Integrated Report

2023

البنك السعودي للاستثمار
The Saudi Investment Bank

OUR STRATEGY 2027

The Saudi Investment Bank's (SAIB's) new Corporate Strategy 2027 has been meticulously crafted to align with macro-trends, client behavior analysis, competitor insights, and international best practices. The core objective of this strategy is to accelerate growth in core business segments while continuously investing in and expanding SAIB's digital proposition. This comprehensive strategy emphasizes significant investments in Information Technology (IT), operations, risk management, and organizational effectiveness to facilitate sustainable growth. By redesigning the operating model, coverage, and segmentation, SAIB aims to increase client-centricity and improve client experience across various segments, including Corporate Banking, Private Banking, Public Institutions, Affluent Consumers, and Treasury and Investment.

ABOUT THIS REPORT

Our 2023 Integrated Report (IR) describes how we developed and conserved value for our Shareholders, financial capital providers, and other Stakeholders throughout the year. We present a succinct review of our progress toward our strategic objectives, taking into account material issues, risks and opportunities, Stakeholder concerns, and the external environment. This report is accessible in both print and PDF formats.

REPORT BOUNDARY

The Report only covers the operations of The Saudi Investment Bank (SAIB), unless otherwise stated. The financial reporting includes SAIB, its subsidiaries and associate companies (referred to as the Group).

REPORTING PERIOD

This Report covers the period from January 1 to December 31, 2023 and is consistent with our usual annual reporting cycle for financial and sustainability reporting. There are no restatements of information provided in previous reports. This IR is issued in both English and Arabic. In the event of a discrepancy, the Arabic version shall prevail.

COMPLIANCE

SAIB is subject to the laws and regulations of the Kingdom of Saudi Arabia and is regulated by the Saudi Central Bank (SAMA). SAIB also follows the regulations issued by the Ministry of Commerce (MOC) and the Capital Market Authority (CMA). The information contained herein, follows all applicable laws, regulations, and standards.

Integrated reporting framework

In preparing this IR, we have drawn on concepts, principles, and guidelines given in the International IR framework. The International IR framework does not require organizations preparing an integrated report to adopt the IR framework categorization of capitals. Accordingly, we have categorized the capitals differently in our business model diagram to better describe our value creation process. Our value creation story is a discussion based on our strategic imperatives and their implementation.

Financial reporting standards

The Consolidated Financial Statements for the year ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed

REPORT NAVIGATION ICONS

The following key elements of The Saudi Investment Bank strategy are highlighted throughout the IR:

Digitization

Innovation

Focus

Agility

Speed

in the Kingdom of Saudi Arabia (KSA), and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA). They follow the provisions of The Banking Control Law, the Regulations for Companies in the KSA, and the Bylaws of SAIB.

SUSTAINABILITY REPORTING DISCLOSURES

SAIB has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023.

QUERIES

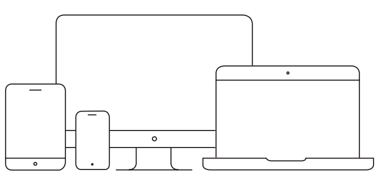
SAIB's Marketing Department is the custodian of this IR. For comments or queries, please contact the Chief Marketing Officer at The Saudi Investment Bank, PO Box 3533, Riyadh, 11481, Kingdom of Saudi Arabia.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Report may constitute 'forward-looking statements'. These may involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Group and its subsidiaries to be materially different from the future results, performance, or achievements stated or implied. The Group has no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. These have also not been reviewed or reported on by the Group's Auditors.

OFFICIAL PARTNER

البنك السعودي للاستثمار
The Saudi Investment Bank



The SAIB Integrated Report online

The PDF version is published online on the same date as the date of issue of this Integrated Report at https://www.saib.com.sa/integratedreport2023

SAR 129.984

billion
Total assets

SAR 14.67
billion
Total equity

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2023 AT A GLANCE

2023 VALUE CREATION HIGHLIGHTS

FINANCIAL CAPITAL (SAR)

129.984 billion
Total assets
(2022: 109.1 billion)

17.235 billion
Total equity
(2022: 16.8 billion)

83.233 billion
Client deposits
(2022: 69.6 billion)

4.044 million
Total income*
(2022: 3,336 million)

1,657 million
Total expenses**
(2022: 1,433 million)

2,387 million
Operating profit before provisions
(2022: 1,904 million)

1,762 million
Net income
(2022: 1,508 million)

12.54%
Return on average Shareholders' equity
(2022: 10.63%)

1.47%
Return on average assets
(2022: 1.43%)

32.3 billion
Total investment portfolio
(2022: 28.2 billion)

13.23%
Equity to total assets
(2022: 15.40%)

*Total income includes total operating income plus share in earnings of associates.
**Total expense includes total operating expenses before impairment charges.

INSTITUTIONAL CAPITAL

SAR 15.96 billion
Market capitalization
(2022: SAR 17.34 billion)

SAR 0.40
Dividends per share
(2022: SAR 0.70)

EMPLOYEE CAPITAL (SAIB ONLY)

1,261
Permanent employees
(2022: 1,321)

92%
Saudization
(2022: 91.6%)

143
Training programs
(2022: 185)

34,372
Formal training hours
(2022: 31,143)

CLIENT CAPITAL

51
Branches
(2022: 51)

3
Special needs branches
(2022: 3)

603,759
Clients (including Personal Banking, Corporate Banking, and MSMEs)
(2022: 553,688)

SOCIAL AND RELATIONSHIP CAPITAL

32
Volunteer hours worked in 2023
(2022:117)

105
Volunteers in 2023
(2022: 105)

ENVIRONMENTAL CAPITAL

2,578 kg
Paper recycled
(2022: 5,367 kg)

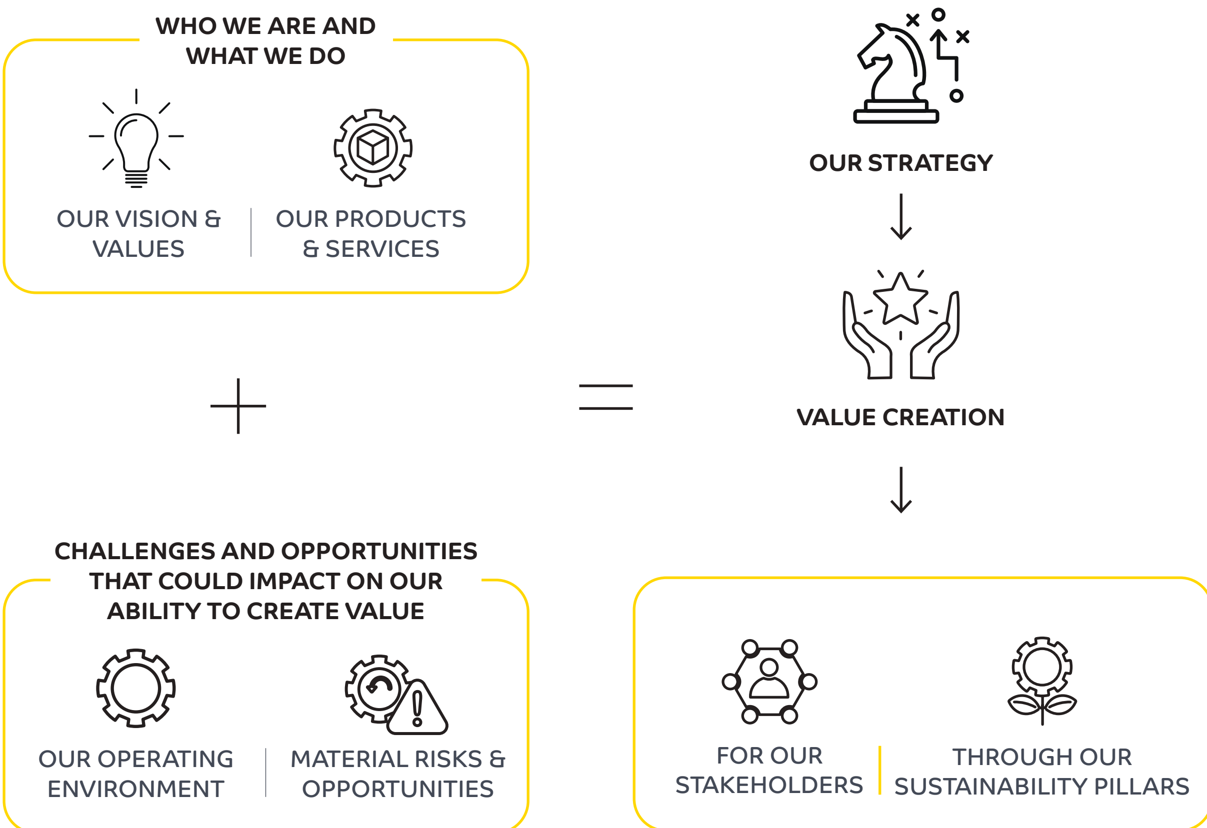
792 kg
Plastic recycled
(2022: 2,264 kg)

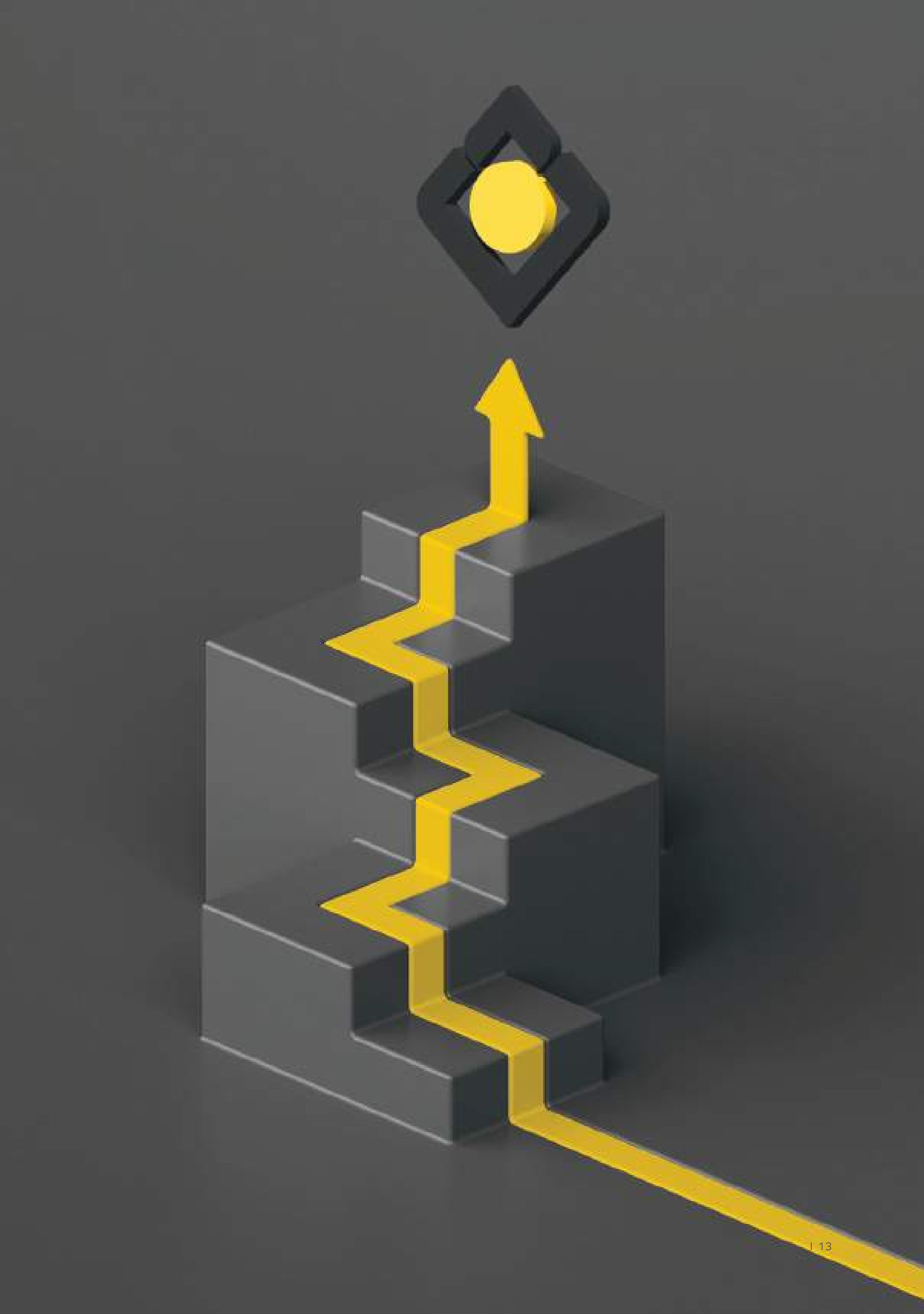
2,505,474 MWh
Reductions in electricity usage
(21% reduction compared to 2022)

OUR APPROACH TO VALUE CREATION

This Report addresses material information on the Group's ability to manage value creation and preservation while mitigating value erosion in the short, medium, and long-term, as well as providing a balanced and appropriate assessment of the Group's governance, strategy, risks and opportunities, performance, and prospects.

By defining the procedures by which The Saudi Investment Bank (SAIB) generates value, we hope to provide enough information for investors and Stakeholders to evaluate our current and future prospects rationally. Embedding integrated thinking in an organization promotes a thorough grasp of all elements that influence our ability to deliver long-term value for our Stakeholders. Integrated thinking allows us to continuously adapt to rapidly changing trends and circumstances.





LETTER FROM
THE CHAIRMAN

It is a pleasure for the Board of Directors to express its gratitude once again to the Government of the Custodian of the Two Holy Mosques, particularly to the Ministry of Finance, the Saudi Central Bank, the Ministry of Commerce, and the Capital Market Authority, for their continued and constructive support. The Board of Directors also extends its thanks to the Shareholders and clients for their support and trust, which motivates us to achieve more. Additionally, the Board of Directors appreciates the dedication and loyalty of the Bank's Management team and employees, who have contributed to the Bank's performance.

I am pleased to announce that the Bank achieved its strategic goals in 2023, leveraging its strengths and surpassing performance expectations. As the Board, we are committed to ensuring that the business maintains this positive trajectory in the upcoming reporting period.

Abdallah Saleh Jum'ah
Chairman

Total operating income

SAR
3,967
million

Net income

SAR
1,762
million

As Chairman of the Board of Directors of The Saudi Investment Bank (SAIB), I am honored to present our Integrated Annual Report for the fiscal year ending December 31, 2023. This past year has been a period of remarkable achievement and strategic advancement, underscoring SAIB's commitment to excellence and sustainable growth.

Dividends and Zakat Contributions

In 2023, SAIB continued its commitment to delivering value to its Shareholders through the distribution of dividends and adherence to its obligations under Zakat. The Board of Directors proposed and distributed an interim cash dividend of SAR 400 million, equivalent to SAR 0.40 per share, reflecting our strong financial position and confidence in our strategic direction. Furthermore, the Bank upheld its responsibility to Zakat, with a provision totaling SAR 267 million for the year. This Zakat contribution not only fulfills our obligations but also reinforces our dedication to supporting the broader community in line with Islamic principles. These actions demonstrate our balanced approach to rewarding our Shareholders while contributing to the socio-economic development of the Kingdom.

