefits (End of service indemnity and social security)	5,338	5,387

Key management personnel are those persons, including an executive director, having direct or indirect authority and responsibility for planning, directing and controlling the activities of the Group.

37. Capital adequacy

The Group's objectives when managing capital is to comply with the capital requirements set by SAMA; to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base. During the period, the Group fully complied with regulatory capital requirements.

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

The current year figures are presented as per Basel III revised framework issued by SAMA effective from January 1, 2023 and applied prospectively.

Accordingly, the Group's Pillar I consolidated Risk Weighted Assets (RWA), total capital and related ratios are as follows:

	2024	2023 - restated
Credit Risk RWA	196,838,003	166,286,173
Operational Risk RWA	10,684,489	9,113,477
Market Risk RWA	14,410,729	13,724,205
Total Pillar I RWA	**221,933,221**	**189,123,855**
Tier I Capital	38,119,301	35,962,102
Tier II Capital	3,905,342	3,816,425
Total Tier I & II Capital	**42,024,643**	**39,778,527**
Capital Adequacy Ratio %		
CETI	17.18%	19.02%
Tier I ratio	17.18%	19.02%
Tier I + Tier II ratio	18.94%	21.03%

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision as adopted by SAMA in supervising the Bank.

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38. Investment management services

The Group offers investment services to its customers, which include management of investment funds with assets totaling SAR 15,614 million (2023: SAR 12,208 million).

The financial statements of these funds are not consolidated with these consolidated financial statements, as the Group is not significantly exposed to variability of return and hence do not qualify to be considered as a subsidiary. However, the Group's share of these non-consolidated funds is included in FVSI investments and fees earned are disclosed under related party transactions.

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

39. Subsequent events

39.1 Tier 1 Sukuk

On January 13, 2025, the bank announced its intention to issue a Saudi Riyal denominated additional tier 1 capital sukuk by way of private placement in the Kingdom of Saudi Arabia pursuant to its SAR 11,250 million additional tier 1 capital sukuk programme.
On February 4, 2025, the bank announced the completion of the offer of the Sukuk, the value of the offer is SAR 3,350 million.

39.2 Cash dividends

On February 5, 2025, the Board of Directors approved to pay cash dividends of SAR 1.3 billion for the second half of 2024 after deducting zakat. This final dividend will result in a net payment of SAR 0.65 per share to Saudi shareholders. Upon distribution, the income tax liability of the non-Saudi strategic shareholder for the current and prior period (if any) will be deducted from their share of the dividend. This final dividend will be distributed on February 19, 2025.

40. Comparative figures

Certain prior year figures have been corrected to conform with current year presentation, which are not material in nature to the consolidated financial statements.

During the year ended December 31, 2024, management identified certain historic holdings in equity investments by the Group which had not previously been recorded. These investments have been accounted for in the current year and been classified as Investments at FVSI. The Group management has rectified this in respect of the comparative period by restating the consolidated financial statements lines as follows:

	Previously presented	Restatement	restated
As at December 31, 2023			
Investments, net	46,675,830	738,862	47,414,692
Other liabilities	7,062,100	30,000	7,092,100
Retained earnings	8,984,821	708,862	9,693,683
As at December 31, 2022			
Investments, net	41,017,758	738,862	41,756,620
Other liabilities	6,894,569	30,000	6,924,569
Retained earnings	6,819,244	708,862	7,528,106

The impact of these unrecorded equity investments on the consolidated statement of income for the year ended December 31, 2023 was not considered material, and therefore amounts for the comparative period have not been restated. Further, restated financial position as at January 1, 2023 has not been presented as the impact of non-presentation is not considered material.

41. Board of Directors' approval

The consolidated financial statements were approved by the Board on Sha'aban 3, 1446 (corresponding to February 2, 2025).