Contribution to Vision 2030

SAIB remains a pivotal economic player in supporting the Kingdom's Vision 2030. By providing comprehensive financial services to government, semi-government, and private sectors, we have reinforced our role in bolstering the Saudi economy. Our focus on innovation, digital transformation, and client-centricity aligns with broader national objectives, ensuring that we contribute meaningfully to the Kingdom's ambitious and worthy goals.

Digital Transformation

Innovation and digital transformation remain at the core of our strategic initiatives. In 2023, SAIB made significant strides in enhancing SAIB's digital capabilities to offer seamless, efficient, and secure banking experiences to our clients. We are evolving our offerings to match the ever more demanding needs of our clients and to maintain our competitive edge in a rapidly changing financial landscape.

Risk Management and Compliance

Robust risk management is essential in an increasingly complex and dynamic financial environment. SAIB has implemented comprehensive risk management frameworks to address emerging challenges, particularly in cybersecurity and fraud prevention. Our commitment to maintaining high standards of compliance and governance ensures that we operate safely, and with integrity and accountability.

Acknowledgments

I extend my heartfelt gratitude to the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz Al Saud, and His Royal Highness Crown Prince Mohammad Bin Salman Bin Abdulaziz Al Saud, for their visionary leadership and unwavering support. I also thank the Ministry of Finance, the Saudi Central Bank, the Ministry of Commerce, and the Capital Market Authority for their continued guidance and constructive collaboration.

To our Shareholders, clients, and employees, your trust and loyalty are the cornerstones of our success. Your support motivates us to strive for excellence and achieve more each year. I am confident that with your continued partnership, SAIB will maintain its positive trajectory and achieve even greater heights in the future.

Thank you for your continued trust and support.

CHIEF EXECUTIVE OFFICER'S REPORT

Our commitment to innovation and digitization remained a cornerstone of our strategy. Recognizing the critical role of technology in enhancing client experience, we continued to invest in digital solutions.

Faisal Abdullah Al-Omran
Chief Executive Officer

As we reflect on the past year, it is with great pride and gratitude that I share with you the remarkable achievements of The Saudi Investment Bank (SAIB) in 2023. This year testifies to our unwavering commitment to excellence, innovation, and resilience in the face of an ever-evolving financial landscape.

Strategic Achievements and Financial Performance
In 2023, SAIB successfully achieved its strategic goals, leveraging our strengths and surpassing performance expectations. We recorded robust net income growth of 17%, reaching SAR 1,762 million, and our total assets increased by 19.16% to SAR 130.0 billion. This exceptional financial performance is a direct result of sound corporate governance, a strong organizational culture, and focused strategic execution.

Innovation and Digitization
Our commitment to innovation and digitization remained a cornerstone of our strategy. Recognizing the critical role of technology in enhancing client experience, we continued to invest in digital solutions. SAIB launched several initiatives to improve efficiency and effectiveness, including the integration of advanced fraud detection systems, the enhancement of our digital banking platforms, and the introduction of new digital services tailored to our clients' needs. These efforts not only improved our service delivery, but also solidified our position as a leader in digital banking.

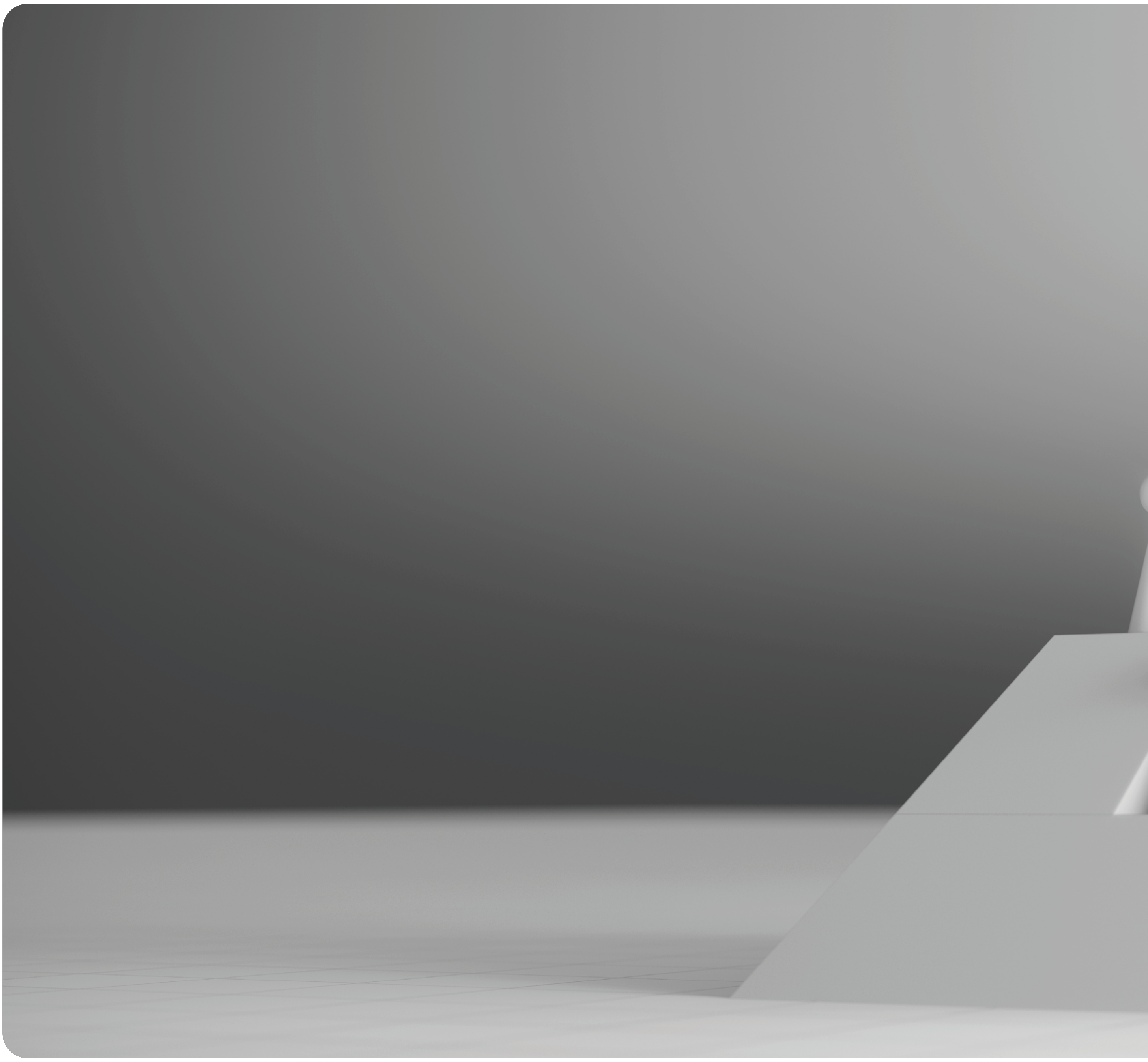
Sustainable Growth
Our primary goal remains to establish SAIB as the Bank of Choice for our clients, fostering long-lasting relationships and creating an exceptional work environment for our employees. We are dedicated to consistently generating value for our Shareholders through sustainable growth and responsible banking practices.

Strategic Partnerships and Future Outlook
This year, SAIB also forged significant partnerships, including our collaboration with Real Madrid Football Club that offers unique and engaging experiences with and through us. Looking ahead, SAIB's Strategy 2027, developed from global best practices and competitive insights, aims to accelerate growth in key business segments and expand our digital offerings. We intend driving our expansion by making significant investments in operations, risk management, IT, and organizational effectiveness.

Gratitude And Commitment
I take this opportunity to express my deepest gratitude to the members of the Board for their visionary leadership and unwavering support. To my Executive team and all our valued employees, your dedication and hard work have been instrumental in our success. I am confident that with our collective efforts, SAIB will continue to thrive and achieve greater heights in the years to come.

In conclusion, we remain committed to delivering outstanding value to our Shareholders, clients, and the communities we serve. As we embark on the next chapter of our journey, we are excited about the opportunities that lie ahead and are determined to build a brighter, more prosperous future for all.

Thank you for your continued trust and support.



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THE SAUDI INVESTMENT BANK IN CONTEXT

A BRIEF PROFILE

OUR HISTORY

The Saudi Investment Bank (SAIB) is a commercial bank founded in 1976 and headquartered in Riyadh, Saudi Arabia. SAIB began operations in 1977, following a Royal Decree dated June 22, 1976. In 1983, SAIB changed its name to The Saudi Investment Bank and expanded into commercial banking. The Al Asalah Islamic Banking brand, under which SAIB offers Shariah-compliant goods and services, was launched in 2006. All of SAIB's activities are based on Islamic principles, and our Shariah Committee guarantees that these standards are followed while developing new products. In Saudi Arabia, SAIB provides wholesale, retail, and commercial banking products that are both Shariah-compliant and traditional. SAIB serves the government, quasi-government, business, and MSME sectors. Our financial operations provide a variety of non-interest-bearing banking products such as Murabaha, Istisna'a, and Ijarah. Our product portfolio also includes a number of treasury and investment banking solutions. Joint ventures and subsidiaries broaden our product and service offerings to include investment banking, share trading, asset management, lease finance, mortgage financing, brokerage services, corporate finance services, and credit card services.

SAIB's network as at December 31, 2023

51 branches
of which 48 offer Shariah-compliant banking services and products

370 ATMs

Over 9,400
point of sale (POS) terminals

PRODUCT PORTFOLIO

Personal Banking

- Accounts
- Client Programs
- Finance
- Cards
- E-Banking

Corporate Banking and SME

- Small and Medium Enterprises
- Corporate
- Cash Management
- Trade Finance Solutions

Treasury and Investment Group

- Liquidity Management
- Foreign Exchange
- Structured Products

GROUP STRUCTURE
SAIB has 3 subsidiary companies, all of which are 100% owned by SAIB.

Alistithmar for Financial Securities and Brokerage Company (ICAP)

Brokerage, asset management, investment banking and other services within Saudi and international markets.

The Saudi Real Estate Company

The primary purpose of the Company is to hold title deeds as collateral on behalf of SAIB for real estate related lending transactions.

SAIB Markets Limited Company

Incorporated in the Cayman Islands and trades in derivatives and Repo activities on behalf of SAIB.

In addition, the Bank has investments in the following 3 associate companies:

American Express (Saudi Arabia)

Ownership 50%
The principal activities of AMEX are to issue credit cards and offer other American Express products and services in Saudi Arabia.

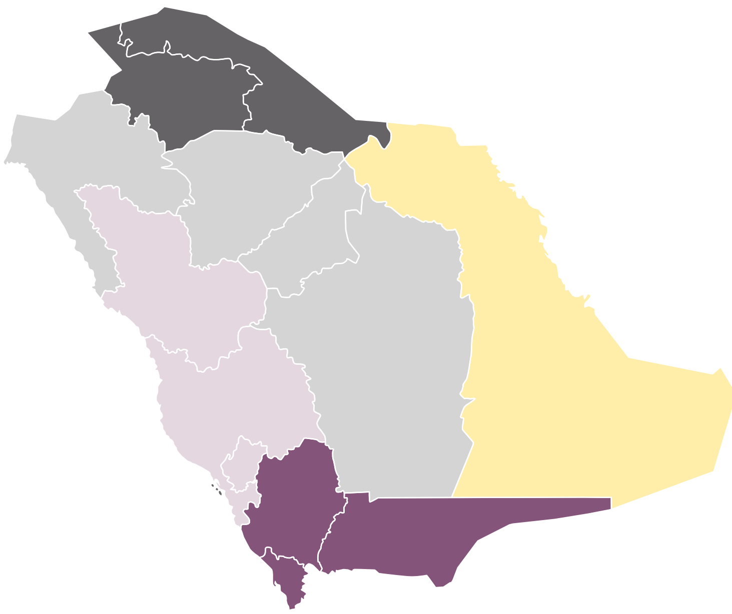
Yanal Finance Company (formerly “Saudi ORIX Leasing Company”) (Yanal)

Ownership 38%
Primarily deals in lease financing services.

Amlak International for Finance and Real Estate Development Company

Ownership 22.41%
Offers real estate products and services.

OPERATING FOOTPRINT



Central region
Riyadh
Takhassussi Branch
Shifa Branch
Malaz Branch
King Fahad District Branch
Khurais Branch
Head Office Branch
Ghurnata Branch
Badi'ah Branch
Al-Worood Branch
Al-Wadi Branch
Al-Suwaidi Branch
Al-Rahmania Branch
Al-Rayyan Branch
Al-Rawadah Branch
Al-Rawabi Branch
Al-Nuzha Branch
Al-Naseem Branch
Al-Ghadeer Branch (SNB)*
Al-Aqeeq Branch

Qassem
Buraidah Branch
Onaiza Branch
Alkharj
Al-Kharj Branch
Alzulfi
Al Zulfi Branch

Eastern region
Ohud Branch
Khobar Branch
Jubail Branch
Hafar Al Batin Branch
Dammam Branch (SNB)*
Al-Rayyan Branch
Al-Qateef Branch
Al-Hafoof Branch
Al-Ahsa Branch
Qurtuba Branch

Western region
Jeddah
Prince Sultan
Prince Majed Street Branch (SNB)*
Malik Road Branch
Jeddah - Regional Office
Al-Jamaa Branch
Al-Bawadi Branch
Makkah
Makkah Branch
Al-Aziziyah Branch
Al-Madinah Branch
Yanbu Branch
Taif Branch

Southern region
Najran Branch
Khamis Mushait Branch
Jazan Branch
Ahd Rafidah Branch
Abha Branch
Northern region
Tabouk Branch
Hail Branch

*SNB – Special Needs Branch

OUR LEADERSHIP TEAM

BOARD OF DIRECTORS

Mr. Abdallah Saleh Jum'ah Al-Dawsari
Chairman (Non-Executive Member)

Former President and CEO of Saudi Aramco. He served on the boards of many companies, including Halliburton.

Appointed:
February 14, 2010

Education:

- Business Management Program - Harvard University (USA)
- Bachelor of Political Science - the American University of Beirut (Lebanon)

Mr. Abdulaziz Al-Khamis
Vice Chairman
(Non-Executive Member)

Director General of Financial Investments at the Public Pension Agency. He held numerous positions with the Saudi Central Bank and is currently a board member of several companies.

Committees:
Executive Committee (Chairman), Nomination and Remuneration Committee

Appointed:
February 14, 2010

Education:

- Bachelor of Economics – Northeastern University (USA)

Mr. Abdulrahman Al-Rawaf
Non-Executive Board Member

Manager of the Investment Portfolios Department at the General Organization for Social Insurance. He served as a board member of several banks and other companies.

Committees:
Executive Committee, Nomination and Remuneration Committee

Appointed:
February 14, 2010

Education:

- Bachelor of Science Business Administration - Arkansas State University (USA)
- Master of Public Administration - University of Southern California (USA)

Mr. Yaser Al-Jarallah
Independent Board Member

Chief Executive Officer of Tharwaa Investment Company. He is considered a prominent investment and asset management professional with considerable experience managing his family's investment portfolio. He currently serves as a board member for VC Bank – Bahrain, and Alinma Medical Services Co.

Committees:
Governance Committee (Chairman), Nomination and Remuneration Committee, Risk Committee

Appointed:
February 14, 2019

Education:

- Master of Economics - University of Southern California (USA)
- Bachelor of Economics - University of Southern California (USA)

Mr. Mohammed Al-Grenees
Independent Board Member

Head of Local Equity and Fixed Income at Alraidah Investment Co. He serves as a board member for various listed and non-listed companies, and held various investment management positions at HSBC, NCB Capital, and Jadwa Investments.

Committees:
Nomination and Remuneration Committee (Chairman), Executive Committee, Risk Committee

Appointed:
February 14, 2019

Education:

- Bachelor of Chemical Engineering - Kuwait University (KUWT)

Mr. Mohammed Bamaga
Independent Board Member

Executive Vice President of Saudi Airlines. He is also a board member of the Saudi Federation for Cybersecurity, Programming and Drones. He was a Managing Director at Accenture Middle East and worked as a Regional General Manager of Information Technology at SABIC.

Committees:
Risk Committee (Chairman), Audit Committee

Appointed:
February 14, 2019

Education:

- Bachelor of Management Information Systems - King Fahad University for Petroleum and Minerals (KSA)

Mr. Khaled Al-Rowais
Independent Board Member

Previously Vice President of Phosphate at Saudi Arabian Mining Co., Chief Financial Officer and Senior VP of Finance at Saudi Arabian Mining Co., and Director of Finance at Saudi Basic Industries Corp.

Committees:
Audit Committee (Chairman), Governance Committee, Risk Committee

Appointed:
February 14, 2022

Education:

- Bachelor of Accounting - King Saud University (KSA)
- CPA - Colorado Society of CPAs (USA)

Mr. Abdullah Al-Zaben
Non-Executive Board Member

Director General of Sultan Bin Abdulaziz Medical and Educational Telecommunications Program Company.

Committees:
Committee, Governance Committee

Appointed:
February 14, 2022

Education:

- Masters in Economics / Finance - University of Alabama (USA)
- Bachelor of Economics - College of Business Administration, King Saud University (KSA)

Mr. Mohammed Al-Khalil
Non-Executive Board Member

Former board member and Chairman at several companies working in real estate, investment, tourism, charity and social community.

Committees:
Executive Committee

Appointed:
February 14, 2022

Education:

- Master in Business Administration - Colorado University (USA)
- Bachelor of Computer Science Engineering - King Fahad University (KSA)

For full biographies of our Board members, please refer to the Board of Directors Report.

SENIOR MANAGEMENT TEAM

Mr. Faisal Abdullah Al-Omran
Chief Executive Officer

Mr. Salman Badar Al-Fughom
Deputy Chief Executive Officer

Mr. Majed Fakeeh
General Manager of Corporate Banking

Mr. Thamer Al-Humayyd
Acting General Manager of Personal Banking and General Manager of Quality Group

Mr. Saad Al-Tayyar
Chief Financial Officer

Mr. Naif Al-Hammad
Treasurer and Chief Investment Officer

Mr. Badr Allaf
General Manager of Compliance Group

Ms. Monirah Al-Swaydani
Chief Governance Officer and Board Secretary

Mr. Mansour Al-Obaikan
Chief Risk Officer and Acting Chief Operating Officer

Mr. Fahad Khalil
General Manager of Human Resources

Mr. Rakan Khaled Al-Musa
Chief Internal Auditor

THE SAUDI INVESTMENT BANK
CORPORATE IDENTITY

VISION

To be the trusted bank for our clients
The Saudi Investment Bank (SAIB) aims to establish itself as the most trusted bank for its clients, aligning its goals with Saudi Arabia's Vision 2030. This vision drives SAIB to foster long-lasting relationships with clients, create an exceptional work environment for employees, and consistently generate wealth for Shareholders. SAIB's focus on innovation and digitization underscores its commitment to staying ahead in the rapidly evolving financial landscape.

MISSION

We build long-term relationships with clients, create an unrivalled work environment for our people, and deliver consistent value for our Shareholders.
SAIB's mission is to deliver exceptional financial services and products while maintaining high standards of corporate governance, organizational culture, and strategic execution. SAIB strives to support the Saudi economy by serving government, semi-government, and private sectors, contributing significantly to the Kingdom's economic objectives.

VALUES

Client focus: We put our clients' needs at the heart of everything we do

Our people are our greatest asset: We attract, develop and retain the best people

Commitment to Shareholders: We commit to generating superior long-term value for Shareholders

OUR SUSTAINABILITY FRAMEWORK

OUR APPROACH AND PHILOSOPHY

In 2023, The Saudi Investment Bank (SAIB) engaged in various sustainability initiatives to benefit the community, such as:

- Ehsan Donation Initiative via WooW Alkhair
- 1,000,000 Iftar Meals Initiative
- Anti-fraud Initiative

These efforts, guided by SAIB's Corporate Social Responsibility Policy, aimed to enhance the Corporate Strategy, contribute to community welfare, and align with Saudi Arabia's Vision 2030. SAIB's focus included supporting local businesses and SMEs, promoting employment and advancement of Saudi nationals (with an emphasis on women), fostering private sector growth, encouraging innovation and discipline, and promoting business flexibility and positivity.

Key pillars of SAIB's sustainability framework include "Awn" (helping others) and "Hifth" (environmental protection), reflecting its commitment to social and environmental responsibility. SAIB is dedicated to supporting Saudi Arabian communities, helping the disadvantaged, minimizing its environmental impact, and conserving natural resources for long-term value creation.

Hifth (Environmental protection)
SAIB will build a competitive advantage by embedding environmental management into the Bank's core activities and continuously dematerializing banking. The Bank aims to model the environmental practices sought by the Government of Saudi Arabia for the benefit of the Kingdom.

Social impact:
Expanding the contribution of the green, low-carbon economy to the GDP and increasing the number of green jobs available.
Business impact:
Gaining revenue from our investment in the green, low-carbon economy and reducing the risk to our investment portfolio.

Awn (Helping others)
The Bank will measure not only the amount of money it invests, but the extent and effectiveness of its impact. The Bank will focus its investments in areas where it can contribute money, tools, and expertise.

Social impact:
Increasing economic empowerment and reducing poverty.
Business impact:
Unlocking new customer segments and expanding the Bank's potential market. Growth of demand deposit accounts (DDA).

Nummow (Growth)
We aim to deliver a strong financial performance for our Shareholders by executing our growth strategy while maintaining a disciplined approach to financial stability.

Social impact:
Encouraging the Kingdom's citizen's interest in entrepreneurship and increasing the MSMEs contribution to the GDP.
Business impact:
Expanding our MSME customer base while increasing the sophistication of our processes and services and reducing the credit risk of our MSME customers.

Re'aya (Workforce)
The Bank will be the most sought-after Bank to work for, due to its transparency and accountability to both its employees and society.

Social impact:
Increasing the number of volunteers within the Bank and increasing the number of hours they spend on a growing number of volunteer activities.
Business impact:
Addressing the national agenda to grow the number of volunteer activities in the Kingdom.

Takleef (Responsibility)
The Bank will be recognized by customers, investors, employees, and the public as the most genuine, integrity based, value driven, and accountable Bank in Saudi Arabia.

Social impact:
Expanding the financial management knowledge and skills of the Kingdom's citizens.
Business impact:
Increasing the sophistication of our processes and services and reducing the credit risk of retail customers. Increasing customer deposits.

SAIB sponsored various projects, including sports, cultural, and youth activities, to enhance societal awareness of financial products and services and the associated risks. It actively supports social projects, promotes environmental sustainability, and encourages small and medium enterprises without compromising the interests of SAIB and its Stakeholders.

The sustainability strategy aims to positively influence all Stakeholders, aligning practices to benefit society, the economy, and the nation. SAIB recognizes its responsibility to its communities by supporting employees, raising awareness on local issues, and striving for a positive societal impact.

SAIB continuously evaluates new sustainable business opportunities and supports environmentally friendly projects, including those related to renewable energy, recycling, water treatment, wastewater treatment, hazardous waste disposal, and other environmental services.

SAIB's Building Management System reduces electricity consumption across its buildings, leading to positive environmental outcomes. Ongoing campaigns for paper and plastic recycling show year-on-year improvements.

SAIB remains a member of the Global Reporting Initiative (GRI) Community.

SAUDI VISION 2030

Vision 2030 serves as the cornerstone of Saudi Arabia's current aspirations, policies, and strategic initiatives. Built on 3 fundamental pillars - a vibrant society, a thriving economy, and an ambitious nation - this transformative framework guides the Kingdom's development. Given that many Vision 2030 objectives are either directly linked to finance or have significant financial implications, our Bank plays a crucial role in realizing these national ambitions. Through our services and initiatives, we actively contribute to the Vision's implementation, supporting Saudi Arabia's journey towards a prosperous and sustainable future.

A VIBRANT SOCIETY

Vision / goals	The Saudi Investment Bank's contribution
Living by Islamic values	The Islamic principles of Hifith, Awn, Nummow, Rea'ya, and Takleef.
Focusing our efforts to serve Umrah* visitors	Financing general infrastructure.
Living healthy, being healthy	Promoting a healthy life via SAIB's social media channels.
Developing our cities	Urban infrastructure project finance.
Achieving environmental sustainability	SAIB's Building Management System continues to show a reduction of water and electricity consumption across SAIB's operations.
Caring for our families	Emphasis on work life balance.
Caring for our health	Promoting a healthy lifestyle.

* Islamic pilgrimage to Mecca

A THRIVING ECONOMY

Vision / goals	The Saudi Investment Bank's contribution
Learning for work	Launched The Saudi Investment Bank Knowledge Management System for all employees to improve skills and capabilities across various fields.
Boosting our small businesses	Grew the funding of MSMEs.
Attracting talent	Enhanced focus on recruiting talented young Saudi employees.
Supporting our national companies	Continue to procure services from local Saudi owned businesses and making use of local suppliers.

AN AMBITIOUS NATION

Vision / goals	The Saudi Investment Bank's contribution
Embracing transparency	The Saudi Investment Bank Code of Conduct and Whistleblowing policies.
Engaging everyone	Using all SAIB's channels to communicate regularly with all Stakeholders.
Being responsible for our lives	Exercise activities.
Being responsible in business	Bank policies for the protection of all Stakeholders.
Being responsible to society	Client awareness activities.

THE FINANCIAL SECTOR DEVELOPMENT PROGRAM

SAIB actively supports the Financial Sector Development Program, one of the 11 national Vision Realization Programs aimed at implementing Saudi Vision 2030. This program focuses on fostering a robust and diverse financial sector to drive economic growth, diversify revenue streams, and promote savings, investment, and financing. Its primary goal is to strengthen financial institutions and elevate the Saudi financial market to an advanced capital market status while maintaining the sector's stability.

SAIB aligns and contributes to the following 2025 program commitments

National 2025 commitment	The Saudi Investment Bank's contribution
Increase the total assets of the banking sector to SAR 3,515 billion.	Total assets: SAR 130.0 billion.
Increase the market value of the stock market to 80.8% of the GDP.	Market capitalization: SAR 15,96 billion.
Increase the volume of debt instruments to 24.1% of the GDP.	Sukuks issued to bolster Tier 1 capital: SAR 2,715,000 million.
Enable digital innovation by issuing licenses to fintech's and other companies.	We support or collaborate with several licensed fintech's and organizations.
Increase the share of SME financing in banks to 11%.	MSME loans as percentage of on-balance sheet loans: 10.36%.
Increase the share of non-cash transactions to 70%.	Number of cashless transactions in 2023: 184,414,856 million.

OUR CHANGING OPERATING ENVIRONMENT

THE GLOBAL ECONOMY

In the context of a volatile, uncertain, complex, and ambiguous global landscape, several factors continue to cast shadows over economic prospects. The cost-of-living crisis, tightening financial conditions globally, military action in the Middle East and Europe, and significant political elections around the world, all contribute to a cautious outlook. As per the World Bank's forecast, the global economy was expected to grow at a meagre 1.7% in 2023, followed by a slight uptick to 2.7% in 2024. This deceleration in growth was anticipated to be widespread, affecting 95% of advanced economies and nearly 70% of emerging markets.

THE GULF COOPERATION COUNCIL (GCC) ECONOMIES

Formed in 1981, the Gulf Cooperation Council (GCC) - encompassing Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE - has grown into an influential economic alliance, despite challenges such as fluctuating oil prices and geopolitical tensions. However, with resilience as a hallmark, the GCC economies have exhibited progress, notably through initiatives like the GCC Board Directors Institute's Board Effectiveness Review, which underscores the region's commitment to bolster governance and strategic direction.

SAUDI ARABIA: MACROECONOMIC FACTORS

As a prominent MENA economy, Saudi Arabia derives much of its fiscal strength from its oil sector, but several of its diversification efforts - underscored by sectors like tourism and technology - are evident. The nation's Vision 2030 blueprint illustrates a concerted effort to pivot away from oil reliance and these efforts are appearing to bear fruit as evidenced by Saudi Arabia's remarkable GDP growth of 8.7% in 2022, spurred by both the traditional energy sector and burgeoning non-oil industries.

REGULATION

Underpinning Saudi Arabia's vibrant banking sector, the Saudi Arabian Monetary Authority's (SAMA's) role cannot be overstated. Charged with both regulatory oversight and fostering monetary stability, SAMA mandates extensive frameworks covering the full spectrum of banking operations, including capital adequacy and risk management (Saudi Arabian Monetary Authority Law). Moreover, SAMA champions consumer rights and innovation through its sandbox initiative, allowing for a melding of innovation within a regulatory context.

The Saudi Investment Bank (SAIB) maintains a vigilant stance on regulatory trends, ensuring compliance and stewardship that resonates with Stakeholders' trust, guarding against various risks associated with reputational and financial facets of banking operations.

COMPETITION

In Saudi Arabia's dynamic banking sector, new challengers emerge, ranging from fintech startups to powerful big-tech firms, reshaping client expectations. Acknowledging this shift, Vision 2030 aligns with this trend, fostering an environment conducive to fintech development and competition, as observed in SAMA's forward-looking Payment Services Provider Regulations (PSPR) and guidelines for digital-only banks.

CONSUMER TRENDS

With one of the highest internet penetration rates globally, Saudi Arabia's young and tech-savvy population drives the digitalization wave. This shift is reflected in the consumer spending patterns, as March 2023 saw a significant 6% boost in consumer expenditure, signaling robust economic activity and a prime market for agile, digital-forward banking entities.

OUR SUSTAINABLE BUSINESS MODEL

Within the context of its operating environment and strategies, The Saudi Investment Bank (SAIB) transforms tangible and intangible resources into measurable outputs.

RESOURCES	INPUTS
FINANCIAL CAPITAL The pool of funds supporting business operations, including cash, loans, advances, and other receivables.	• SAR 17.2 billion equity (2022: SAR 16.8 billion) • SAR 17 million debt capital (2022: SAR 12 million) • SAR 83.2 billion client deposit cash inflows (2022: SAR 69.6 billion)
INVESTOR CAPITAL The individuals, companies, or entities that invest capital with an expectation of generating a return.	• Higher share price
CLIENT CAPITAL The people who look to us to provide them with innovative and appropriate products and services that fulfil their needs.	• Skilled employees to serve clients • Digital capabilities • Data analytics • Automation

VALUE CREATION ACTIVITIES

WHAT WE DO

Improve performance of the Bank's primary function, which is that of financial intermediation:

Retail Banking

Deposit accounts with a focus on growing demand deposits, home loans, personal loans, savings accounts, car finance, and cards.

Corporate Banking

Range of Corporate Banking services for the large corporate, mid corporate, and MSME sectors including financing, investment services, cards, cash management, tailor-made corporate banking services, and real estate financing.

Treasury

Management of foreign exchange transactions, liquidity, and Sukuk issues.

This process builds mutually beneficial relationships with SAIB's Stakeholders, with long-term value created for SAIB, the people that matter to us, and our environment.

	OUTPUTS	OUTCOMES
HOW WE DO IT Our value creation process is underpinned by: **CORPORATE GOVERNANCE** • Values and ethics • Overseeing strategic execution • Setting the ethical tone • Compliance and risk management • Audit	• Net income SAR 1,762 million (2022: SAR 1,508 million) • Operating profit before provisions: SAR 2,387 million (2022: SAR 1,904 million) • Operating expenses before provisions for credit and other losses: SAR 1,657 million (2022: 1,433 million) • Provisions for Zakat, net: SAR 267 million (2022: SAR 204 million)	We leverage financial capital to invest in our business and grow our competitive market position while delivering value to our Stakeholders.
	• During the year ended December 31, 2023, the Board of Directors proposed an interim cash dividend of SAR 400 million equal to SAR 0.40 per share, for the first half of the fiscal year 2023, to 1,000 million eligible shares. The proposed cash dividend was paid during the year ended December 31, 2023.	**Value delivered** • Growing dividend payments • Long-term financial benefit **Value derived** • A loyal pool of investors that takes a long-term view on SAIB
		Value delivered • Highly competitive and easily usable products and services • Increased reach through traditional and non-traditional channels • Increased efficiency gains for client-facing processes **Value derived** • Strong brand recognition • Growing customer base • Growth in market share

RESOURCES	INPUTS
EMPLOYEE CAPITAL The competencies, capabilities, and experience of our employees and how they innovate, collaborate, and align with our objectives.	• 1,261 permanent employees (Bank only) (2022: 1,321) • Experienced and ethical leadership team • Recruitment and headcount management system • Performance management system • Tools for remote working • Automation
BUSINESS PARTNER CAPITAL The relationship we have built with business partners allows us to expand our reach and obtain the best possible solutions for our needs.	• Partnering with the best • Relationship-building initiatives • Mutually beneficial agreements
INSTITUTIONAL CAPITAL The intangibles that sustain the quality of our product and service offering, which provides SAIB's competitive advantage, such as our governance policies, values and ethics, business processes, and cutting-edge technology.	• An agile corporate culture and project management • IT systems and enterprise architecture • Balance sheet management • Market and data analytics • Innovation and Client Experience Center

OUTPUTS	OUTCOMES
• Employee number growth: 4.5% decrease (2022: -2.3%) • Female representation: 24% (2022: 22%) • Saudization: 92% (2022: 91%) • Salaries and employee-related expenses: SAR 787 million (2022: SAR 747 million) • Employees trained: 85% (2022: 80%)	**Value delivered** • Professional development • Clear advancement opportunities • A positive and productive work culture **Value derived** • A dedicated and empowered workforce with high rates of employee retention • Attracting the best talent as an employer of choice • Internal efficiency gains • Diversity and Saudization
• Cross-sell growth with subsidiaries • Partner revenues through Bank channels • Revenue derived from partnerships	**Value delivered and derived** Mutually beneficial partnerships for greater client satisfaction.

• Cybersecurity certification: ISO270001
• Cybersecurity investment
• Data security breaches: 0 (2022: 0)
• International credit ratings (long-term):
  ◦ Moody's: A3
  ◦ S&P: BBB
  ◦ Fitch: A-
	Value delivered
	• Market-leading products and services
	• Increased accessibility through traditional and non-traditional channels
	• Privacy and data protection
	Value derived
	• A trustworthy brand that resonates with consumers
	• Market leadership through distinctive capabilities that competitors cannot replicate easily
	• Smoother systems that facilitate better client service and reduce manual intervention
	• Increased reach through traditional and non-traditional channels

RESOURCES	INPUTS
SOCIAL CAPITAL The relationships and collaborations we maintain with our community.	• Sustainable ESG practices • Sponsorships linked to the Banks Strategy.
ENVIRONMENTAL CAPITAL The relationships and collaborations we maintain with the renewable and non-renewable resources that underpin our long-term sustainability.	• Sustainable ESG practices • Lending to environmentally friendly projects: SAR 4.2 billion (2022: 567 million) • Electricity consumption: 28,770 MWh (2022: 31,635 MWh) • Petrol/Diesel consumption: 44,355 liters (2022: 58,338 liters)

OUTPUTS	OUTCOMES
• Official sponsor of Real Madrid FC, boosting brand visibility and global reach • Investing in a state-of-the-art headquarters for future growth and efficiency • Community engagement through blood donations • Supporting entrepreneurship via the #1,000 miles program, aligned with Vision 2030 • Ehsan Donation Initiative through WooW Alkhair. • 1,000,000 Iftar Meals Initiative • The Anti-fraud Initiative	**Value delivered** • Enabling the Kingdom's Vision 2030 **Value derived** • A stronger brand • Maintaining our social license to operate
• Responsible management of waste and emissions • Lending to environmentally friendly projects: 1.59% (2022: 0.82%) • Reductions in electricity usage: 2,505,474 MWh (21% reduction from 2022)	**Value delivered** • Enabling the Kingdom's Vision 2030 **Value derived** • A stronger brand • Maintaining our social license to operate

OUR MATERIAL RISKS AND OPPORTUNITIES

The financial services sector faces an ever-changing risk landscape. Yet, the core of banking remains rooted in risk management. Our Bank navigates these challenges by adhering to ethical practices and focusing on sustainable value creation.

Today's risks are increasingly interconnected, with emerging threats spanning multiple categories. This evolution demands a more integrated approach to risk management, extending beyond traditional concerns like capital, credit, and liquidity.

In our reporting, we prioritize materiality. We concentrate on issues, opportunities, and challenges that significantly impact our Bank's sustainability and ability to deliver consistent value to Shareholders and key Stakeholders. Our long-term success hinges on how we align these material matters with our business model and strategy.

MANAGEMENT APPROACH

The Bank identifies the topics that have the most impact on its value creation process through a multi-step process:

Identify
Conduct a analysis of potential material issues, categorized by each impacted Stakeholder group.

Evaluate
Determine topics that have the most impact on Stakeholders and/or SAIB.

Prioritize
Assess the degree of importance of a topic according to its relevance to SAIB or its Stakeholders, as well as its likelihood of occurring and the magnitude of impact.

Apply
Incorporate the materiality analysis findings in the formulation of SAIB's strategies and strategic imperatives.

OUR MOST MATERIAL RISKS AND OPPORTUNITIES IN 2022

THE EVOLVING MACROECONOMIC ENVIRONMENT

Risks	Opportunities
• Economic slowdown and instability • Increasing governance and accountability requirements	• Vision 2030 drive to support SMEs • Higher spending power in local population • Vision 2030 focus on diversification, with an expected increase in non-oil revenue

External factors pose both risks and opportunities for SAIB. Saudi Arabia's economy, traditionally dependent on oil, has faced challenges due to price fluctuations and global economic slowdowns, impacting consumer spending and the banking sector.

Vision 2030, the Kingdom's diversification strategy, aims to:

- Reduce oil dependence
- Increase non-oil revenue
- Stabilize the economy
- Benefit the banking sector

Current rising oil prices are improving economic prospects. The strategy also emphasizes MSME growth, partly through the Nomu stock market, presenting opportunities for banks offering tailored products and services.

Global concerns about financial malpractice have intensified scrutiny on banks, particularly regarding anti-fraud and anti-terrorism measures. Additionally, there's growing emphasis on environmental, social, and governance (ESG) factors. Compliance with these evolving standards is crucial for maintaining operational legitimacy.

CHANGING CUSTOMER EXPECTATIONS

Risks	Opportunities
• Rising client expectations	• Maintaining client satisfaction • Adherence to Islamic banking principles

In today's evolving financial landscape, the rise of fintech and digital banks has intensified market competition. This shift has led to heightened client expectations, with demands for superior service, diverse product offerings, and enhanced features. Banks that differentiate themselves through unique products, excellent service quality, and seamless digital access - rather than competing solely on price - are poised to capture market share as economic growth resumes. Moreover, embracing Islamic banking principles serves a dual purpose: it aligns with national objectives while tapping into a specialized market segment.

EMPLOYEE SATISFACTION AND ENGAGEMENT

Risks	Opportunities
• Insufficient employee satisfaction and engagement	• Employee satisfaction and engagement • Employee training • Equal opportunity and anti-discrimination • Remote working

The world of work is continually evolving, with employee health and well-being at the forefront of considerations. Amid ongoing uncertainty, organizations, especially in financial services, are reshaping their human capital strategies. Global trends are driving changes in workplace dynamics and workforce practices as we envision the future of work.

In this context, employee engagement has become a critical factor. Companies that neglect their workforce risk losing access to top talent. Conversely, those fostering high employee satisfaction can reap benefits such as increased productivity, innovation, and team unity. These organizations also experience lower turnover and cultivate an environment that attracts high-caliber professionals.

DIGITALIZATION AND AUTOMATION

Risks	Opportunities
• Cybersecurity threats • New market entrants, especially fintechs and digital banks	• Digital banking services • Innovation and product development • Cloud computing • Automation • Blockchain

The banking industry is undergoing a digital revolution. New fintech startups and online-only banks are disrupting the market, leveraging their agility and lower operational costs to challenge established institutions.

This digital shift presents both challenges and opportunities. SAIB can harness technologies like AI, robotics, and cloud computing to streamline operations and reduce expenses. These innovations also enable us to enhance client experience through digital services such as remote account opening and 24/7 online banking access.

While blockchain technology may disrupt traditional banking models, it also offers potential new revenue streams for forward-thinking institutions. However, the increasing digitalization of financial services brings heightened cybersecurity risks. A successful data breach could result in significant financial losses and irreparably damage our reputation and client trust, making cybersecurity a top priority in today's banking landscape.

SOCIAL RESPONSIBILITY

Risks	Opportunities
• Loss of social license to operate	• Community investment and engagement • Environmentally friendly corporate practices • Increasing demand for green banking and green lending

In today's global landscape, organizations face mounting pressure to adopt responsible practices in social, environmental, and governance areas. Forward-thinking companies are responding by integrating the triple bottom line - people, profit, and planet - into their core strategies and operations. This holistic approach often yields multiple benefits: a more positive corporate culture, increased employee loyalty, and improved long-term sustainability.

The banking sector exemplifies this shift, with growing demand for green lending initiatives that benefit both the environment and Shareholders. Conversely, companies focused solely on profit risk losing their social license to operate. Modern Stakeholders - including communities, clients, and employees - increasingly seek out organizations whose values align with their own social and environmental concerns.

OUR STRATEGIC FRAMEWORK

OUR STRATEGY
At the end of 2023, SAIB's 3-year strategy for 2021 to 2023 concluded. The Saudi Investment Bank's (SAIB's) new Strategy 2027 was crafted after thoroughly analyzing macro-trends, client behavior, competitor insights, current capabilities, and international best practices. The primary goal is to accelerate growth in core business segments and continuously invest in and expand the digital proposition. This strategy involves significant investments in Information Technology (IT), operations, risk management, and organizational effectiveness to drive growth.

OVERVIEW OF STRATEGY IN VARIOUS SEGMENTS AND BUSINESS LINES

Corporate Banking: Accelerate profitable growth

- Accelerate profitable growth by increasing client-centricity through a redesigned operating model, coverage, and segmentation.
- Achieve client primacy by revamping the value proposition and launching new products and partnerships.
- Improve client experience by streamlining and automating key processes.

Private Banking: Accelerate profitable growth

- Focus on high-value clients by elevating the role of Private Banking.
- Enhance client experience through a redesigned operating model, coverage, and segmentation.
- Become Bank of Choice for High Net Worth (HNW) and Ultra High Net Worth (UHNW) clients by introducing new products, revamping the investment portfolio, and redesigning key journeys.

Public Institutions: Increase client base and cross-sell ratio

- Increase client base and cross-sell ratio by developing core offerings for Public Institutions (PIs) in line with Vision 2030.
- Optimize the value proposition for PI clients by improving existing products and leveraging SAIB's cross-functional offerings.

Affluent Consumers: Build differentiated value proposition

- Build a differentiated value proposition by significantly improving the digital offering.
- Enhance the overall value proposition for affluent consumers, including journeys, products, and investment propositions.

Treasury and Investment: Enable and support funding of strategy

- Support strategy funding by maintaining an optimal risk-return on investments.
- Balance the mix of liabilities to lower the cost of funds.
- Increase cross-sell of products.
- Maintain prudent capital management.

KEY ENABLERS FOR ACHIEVING THE STRATEGIC DIRECTION

Risk: Enhance enterprise risk management and capabilities

- Enhance enterprise risk management and capabilities by automating key risk processes to expedite decision-making.
- Review risk appetite to better align with priority segments/sectors per the new strategy.
- Increase reporting and insight capabilities to drive prudent risk practices.

Innovation to keep pace with future development

- Keep pace with future developments by building new partnerships with fintech's.
- Develop innovative solutions and products for select segments.

Information Technology: Strengthen digital and analytics

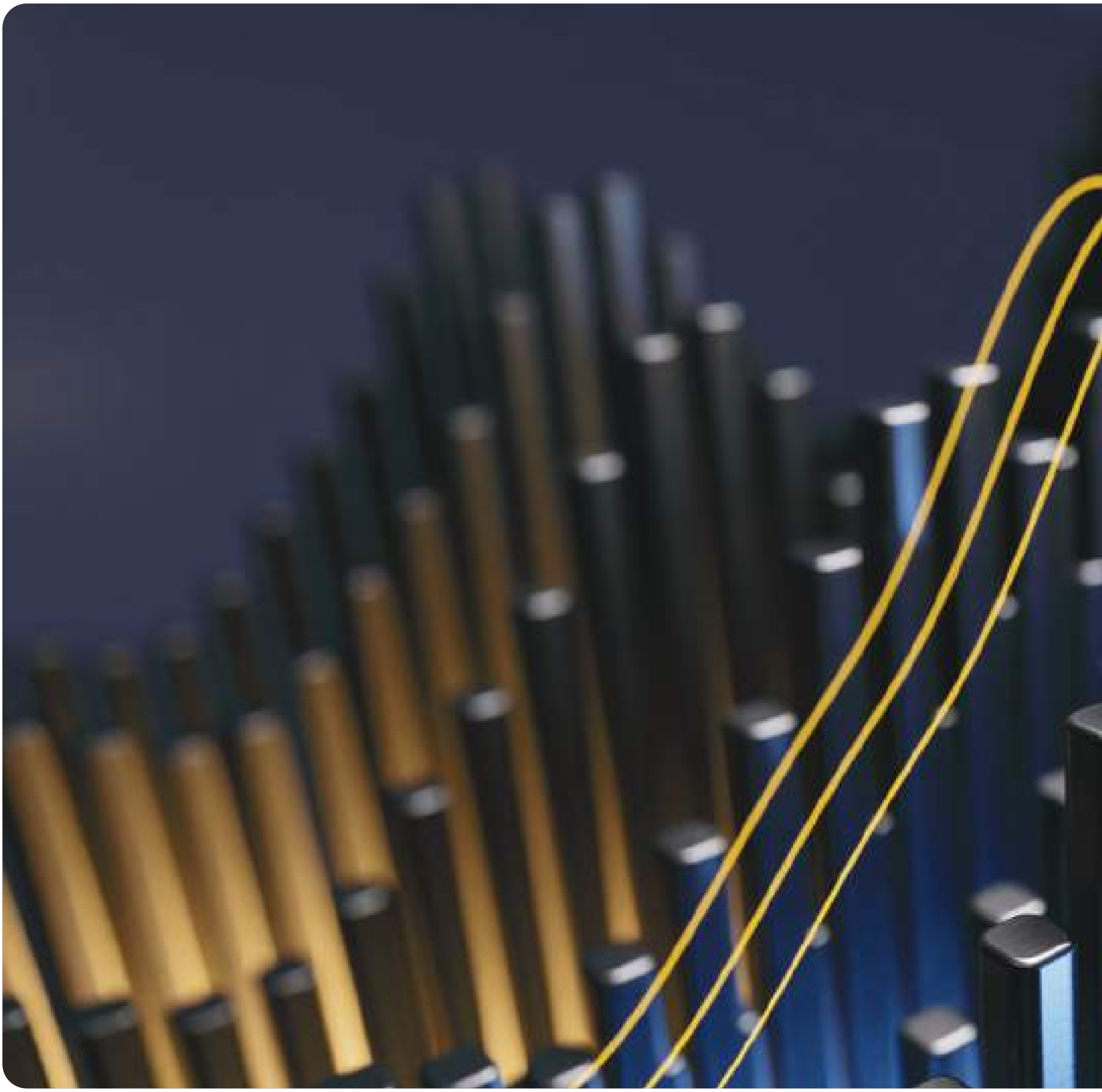
- Strengthen digital and analytics capabilities by introducing new tools to support front-line employees in Corporate and Private Banking.
- Build automated testing and pipeline systems.
- Develop a centralized data warehouse and data lake for central data processing, advanced analytics, and governance.
- Institutionalize agile working methods across the organization.

Organization: Enhance organizational effectiveness and culture

- Hire the necessary talents to support strategy execution.
- Improve organizational health and culture.

Strengthen SAIB's affiliates

- Enhance cooperation with affiliates through cross-selling, referrals, and incentives.



03

PERFORMANCE REVIEW

FINANCIAL CAPITAL

The Saudi Investment Bank's (SAIB's) financial capital consists of monetary assets, such as client deposits, investment funds, and Shareholder equity. These resources are used by SAIB to carry out its operations and provide its range of products and services.

2023 Highlights

Net income increased by	Total operating income increased by	Operating expenses increased by
17%	**21.02%**	**14.67%**

2024 Focus areas

Agility	Innovation	Impact

In 2024, our financial capital focus areas are aligned with our strategic goal of being the trusted bank for our clients, ensuring that we deliver reliable and innovative financial solutions tailored to their evolving needs.

Our financial resources facilitate the achievement of our long- and medium-term objectives, allowing us to generate lasting value for our Stakeholders.

We maintain a robust balance sheet that not only fuels growth but also safeguards against unforeseen risks. The Group CFO, CEO, and the Board of Directors, led by the Chairman, hold ultimate responsibility for financial performance at the Group level. SAIB's management approach is assessed through a process directed by the Board of Directors, with results audited and disclosed in quarterly and annual reports.

FINANCIAL PERFORMANCE

	2023 SAR million	2022 SAR million
Total income*	4,044	3,349
Total expenses **	1,657	1,445
Operating profit before provisions	2,387	1,904
Provisions for credit and other losses	359	192
Provisions for Zakat and Income Tax	267	204
Net income	1,762	1,508
Total assets	129,984	109,071
Loans and advances, net	80,751	68,883
Investments	32,301	28,180
Investments in associates	968	923
Term loans	-	-
Client deposits	83,233	69,579
Shareholders' equity	14,520	13,575
Tier 1 Sukuk	2,715	3,215
Total equity	17,235	16,790
Return on average Shareholders' equity (%)	12.54	10.63
Return on average assets (%)	1.47	1.43
Capital adequacy (%)	20.06	18.22
Equity to total assets (%)	12.23	15.40

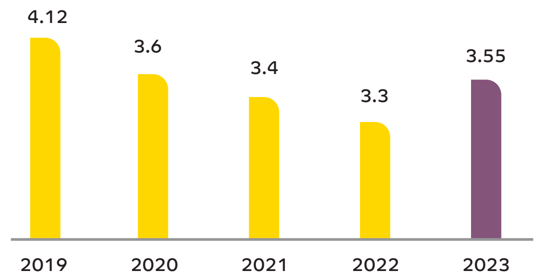
* Total income includes total operating income plus share in earnings of associates.
** Total expense includes total operating expenses before impairment charges.

FINANCIAL POSITION

GROWTH IN TOTAL ASSETS

SAR 130.0 billion
as at December 31, 2023
(2022: SAR 109.1 billion)
19.16% ↑

The Saudi Investment Bank's asset share (%)
(SAR million)



Cash and balances with SAMA

SAR 11.0 billion
as at December 31, 2023
(2022: SAR 6.4 billion)
72% ↑

Investments

Investment portfolio:

SAR 32.3 billion
as at December 31, 2023
(2022: SAR 28.2 billion)
14.54% ↑

Investments classified as investment grade:

94.22%
of total portfolio as at December 31, 2022
(2021: 87.84%)
6.3% ↑

Loans and advances, net

Loans and advances, net:

SAR 80.8 billion
as at December 31, 2023
(2022: SAR 68.9 billion)
17.27% ↑

Total performing loans:

SAR 81.4 billion
as at December 31, 2023
(2022: SAR 69.6 billion)
16.95% ↑

LOANS AND ADVANCES

Loans and advances, including non-interest-bearing banking products

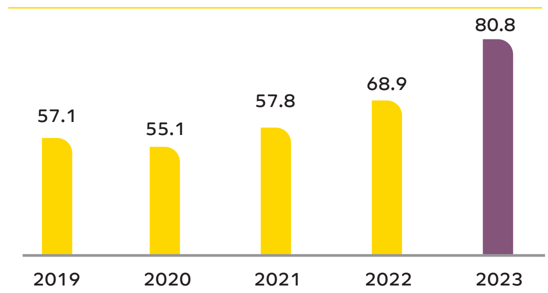
SAR 54.1 billion

as at December 31, 2023

(2022: SAR 48.0 billion)

12.71% ↑

Loans and advances (SAR billion)



Non-performing loans

Total non-performing loans:

SAR 1.2 billion

as at December 31, 2023

(2022: SAR 1.1 billion)

Non-performing loans as percentage of total loans and advances:

1.50%

as at December 31, 2023

(2022: 1.57%)

Allowance for credit losses

Total allowance for credit losses:

SAR 1.9 billion

as at December 31, 2023

(2022: SAR 1.8 billion)

2.33%

of total loans

(2022: 2.55%)

155.19%

of non-performing loans

(2022: 162.99%)

Collateral as security to mitigate credit risk on loans and advances

SAR 78.7 billion

as at December 31, 2023

(2021: SAR 78.1 billion)

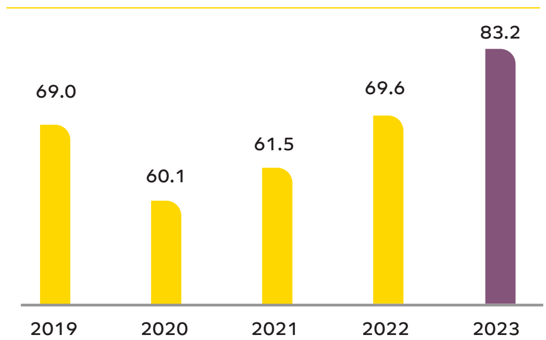
0.77% ↑

The collateral mainly consists of time deposits, demand deposits, other cash deposits, financial guarantees, local and international equities, real estate, and various other assets.

CLIENT DEPOSITS

Total customer deposits
SAR 83.2 billion
as at December 31, 2023
(2022: SAR 69.6 billion)
19.54% ↑

Customer deposits (SAR billion)



Demand and other deposits

Total demand and other deposits:

SAR 30.0 billion
as at December 31, 2023
(2022: SAR 31.2 billion)
3.85% ↓

Demand and other deposits as percentage of total:

30.06%
as at December 31, 2023
(2022: 44.83%)

Special commission bearing deposits

SAR 15.0 billion
as at December 31, 2023 ↑

TERM LOANS

Total term loans
SAR 0
as at December 31, 2023
(2022: SAR 0 million)

TOTAL EQUITY

Total equity
SAR 17.2 billion
as at December 31, 2023
(2022: SAR 16.8 billion)
2.38% ↑

	2023	2022	2021	2020	2019
Total equity (SAR billion)	17.2	16.8	16.3	15.3	14.0
Return on average Shareholder equity (%)	12.54	10.63	7.55	7.73	2.03

Total equity to total assets:
13.23%
as at December 31, 2023
(2022: 15.40%)
14.09% ↓

Shareholder equity leverage ratio:
8.97
as at December 31, 2023
(2022: 8.03)
11.70% ↑

TIER I SUKUK PROGRAM

SAIB initiated Shariah-compliant Tier I Sukuk Programs (the Programs) in 2016 and 2022, with the approval of Saudi Arabia's regulatory authorities. The following Tier I Sukuk tranches issued under this program on the specified dates remain outstanding as of December 31, 2023, and 2022:

	2023 SAR '000s	2022 SAR '000s
March 21, 2018	-	1,000,000
April 15, 2019	215,000	215,000
June 29, 2022	2,000,000	2,000,000
February 6, 2023	500,000	-
Total	2,715,000	3,215,000

The Tier I Sukuk securities are perpetual, having no fixed redemption dates, and signify an undivided ownership interest in the Sukuk assets. These are considered an unsecured, conditional, and subordinated obligation of SAIB, classified under equity. Nevertheless, SAIB holds the exclusive right to redeem or call these Tier I Sukuk debt securities within a specific period, in accordance with the terms and conditions outlined in the Programs.

CAPITAL ADEQUACY

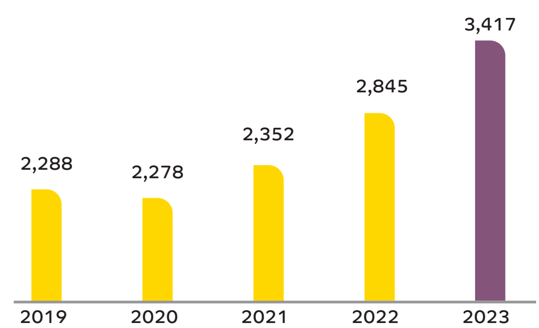
SAIB's goals in managing capital are to meet the capital requirements set by SAMA, ensure the Group's ability to continue operating, and maintain a robust capital base. SAIB's Management regularly monitors capital adequacy and the use of regulatory capital. SAMA mandates that SAIB hold a minimum level of regulatory capital and maintain a total regulatory capital to Risk Weighted Assets (RWA) ratio of at least 10.5%, including additional buffers as required by the Basel Committee on Banking Supervision. SAIB assesses its capital adequacy using ratios set by SAMA, which compare the Group's eligible capital to its consolidated assets, commitments, and the notional amounts of derivatives, weighted according to their relative risk.

Tier I and II capital adequacy ratio
20.06%
as at December 31, 2023
(2022: 18.22%)

OPERATING INCOME

Total operating income
SAR 3,967 million
as at December 31, 2022
(2022: SAR 3,278 million)
21.02% ↑

Net special commission (SAR million)



Net special commission income:
SAR 3,417 million
as at December 31, 2023
(2022: SAR 2,485 million)
20.11% ↑

Banking service fees net:
SAR 302 million
as at December 31, 2023
(2022: SAR 295 million)
2.37% ↑

Exchange income, net:
SAR 216 million
as at December 31, 2023
(2023: SAR 216 million)
10.20%

Unrealized fair value:

SAR14 million

profit

as at December 31, 2023

(2022: SAR 71 million loss)

Other investment related gains:

SAR 17 million

as at December 31, 2023

(2022: SAR 12 million)

Income recognized through profit and loss and sales of debt securities.

Geographical distribution of operating income (SAR million)	2023	2022
Central region	3,239	2,549
Western region	452	445
Eastern region	276	284
Total	3,967	3,278

Operating expenses before provisions for credit and other losses

Total operating expenses before provisions for credit and other losses

SAR 1,657 million

as at December 31, 2023

(2022: SAR 1,445 million)

14.67% ↑

Salaries and employee related expenses:

SAR 787 million

as at December 31, 2023

(2022: SAR 747 million)

Rent and premises:

SAR 76 million

as at December 31, 2023

(2022: SAR 68 million)

Depreciation and amortization:
SAR 183 million
as at December 31, 2023
(2022: SAR 155 million)

Other general and administrative expenses:
SAR 610 million
as at December 31, 2023
(2022: SAR 475 million)

PROVISIONS FOR CREDIT AND OTHER LOSSES

The provisions for credit and other losses incurred in 2023 compared to 2022 is summarized as follows:

Provisions for credit losses:	2023 SAR'000s	2022 SAR'000s
Due from banks and other financial institutions	(956)	(6,881)
Investments	433	(15,747)
Loans and advances	326,863	150,673
Financial guarantee contracts	(3,745)	37,557
Other assets	62	194
Provisions for credit losses	358,657	165,796
Provisions for real estate and other losses	-	25,773
Provisions for credit and other losses	358,657	191,569

SHARE IN EARNINGS OF ASSOCIATES

Share earnings of associates:
SAR 77 million
as at December 31, 2023
(2022: SAR 71 million)

PROVISIONS FOR ZAKAT

Provisions for Zakat:
SAR 267 million
as at December 31, 2023
(2022: SAR 204 million)

NET INCOME

Net income:

SAR 1,762 million

as at December 31, 2023

(2022: SAR 1,508 million)

16.84 % ↑

Return on average assets:

1.47%

as at December 31, 2023

(2022: 1.43%)

Return on average Shareholders' equity:

12.54%

as at December 31, 2023

(2022: 10.63%)

	2023 SAR'000s	2022 SAR'000s	2021 SAR'000s	2020 SAR'000s	2019 SAR'000s
Total income*	4,044	3,349	2,808	2,892	2,906
Total expenses**	1,657	1,445	1,270	1,214	1,234
Net income	1,762	1,508	1,062	980	239

*Total income includes total operating income plus share in earnings of associates.
**Total expense includes total operating expenses before impairment charges.

Net income by operating segment

	2023 SAR'000s	2022 SAR'000s
Personal Banking	321,698	453,197
Corporate Banking	899,017	897,224
Treasury and Investments	940,611	498,691
Asset Management and Brokerage	94,433	81,959
Others	(227,425)	(219,106)
Income before provisions for Zakat and Income Tax	2,028,334	1,711,965
Provisions for Zakat and Income Tax	(266,727)	(204,110)
Net income	1,761,607	1,507,855

PROFIT DISTRIBUTION

In line with Saudi Arabian Banking Control Law and SAIB's Articles of Association, at least 25% of the annual net income must be transferred to a statutory reserve until it matches SAIB's paid-up capital. Consequently, SAR 441 million from the 2023 net income has been allocated to this reserve, which is not available for distribution.

For the year ending December 31, 2022, the Board of Directors proposed an interim cash dividend of SAR 300 million (SAR 0.3 per share) for 1,000 million eligible shares, which was paid within that year. Additionally, the Board proposed another cash dividend of SAR 450 million (SAR 0.45 per share) for the second half of 2022, which was approved by Shareholders in a meeting on April 10, 2023, and subsequently paid during the year ending December 31, 2023.

For the year ending December 31, 2023, the Board of Directors proposed an interim cash dividend of SAR 400 million (SAR 0.40 per share) for the first half of 2023, which was paid within the same year.

5-YEAR FINANCIAL HIGHLIGHTS

A summary of SAIB's operations, financial position, and key ratios follows.

	SAR in millions				
	2023	**2022**	**2021**	**2020**	**2019**
Operations					
Total income*	4,044	3,349	2,808	2,892	2,906
Total expense**	1,657	1,445	1,270	1,214	1,234
Operating profit before provisions	2,387	1,904	1,538	1,678	1,672
Provisions for credit and other losses	359	192	271	449	1,343
Provisions for Zakat and Income Tax	267	204	206	249	90
Net income	1,762	1,508	1,062	980	239
Financial position					
Total assets	129,984	109,071	101,619	99,885	100,815
Loans and advances, net	80,751	68,883	57,798	55,074	57,112
Investments	32,301	28,180	28,842	30,514	26,175
Investments in associates	968	923	884	846	994
Term loans	-	-	-	2,006	2,012
Client deposits	83,233	69,579	61,485	60,144	69,058
Shareholders' equity	14,520	13,575	14,801	13,331	12,007
Tier I Sukuk	2,715	3,215	1,500	2,000	2,000
Total equity	17,235	16,790	16,301	15,331	14,007
Key ratios					
Return on average Shareholders' equity (%)	12.54	10.63	7.55	7.73	2.03
Return on average assets (%)	1.47	1.43	1.05	0.98	0.24
Capital adequacy (%)	20.06	18.22	20.84	21.21	18.26
Equity to total assets (%)	13.23	15.40	16.04	15.35	13.89

*Total income includes total operating income plus share in earnings of associates.
**Total expense includes total operating expenses before impairment charges.

REGULATORY PAYMENTS

In its normal business operations, SAIB makes various regulatory payments, including Zakat, Income Tax, Withholding Tax, Value Added Tax, and other related payments. The following is a summary of the payments made in 2023, which also encompasses any regulatory fines incurred during the year.

Zakat settlement

In December 2018, SAIB reached a settlement with the ZATCA for Zakat assessments from 2006 to 2017, amounting to SAR 775.5 million. The discounted Zakat liability of SAR 711.8 million was fully accounted for as a charge to the consolidated statement of income, with the corresponding liability included in other liabilities as of December 31, 2018. Payments of SAR 155 million were made on January 1, 2019, and SAR 124 million on December 1 of each year from 2019 to 2023, as per the settlement agreement.

The settlement also required SAIB to calculate the Zakat liability for the year ending December 31, 2018, using the same methodology agreed upon in the settlement for previous years. This 2018 Zakat was calculated accordingly, charged to the consolidated statement of income in 2018, and settled by April 30, 2019.

On March 14, 2019, the ZATCA issued rules for the computation of Zakat for companies engaged in financing activities and licensed by SAMA. These rules, effective from January 1, 2019, introduce a new basis for calculating the Zakat base and set a minimum and maximum cap at 4 and 8 times net income, respectively. The Zakat liability for Saudi Shareholders remains at 2.5% of the Zakat base but must not fall below the minimum floor or exceed the maximum cap as specified by the rules.

SAIB has provided for Zakat for the years ending December 31, 2023, and 2022 based on its understanding of these rules.

Withholding tax:
SAR 31.1 million
for the year ended
December 31, 2023

Value Added Tax (VAT):
SAR 119.6 million
for the year ended
December 31, 2023

Real Estate Transactions Tax (RETT):
SAR 20.3 million
for the year ended
December 31, 2023

Other regulatory payments

For the year ending December 31, 2023, SAIB contributed SAR 55.4 million to the General Organization for Social Insurance for its employees, which includes SAR 24.9 million representing the employees' share. Additionally, SAIB incurred SAR 1.1 million for visa-related and other governmental fees during the same period.

Regulatory penalties and fines

In 2023, SAIB remitted SAR 11,344,020 to SAMA due to 10 regulatory fines and penalties. The details of the regulatory fines SAIB incurred in 2023 and 2022 are presented below.

	2023		2022	
Description of the fine	**# of SAMA decisions**	**Amount in SAR**	**# of SAMA decisions**	**Amount in SAR**
Violating the supervisory instructions of Saudi Central Bank	8	10,919,020	8	1,427,850
Violating the instructions of Saudi Central Bank related to due diligence	-	-	-	-
Violating the instructions of Saudi Central Bank related to due diligence in combating money laundering and terrorist financing	1	105,000	1	-
Violating the instructions of Saudi Central Bank related to client protection	1	320,000	-	-
Violating the instructions of Saudi Central Bank related to the level of performance of ATMs and POS machines	-	-	1	15,000

In response to the aforementioned fines, SAIB has addressed the underlying causes and developed corrective action plans in collaboration with the relevant departments to prevent future occurrences. In 2023, SAIB paid a total of SAR 337,976 in penalties and fines to various supervisory or regulatory agencies:

- 13 fines amounting to SAR 35,176 paid to Saudi Payments
- 1 fine of SAR 2,000 paid to the General Organization for Social Insurance
- 6 fines totaling SAR 300,800 paid to the Riyadh and Eastern region municipalities

Notably, in 2023, SAIB did not incur any penalties or fines from judicial authorities.

CASHFLOWS

Cash and cash equivalents

SAR 8,47 million

as at December 31, 2023

(2022: SAR 4,156 million)

Net cashflows

	2023 SAR'000s	2021 SAR'000s
Provided from operating activities	9,720,913	(3,029,424)
Used in investing activities	(3,877,398)	(1,570,535)
Used in financing activities	(1,528,414)	717,437
Net increase (decrease) in cash and cash equivalents	4,315,101	(3,882,522)

DIVISIONAL PERFORMANCE

In 2023, SAIB reached several significant milestones, continuing to develop products and services tailored to its various segments to meet client needs and expectations.

SAIB operates on a line-of-business basis, with transactions between business segments conducted under standard commercial terms and conditions, utilizing funds transfer pricing and cost allocation methodologies.

SAIB has 3 major business segments, each detailed as follows.

PERSONAL BANKING GROUP

Overview

The Personal Banking Group at SAIB remains committed to serving individual customers with a comprehensive suite of financial products and services. Our offerings under the Personal Banking umbrella cater to a wide range of customer needs, including deposit products such as current accounts, savings accounts, Murabaha deposits, and time deposits. In addition, we provide tailored financing options, including personal finance, home finance, and Real Estate Development Fund (REDF) products. Recognizing the diverse needs of our customers, we also offer a variety of card products, including credit cards, travel cards, shopping cards, and Mada debit cards.

These products are accessible through our extensive network of branches across the Kingdom, as well as through our robust digital channels, including internet banking, mobile banking, ATMs, and Interactive Teller Machines (ITMs). Our goal is to ensure that every interaction our customers have with us is seamless, efficient, and secure, whether conducted in person or online.

2023 Performance

In 2023, the Personal Banking Group focused on enhancing customer experience through significant investments in digital transformation. Our efforts to digitize services have resulted in a more streamlined and efficient service delivery, allowing customers to manage their finances with greater ease and convenience. Key enhancements introduced during the year included the launch of new digital services such as online account opening, remittance services via MoneyGram, and an upgraded corporate multi-currency product.

These initiatives are part of our ongoing strategy to meet the increasing demands of our customers while staying ahead in a rapidly evolving banking landscape. By prioritizing innovation and customer satisfaction, we have strengthened our position as a trusted partner in our customers' financial journeys.

Customer base

Our customer base is diverse and segmented into various programs tailored to meet specific needs. These include the Silver, Gold, and Platinum segments, which cater to different levels of customer engagement and financial requirements. For our high net worth clients, we offer an exclusive Private Banking program, providing bespoke financial services through a dedicated team of Relationship Managers. These tailored programs ensure that each customer receives personalized attention and products that align with their unique financial goals.

CORPORATE BANKING GROUP

Overview

The Corporate Banking Group is the cornerstone of SAIB's offerings for business clients, ranging from micro, small, and medium enterprises (MSMEs) to large corporate entities. Operating out of regional headquarters in Riyadh, Jeddah, and Al-Khobar, the Group delivers a wide array of financial solutions, including working capital management, project finance, real estate financing, and more. Our Corporate Banking services are available in both conventional and Shariah-compliant formats, ensuring that we meet the diverse needs of our clients.

We are dedicated to supporting our clients with tailored financial solutions that address their unique business requirements. This includes offering trade finance, cash management, and treasury services that help businesses manage their financial operations more effectively. In addition, we continue to innovate and expand our product offerings to keep pace with the evolving market landscape.

2023 Performance

In 2023, the Corporate Banking Group made significant strides in enhancing customer-centricity and improving overall customer experience. By redesigning our operating model and increasing the level of digitalization, we have made it easier for our clients to access the services they need. Our focus on aligning with Saudi Arabia's Vision 2030 has also led to strategic initiatives that position us for sustainable growth.

These initiatives have enabled us to better serve our customers while supporting the Kingdom's broader economic goals. Looking forward, we are committed to continuing this trajectory of growth, maximizing opportunities, and further enhancing our service delivery.

Net income

The Corporate Banking Group reported a net income of SAR 899.017 million in 2023, maintaining its strong performance from the previous year. This stability reflects our consistent ability to meet the financial needs of our business clients, even in a challenging economic environment.

Customer base

Our Corporate Banking Group serves a broad spectrum of business clients, from MSMEs to large corporations. We remain committed to understanding the unique needs of each client and delivering solutions that drive their success. By continually expanding and refining our service offerings, we ensure that our clients have the financial tools they need to thrive.

TREASURY AND INVESTMENT GROUP

Overview

The Treasury and Investment Group at SAIB plays a critical role in managing the Bank's financial stability and growth. This Group is responsible for the Bank's asset-liability management, overseeing interest rate, liquidity, and market risks. In addition, the Group manages the Bank's investment portfolio, foreign exchange trading, and derivative products, ensuring that our financial operations are both robust and responsive to market conditions.

Beyond these functions, the Treasury and Investment Group is also tasked with managing relationships with financial institutions, strategic partners, and public institutions, making it a key driver of the Bank's long-term strategy and success.

2023 Performance

The Treasury and Investment Group delivered a strong performance in 2023, marked by an impressive increase in net income. This success was underpinned by our ongoing efforts to optimize risk-return on investments, balance the mix of liabilities to lower funding costs, and increase the cross-sell of products across the Bank.

Our focus on digital innovation and operational efficiency has further strengthened our ability to manage the Bank's assets and liabilities effectively. These efforts have not only enhanced our financial performance but have also positioned us to support the Bank's strategic initiatives more effectively.

Net income

The Treasury and Investment Group achieved a remarkable net income of SAR 940.611 million in 2023, up significantly from SAR 498.691 million in 2022. This substantial growth highlights the Group's effective management of the Bank's financial resources and its ability to navigate complex market conditions successfully.

Customer base

This Group primarily serves institutional clients, including government entities and large corporations. Through its comprehensive management of investment and liquidity products, the Treasury and Investment Group ensures that these clients receive the highest level of service and support.

MICRO, SMALL, AND MEDIUM ENTERPRISES (MSME)

MSME summary and employees

The employees serving MSME clients at SAIB are distributed across the Corporate Banking Departments, with most of them working in the Business Banking Department, which had a total of 26 employees at the end of 2023. Throughout the year, SAIB was actively involved in MSME initiatives, including:

- Sponsoring and participating in the BIBAN 2023 Exhibition and Conference
- Sponsoring and participating in the NIDLP's 1K MILE Competition initiative
- Conducting a Financing Awareness campaign in collaboration with The SME General Authority "Monshaat"

Quantitative disclosures

The following tables provide a summary of the key financial information regarding SAIB's credit facilities extended to MSMEs during the years 2023 and 2022.

	2023 SAR'000s			
	Micro	Small	Medium	Total
Loans to MSMEs-on balance sheet (B/S)	88,100	2,797,952	5,550,501	8,436,553
Loans to MSMEs-off balance sheet (notional amount)	1,616	242,903	1,502,087	1,746,606
On B/S MSMEs loans as a percentage of total on B/S loans	0.11%	3.43%	6.82%	10.36%
Off B/S MSMEs position as a percentage of total off B/S position	0.01%	1.61%	9.93%	11.55%
Number of loans (on and off B/S)	12	193	607	812
Number of clients for loans (with credit facility limits)	10	107	214	331
Number of loans guaranteed by Kafalah program (on and off B/S)	1	20	40	61
Amount of loans guaranteed by Kafalah program (on and off B/S)	3,110	48,315	187,165	238,590


79.2563
69.23021
51.2362
51.2362
51.2362

INSTITUTIONAL CAPITAL

The Saudi Investment Bank's (SAIB's) institutional capital comprises intangible, non-financial assets that drive value creation and form the foundation of SAIB's performance. This capital encompasses SAIB's rich heritage and corporate ethos, its established brand and core values, as well as the extensive expertise, experience, knowledge base, and refined systems and processes accumulated over 4 decades of operation.

2023 Highlights

In 2022, SAIB successfully concluded its previous 3-year strategy and initiated a new 5-year strategy, called Strategy 23-27. This new strategy continues to make strides in key business areas such as expanding our client base, enhancing service quality, and further automating our Personal Banking operations. As part of its ongoing retail efforts, SAIB has continued to strengthen the ALASALAH Islamic Banking brand, which now includes 48 Shariah-compliant branches across the Kingdom.

SAIB also maintained its credit rating review process with Standard & Poor's (S&P), Fitch, and Moody's Ratings, with further details provided later in this report.

In 2023, SAIB earned several awards, including:

- Highest International Transaction Volume (ITV) for Visa Multicurrency Travel Card Globally in 2021 and 2022, presented by VISA
- Most Innovative Bank for Trade Finance Products in Saudi Arabia
- Hall of Fame Trade Finance Bank in Saudi Arabia

2023 Challenges

- Capital Adequacy Compliance: SAIB must comply with the capital requirements set by the Saudi Central Bank (SAMA), which includes maintaining a ratio of total regulatory capital to risk-weighted assets at or above 10.5%. This compliance ensures SAIB's ability to continue as a going concern and to maintain a strong capital base, which can be challenging in fluctuating economic conditions.
- Increased Capital Buffer Requirements: The Basel Committee on Banking Supervision requires additional buffers to be maintained, which puts pressure on SAIB to hold more capital than previously required.
- Management of Tier I Sukuk Program: SAIB has issued several tranches of Tier I Sukuk, which are perpetual and represent an undivided ownership interest in the Sukuk assets. Managing these instruments and their redemption can be complex and require strategic financial planning.

2024 Focus areas

- Optimize IT delivery for digital platforms
- Advance AI and data analytics expertise
- Develop open banking systems and API management

OUR REGULATORY STAKEHOLDERS AT A GLANCE

SAIB's success is built on robust governance processes and strong relationships with regulatory Stakeholders. Ethical conduct forms the foundation of our Corporate Policy, and we maintain unwavering compliance with the laws, regulations, and guidelines set by our regulators.

SAIB collaborates closely with key government and legislative bodies, including the Saudi Central Bank (SAMA), National Cybersecurity Authority (NCA), Ministry of Housing, Ministry of Health, and The Capital Markets Authority of Saudi Arabia (CMA).

THEIR NEEDS AND EXPECTATIONS

Government and regulatory bodies anticipate:

- Full compliance with legal and regulatory mandates
- Adequate capital and liquidity levels
- Effective Anti-Money Laundering (AML) procedures and Know Your Client (KYC) programs
- Robust Combatting Terrorist Financing policies
- Comprehensive risk and cybercrime management strategies

Related material risks:

- Economic fluctuations and instability
- Adapting to evolving governance and accountability requirements
- Upholding human and labor rights

Related material opportunities:

- Supporting SMEs in line with Vision 2030
- Capitalizing on Vision 2030's focus on economic diversification

- Leveraging increased local spending power
- Aligning with Islamic banking principles
- Promoting equal opportunity and anti-discrimination practices
- Meeting growing demand for green banking and lending solutions

How we respond
We meet government expectations by:

- Adhering to SAMA requirements as our primary regulator:
  - Maintaining capital adequacy
  - Implementing AML procedures
  - Conducting KYC programs
  - Enforcing Combating Terrorist Financing policies
- Complying with e-Invoicing requirements as effected on December 4, 2021

We engage through:
- Consistent, prompt, and precise reporting
- Participation in meetings
- Facilitating on-site visits
- Correspondence via letters and emails
- Enhancing our integration capabilities for seamless interaction with e-government services

DIGITAL TRANSFORMATION

Information Technology Transformation strategy
In 2023, the Information Technology Group (ITG) completed key projects from SAIB's 3-year strategy and transformation programs. Looking forward, ITG is planning a new 4-year IT strategy with a focus on aligning with business objectives, modernizing IT, and enhancing digital capabilities. The strategy will support flexible infrastructure, innovative solutions, compliance with regulatory requirements, and sustainable governance.

Key achievements in 2023 include:

- **Credit Card Services:** Migration of the credit card solution to Bank premises, introducing new services.
- **Disaster Recovery (DR):** Successful completion of SAMA mandated DR testing with excellent recovery times.
- **Open Banking:** Finalization of the open banking strategy and roadmap.
- **Product Launches:** Launch of the VISA Infinite credit card and enabling Mada-Pay and Samsung Pay for SAIB credit cards.
- **Fraud Detection:** Implementation of a cyber fraud hunting system and integration with transactional fraud systems.
- **Interest Rate Swaps (IRS):** Migration of IRS transactions and OTC bilateral trades to new settlements.
- **Partnerships:** Enhanced financial services with Virgin Mobile and addressed technical issues with FriendiPay.
- **Cloud Infrastructure:** Adoption of cloud-native infrastructure, launching new applications.
- **Credit Management:** Implementation of a new credit engine for personal loans.
- **Access Management:** Introduction of a new Identity Access Management solution.
- **Robotics:** Expanded use of robotics for various banking processes.
- **IT Service Management (ITSM):** Completion of phase 2 of the ITSM solution.
- **Technology Upgrades:** Major upgrades for Bank systems and applications.
- **Banking Operations:** Upgrades to banking operations applications.
- **Process Automation:** Automation of internal processes within SAIB.
- **Asset and Risk Management: I**mplementation of IT Asset Management and IT Risk Management functions.
- **System Performance:** Enhancements to internal IT system performance and availability.
- **Security Operations:** Improvement of IT security operations.
- **Infrastructure:** Creation of a high-performance infrastructure for critical services.
- **API Management:** Finalization of the API Management platform.
- **Middleware:** Introduction of a new IBM middleware on cloud-native architecture.
- **Board Appraisal:** Launch of a new Board appraisal portal.

These initiatives reflect ITG's commitment to supporting SAIB's strategic objectives and ensuring robust, innovative, and secure IT operations.

INTERNATIONAL CREDIT RATINGS

Credit ratings play a crucial role in engaging with international financial markets. With the increasing integration of the global economy, these ratings are essential not only for securing funding and gaining access to capital markets, but also for showing a commitment to upholding high standards of credit and risk management, as well as meeting international disclosure requirements.

Throughout the year, SAIB has maintained its schedule of rating reviews with Standard & Poor's Ratings Services (S&P), Moody's, and Fitch Ratings. Below is a summary of SAIB's current ratings:

Credit rating agency	Long-term	Short-term	Outlook
Moody's	A3	P-2	Positive
S&P	BBB	A-2	Positive
Fitch	A-	F2	Stable

SAIB's ratings stem from its strong financial performance, high asset quality, and robust capitalization levels, all underpinned by a stable strategy and sound liquidity profile. These ratings consider SAIB's operation within one of the Middle East's most robust and well-regulated banking sectors. Additionally, they reflect Saudi Arabia's sovereign credit ratings from Moody's, Fitch, and S&P, alongside the country's solid economic fundamentals, compliance with BIS standards, and alignment with G20 principles.

AWARDS AND RECOGNITION

Additionally, SAIB was recognized for its exceptional performance and value within the banking industry. Forbes Middle East listed SAIB as the 27th most valuable bank in the region, highlighting its significant market position and financial strength. Furthermore, Argaam's analysis of the fastest growing Saudi banks placed SAIB prominently across several key metrics, including Asset Growth, Loan Growth, Deposit Growth, Demand Deposit Growth, Total Operating Income Growth, Profit before Zakat and Provisions Growth, Loan/Deposit Ratio Ranking, and Retail Sector/Total Assets Ranking. These accolades underscore SAIB's robust growth and operational efficiency, reinforcing its commitment to sustainable business practices and excellence in financial services.

SAIB also proudly achieved the ISO 22301 certification for the second consecutive year, underscoring its commitment to maintaining robust business continuity management systems. This certification, awarded by adhering to updated global standards, highlights SAIB's dedication to operational resilience and its proactive measures to ensure the continuous delivery of essential services. This recognition not only reinforces SAIB's reliability and preparedness in the face of disruptions but also reflects its ongoing efforts to uphold the highest standards of business continuity and risk management, ensuring stability and trust for its Stakeholders.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INVESTOR
CAPITAL

Investors are vital Stakeholders who supply the essential capital for SAIB's operations, playing a crucial role in its value creation process. SAIB, in turn, strives to optimize investor wealth by pursuing strategies that ensure sustainable, long-term returns. This Stakeholder group also encompasses associated parties such as financial analysts and fund managers, who influence and interpret SAIB's performance for the investment community.

2023 Highlights

Dividends per share to be distributed:
SAR 0.40

Total dividends to be distributed:
SAR 850 million

Shareholders hold ownership stakes in our Bank, representing a crucial Stakeholder group.

OUR INVESTORS AT A GLANCE

Investors expectations:
- Consistent, sustainable financial performance
- Compelling and viable growth strategies
- Robust balance sheet and profitability metrics
- Effective risk management practices
- Clear, comprehensive reporting and disclosure
- Robust corporate governance
- Enduring organizational stability

Key risk factors:
- Economic volatility and potential downturns
- Evolving regulatory landscape and increased accountability demands
- Ethical considerations regarding human and labor rights

Significant opportunities:
- Alignment with Vision 2030's economic diversification goals
- Projected growth in non-oil revenue streams
- Maintaining high levels of client satisfaction

Our approach: We strive to meet investor expectations by:
- Implementing sound business strategies focused on growth and value creation
- Delivering strong financial results
- Providing transparent communication on opportunities, risks, and performance
- Maintaining robust corporate governance frameworks

Engagement channels:
- Annual General Assemblies
- Regular Board of Directors meetings
- Comprehensive annual, semi-annual, and quarterly reporting

Commitment to Transparency: We maintain open communication with our investors regarding all aspects of our operations, including performance metrics, policies, future projections, strategic initiatives, and risk assessments. SAIB adheres to all regulatory requirements and internal policies by consistently engaging with investors and disseminating information through various channels, including media outlets, our corporate website, and the Tadawul platform.

Investor Rights and Protections: The Companies Act delineates investor rights, including voting privileges, dividend entitlements, and access to information. SAIB's Articles of Association and Corporate Governance Manual further elaborate on Shareholder rights, relationship guidelines, and mechanisms for exercising these rights. We have established a formal process for addressing Shareholder complaints, ensuring timely responses and appropriate actions.

SHARE INFORMATION/MOVEMENTS

Ordinary share price as at December 31, 2023	Highest share price recorded in 2023:	Lowest share price recorded in 2023:
SAR 12.76	**SAR 14.56**	**SAR 11.48**
	January 21, 2023	October 15, 2023

SAIB's shareholding as at December 31, 2023

	2023		2022	
	Amount	**%**	**Amount**	**%**
Saudi Shareholders	10,000	100	10,000	100
Treasury shares	-	-	-	-
Total	10,000	100	10,000	100

Market capitalization (SAR billions)

	2023	2022	2021	2020	2019
Amount	15,96	17.34	14.67	12.00	13.53
% to Industry Group	1.63%	1.83%	1.47%	1.89%	1.96%

Shareholders' equity

Key performance indicator	2023	2022	2021	2020	2019	2018 (restated)
Share capital (SAR million)	10,000	10,000	7,500	7,500	7,500	7,500
Total Shareholders' equity (SAR million)	14,520	13,575	14,801	13,331	12,007	11,621
Basic and diluted earnings/ share (SAR)	1.59	1.37	1.34	1.25	0.17	0.65

SAIB's major Shareholder is the General Organization for Social Insurance (GOSI), with a holding percentage of 25.61%

Changes in SAIB's ownership (Board of Directors and Senior Executives)
SAIB's Board of Directors consists of individuals serving in their personal capacity. The following information outlines the aggregate shareholding of Board members, Senior Executives, and their immediate family members who have a vested interest in SAIB's ownership structure. This data reflects the current distribution of shares among these key Stakeholders, providing insight into their financial involvement and alignment with SAIB's interests.

Directors

No	Name	Shares at the beginning of the year	Shares at the end of the year	Net change	Percentage of change
1	Mr. Abdallah Saleh Jum'ah	376,193	376,193	-	-
2	Mr. Abdulaziz Al-Khamis	175,801	175,801	-	-
3	Mr. Abdul Rahman Al-Rawaf	2,468	2,468	-	-
4	Mr. Mohammed Al-Grenees	133	133	-	-
5	Mr. Mohammed Bamaga	1,356	1,356	-	-
6	Mr. Yasser Al-Jarallah	145,356,666	145,356,666	-	-
7	Mr. Mohammed Al-Khalil	133	133	-	-

Senior Executives

No	Name	Shares at the beginning of the year	Shares at the end of the year	Net change	Percentage of change
1	Mr. Faisal Al-Omran	24,278	24,278	-	-
2	Mr. Salman Al-Fughom	16,000	16,000	-	-
3	Mr. Naif Al-Hammad	204	204	-	-

There were no debt instruments held by Board members or Senior Executives during 2023.

RELATED PARTY BALANCES AND TRANSACTIONS
In its regular operations, the Group conducts business with related parties, governed by the Banking Control Law and regulations from SAMA. SAIB adheres to SAMA's guidelines for identifying and disclosing these transactions, with approval from the Board of Directors. Related parties are defined to include:

- Bank Management, their relatives, and affiliated entities
- Principal Shareholders and their relatives
- Bank affiliates, entities using the equity method, their Management, and relatives
- Employee benefit trusts managed by SAIB
- Any other parties significantly influenced by SAIB's Management and policies

Bank Management includes individuals responsible for achieving SAIB's objectives, such as Board members, CEO, GMs, deputies, CFO, key department managers, risk management, internal audit, and compliance officers, as well as other positions identified by SAMA. Principal Shareholders are those owning more than 5% of SAIB's voting rights. Relatives cover spouses, children, parents, grandparents, siblings, grandchildren, and other direct descendants influenced by or influential to Management or principal Shareholders due to family relationships.

RELATED PARTY BALANCES

The balances as of December 31, 2023, resulting from such transactions included in the consolidated statement of financial position are as follows:

	SAR'000s
Management of SAIB, their relatives and/or their affiliated entities:	
Loans and advances	155,377
Clients' deposits	1,135,008
Tier 1 Sukuk	25,300
Commitments and contingencies	1,360,983
Investments	249,900
Principal Shareholders of SAIB and/or their relatives:	
Clients' deposits	4,945,712
Tier 1 Sukuk	50,000
Affiliates of SAIB, entities for which the investment is accounted for using the equity method of accounting, their Management and relatives:	
Loans and advances	1,500,906
Clients' deposits	1,048,678
Tier 1 Sukuk	10,000
Commitments and contingencies	455,794
Trusts for the benefit of SAIB's employees such as pension or other benefits plans that are managed by SAIB:	
Clients' deposits and other liabilities	325,176

RELATED PARTY TRANSACTIONS

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

	SAR'000s
Management of SAIB and/or members of their immediate family:	
Special commission income	40,223
Special commission expense	46,811
Fee income from banking services	63
Other expenses	51,765
Principal Shareholders of SAIB and/or members of their immediate family:	
Special commission expense	132,101
Rent and premises-related expenses (Building rental)	7,758
Affiliates of SAIB and entities for which the investment is accounted for by the equity method of accounting:	
Special commission income	203,997
Special commission expense	36,968
Fee income from banking services	266
Other income	7,891
Other expenses	8,408
Board of Directors and other Board Committee member remuneration	10,574

CLIENT CAPITAL

Our clients are the cornerstone of The Saudi Investment Bank's (SAIB's) success. By fostering enduring relationships, we ensure sustainable growth and long-term business viability. We continuously innovate our product and service offerings to address evolving client needs while adapting to the dynamic market environment.

2023 Highlights

- In 2023, SAIB experienced significant growth in its client capital, notably through the continued success and expansion of its Travel Card, which has become a preferred choice for international transactions among clients.
- Additionally, the Bank's strategic partnership with Real Madrid further enhanced its brand visibility and client engagement, offering exclusive benefits and experiences that deepened client loyalty and broadened its appeal across diverse market segments.

2023 Challenges

- In 2023, SAIB faced significant client capital challenges due to the highly competitive marketplace. This environment demanded continuous innovation and exceptional client service to retain existing clients and attract new ones, as competitors aggressively pursued similar market segments.

2023 Focus areas

- In 2024,SAIB will continue to place our clients' needs at the core of our operations, ensuring that every decision and strategy is tailored to enhance client experience and satisfaction. We are committed to deepening our client relationships by offering innovative financial solutions and personalized services that address their evolving needs.

OUR CLIENTS AT A GLANCE

596,017
Personal Banking clients
(2022: 544,229)

7,742
Corporate Banking and MSME clients
(2022: 9,459)

Their needs and expectations

Clients seek:
- Financial products and services that are easily accessible, practical, and offer competitive returns
- Warm and efficient client support
- Robust protection of personal information
- Transparent and equitable business practices
- Strict adherence to Islamic/Shariah principles

Related material risks:
- Economic volatility and potential downturns
- Evolving client demands
- Heightened cybersecurity risks

Related material opportunities:
- Increased consumer spending capacity within the local market
- Sustaining high levels of client satisfaction
- Strict compliance with Islamic banking guidelines

- Expansion of digital banking offerings
- Fostering innovation and new product development
- Leveraging blockchain technology
- Growing demand for eco-friendly banking and sustainable lending practices

How we respond

Meeting client expectations through:

- Comprehensive personal banking offerings
- Tailored corporate banking solutions
- Specialized treasury and investment services
- Superior client care
- User-friendly digital banking platforms
- Robust and secure IT infrastructure

We engage by:

- Implementing targeted and impactful marketing strategies
- Conducting comprehensive surveys, including “Voice of the Client” initiatives, to assess satisfaction and understand preferences
- Operating an efficient call center for client support and inquiries

PRODUCT PORTFOLIO

SAIB provides a comprehensive suite of innovative financial solutions tailored to meet the diverse needs of individuals, small and medium enterprises, large corporations, and government entities. Our product and service offerings are designed to support the financial goals and operational requirements of our varied clientele. For detailed information on our full range of products and services, we invite Stakeholders to visit our official website at www.saib.com.sa/en.

PERSONAL BANKING

In 2023, SAIB continued to provide a comprehensive range of products and services designed to meet the diverse needs of our individual clients under the Retail Banking Group umbrella. Our offerings include various deposit and financing options tailored to fit different client segments. We also provide an array of card products, including credit cards, travel cards, shopping cards, household cards, student cards, and debit cards, ensuring that every client’s needs are addressed.

Clients can access these products and services through multiple convenient channels, whether by visiting one of our branches located across the Kingdom or utilizing our advanced digital platforms. These platforms include internet banking, mobile banking, ATMs, Interactive Teller Machines (ITMs), as well as our dedicated call center and telesales team.

CLIENT PROGRAMS

SAIB provides 3 key client segment programs based on factors such as salary, average balance, or instant deposits. Each segment offers unique benefits. Additionally, SAIB has an exclusive Private Banking program for high net worth clients.

The Silver, Gold, and Platinum Client Programs cater to different lifestyle needs. Silver is for entry-level clients, while Gold and Platinum serve higher-class clients with exclusive, tailored services.

The Private Banking program is the most exclusive, designed for high net worth individuals and supported by a dedicated team of Relationship Managers.

In the realm of digital services, SAIB has introduced various innovative products and technologies to enhance the digital banking experience. In 2023, SAIB introduced several new services and enhancements, including:

- Completing open banking requirements and integrating with fintech companies
- Launching new remittance services via MoneyGram
- Enhancing online account opening with the Nafath app
- Upgrading the corporate multi-currency product
- Migrating e-commerce authentication to a local service provider
- Enabling fingerprint service at KIOSK machines
- Implementing the Ehsan donation digital service
- Adding new services like “request to pay,” “account validation,” “panic button,” and “account finder”
- Enhancing corporate internet and mobile banking with new functions and services

- Revamping the UI/UX of corporate internet banking channels
- Integrating a new cyber fraud detection and prevention system
- Enhancing the mortgage portal with a marketplace solution
- Integrating SAIB's loyalty program with STC Qitaf and Skyworld

SAIB continues to innovate in fintech-based initiatives to enable digital payment services.

In 2023, SAIB achieved a significant milestone by becoming one of the first banks to obtain a certificate of compliance with the Payment Card Industry Data Security Standard (PCI DSS v4.0). This certification underscores SAIB's unwavering commitment to enhancing client protection and security across all banking channels. By adhering to these stringent standards, SAIB ensures that its clients' financial data is safeguarded against potential threats, thereby reinforcing trust and confidence in SAIB's services. This achievement highlights SAIB's dedication to maintaining the highest levels of security and client satisfaction.

As of December 31, 2023, SAIB has 51 branches, 379 ATMs, and more than 11,000 Point of Sale (POS) terminals across Saudi Arabia.

In Personal Banking, SAIB primarily offers Shariah-compliant products but also provides conventional products on a limited scale through its 3 conventional banking branches.

CORPORATE BANKING AND SME

SME

Business Finance

SAIB offers comprehensive financing solutions for SMEs, including:

- Working capital (short-term)
- Financing projects and contracts (medium to long-term)
- Financing activity expansion (long-term)

Secured Financing Program with Agricultural Development Fund (ADF)

In cooperation with the ADF, the program provides various financing products and credit services to achieve food security and sustainability of natural resources.

Kafalah Program

Launched by The Saudi Industrial Development Fund (SIDF) and Saudi Arabian banks, the Kafalah Program promotes SME financing in the Kingdom.

Bawabat Altamweel Funding Portal

As part of our agreement with Monshaat, this online portal allows entrepreneurs and MSMEs to submit their financing requests to selected financing providers, including SAIB.

CORPORATE

- Working capital financing
- Contract financing
- Real estate development financing
- Employee loans and accounts
- Syndicated loans
- Investment services
- Shariah-compliant financing products
- Project financing
- American Express corporate card

CASH MANAGEMENT

- Flexx Business Corporate Banking
- Business to Business (B2B) solution
- Flexx Cash in Cash Deposit Card
- Corporate multi-currency card
- Payroll
- Escrow accounts
- Flexx Pay
- Payroll prepaid card – EasyPay
- Cash pick up
- Point of Sales
- SAIB Business

TRADE FINANCE SOLUTIONS

- Trade Finance Services
- International Trade Solutions
- Marine Cargo Insurance

TREASURY AND INVESTMENT GROUP

Liquidity Management
Solutions for clients to optimize their liquidity based on their internal structures and business volumes.

Foreign Exchange
Tailor-made solutions to help clients manage their foreign exchange exposure.

Structured Products
Tailor-made hedging solutions that fit the client's needs.

BRANCH NETWORK AND ACCESS POINTS
SAIB maintains a network of 51 branches strategically located throughout the Kingdom. In line with our digital transformation initiatives, we are actively expanding our service reach beyond traditional brick-and-mortar locations. SAIB's digital banking strategy emphasizes providing clients with convenient access to products and services through multiple electronic channels. These include our robust internet and mobile banking platforms, as well as an array of self-service options such as kiosks, ATMs, cash deposit machines (CDMs), and interactive teller machines (ITMs). This multi-channel approach reflects our commitment to enhancing client convenience while reducing the need for in-person branch visits and manual transactions.

Access points	2023	2022	2021	2020	2019
Branches	51	51	51	52	52
ATMs (dispense and cash deposit functionality)	379	376	379	312	341
Interactive teller machines	9	9	4	4	4
Cash deposit machines	12	12	12	12	12
POS terminals	Over 11,000	Over 9,000	6,662	9,895	9,375

SERVING SPECIAL NEEDS CUSTOMERS
SAIB demonstrates a strong dedication to inclusivity by offering tailored services for clients with special needs. We have strategically adapted 3 of our branches - located in Riyadh, Dammam, and Jeddah - to better serve this clientele. These branches feature:

- Conveniently placed parking spaces near the entrance for easy access
- Braille-enabled branch maps, forms, and contracts
- Employees proficient in sign language to facilitate communication

Our commitment extends to the digital realm as well. SAIB's website incorporates accessibility features for visually impaired users, including compatibility with screen reader technology, adjustable color contrast settings, and integrated font enlargement options. These initiatives reflect our ongoing efforts to ensure that all clients, regardless of their abilities, can access our services with ease and dignity.

TRANSACTIONS

Channel	2023	2022	2021	2020	2019
ATM transactions	9,765,173	11,933,203	16,414,738	24,553,171	39,701,368
Online transactions	24,622,005	23,140,108	22,231,524	25,840,157	26,178,906
Branch transactions	2,206,498	2,222,674	4,369,600	7,541,942	9,221,275
Point of Sale transactions	159,637,148	157,708,985	150,138,910	113,483,943	75,095,420
IVR transactions	155,703	148,421	184,400	260,559	316,956

CLIENT SERVICE

SAIB is dedicated to providing an exceptional client experience (CX) through data-driven insights. Our specialized quality assurance and analytics team continuously monitors market trends using client surveys and data analysis, ensuring we meet and exceed our clients' banking needs and expectations.

Client experience

Our Bank's success hinges on creating positive interactions at every client touchpoint. As we adapt to an evolving market with a growing number of tech-savvy younger clients, SAIB is committed to offering increasingly efficient, reliable, and convenient services. We aim to enable banking anytime, anywhere, and on any device. Consistently positive experiences foster client loyalty and encourage word-of-mouth recommendations. In 2022, we celebrated Global CX Day with our "Client-Centric" campaign, reinforcing our client-focused culture among employees while highlighting our efforts to deliver industry-leading experiences.

Client satisfaction

We employ the Net Promoter Score (NPS) to gauge client and employee satisfaction. This fully digital process is triggered by interactions across various touchpoints in the client journey. The results are integrated into automated dashboards, reports, and KPIs throughout the organization, allowing us to continuously enhance our performance.

Complaints

Our Client Care Department efficiently addresses all complaints and client concerns in accordance with regulatory requirements. We have achieved a 99% service level adherence (SLA) for complaints received through SAMA Cares, demonstrating our commitment to prompt and effective resolution of client issues.

LOYALTY PROGRAMS

Aseel

In 2023, SAIB's Aseel program experienced continued strategic growth of partners to reward our client segments. This initiative offers clients exclusive rates and discounts when they use their debit or credit cards for transactions with our partner establishments. These benefits span various sectors, including dining, travel, shopping, and lifestyle experiences.

360
Aseel partners
(2022: 380)

WooW

We offer our loyal clients a points-based reward system for their transactions. These points can be exchanged for various items available in the WooW e-catalogue.

Key accomplishments for 2023

In 2023, SAIB's WooW platform achieved significant milestones, showcasing its innovative approach to client engagement and social impact. The year was marked by a series of successful campaigns that not only engaged SAIB's clients but also fostered a sense of community and social responsibility.

Ramadan WooW Competition

Continuing its tradition, the Ramadan WooW Competition was reintroduced with the objective of driving engagement on SAIB's social media channels. This competition, spanning over 20 days, was split into 2 phases, each designed to enhance interaction with SAIB's audience. The first phase focused on questions about SAIB's products and services, while the second phase engaged users with SAIB's Ramadan campaign, #بعطائك_تشكر_النعم. The competition garnered high engagement levels, with participants actively quoting tweets, liking posts, and using competition-specific hashtags. The successful campaign also allowed SAIB to leverage the increased traffic by promoting product offers and services.

WooW Noon Offer: High Engagement and Conversion

The WooW Noon Offer campaign, although modest in its reach, successfully targeted a highly engaged audience. With over 32,676 impressions and 314 engagements, the campaign achieved a click-through rate of 0.96%, translating to 313 clicks. This high level of engagement underscores the effectiveness of targeted marketing strategies in reaching SAIB's client base and driving desired actions.

Ramadan – Ehsan WooW Alkhair: Inspiring Generosity

The Ramadan – Ehsan WooW Alkhair campaign exemplified the power of storytelling in inspiring generosity during the Holy Month. The campaign reached an impressive 255.8 million impressions and generated 27.1 million engagements, with 27.4 million video views. The strategic use of video content, including both long-form and short-form videos, captured the audience's attention, resulting in a remarkable video view rate of 154.77%. The campaign's success highlights the potential of compelling narratives to drive positive social change and foster a spirit of giving.

CSR WooW Campaign: Amplifying Social Impact

The second round of the CSR WooW campaign further solidified SAIB's commitment to social responsibility. This campaign achieved over 98 million impressions and 25 million engagements, with its video content garnering over 45 million views and a view rate of 47.4%. The campaign not only raised awareness but also significantly drove donations to the Ehsan platform, making a meaningful impact on the lives of those in need.

Through these initiatives, the WooW platform has demonstrated its ability to effectively engage clients while contributing to broader social causes, reinforcing SAIB's commitment to both client satisfaction and social responsibility.

WooW Program highlights

Enrolment data	2022	YTD 2023	% Growth
Total enrolled members to date	507,568	561,153	10.56%
Redemptions by unique clients	90,600	68,891	(23.96%)
Enrolled vs. Total clients	70%	68%	(2.99%)

Points details	2022	YTD 2023	% Growth
Total points awarded to date	10,160,631,968	11,237,635,17	10.60%
Total points redeemed to date	8,659,926,420	7,136,123,764	(17.60%)
% Awarded vs. Redeemed to date	85%	64%	(25.49%)

Ehsan

Shifting focus to exclusively support official government online charitable platforms, particularly Ehsan, by discontinuing involvement with non-governmental charity initiatives.

MARKETING OUR BRAND

Channels

SAIB embodies a dynamic and forward-thinking brand, offering a comprehensive range of products and services tailored to meet the diverse needs of our clientele. Our marketing strategies are carefully crafted to connect specific offerings with their intended audience. We engage with clients through multiple avenues, with a growing emphasis on digital communication channels to enhance our reach and effectiveness.

MARKETING CAMPAIGN HIGHLIGHTS

In 2023, SAIB undertook a comprehensive approach to marketing, focusing on enhancing client capital by strengthening engagement, expanding brand reach, and solidifying our reputation as a premier financial institution.

Diverse campaigns for client engagement

SAIB executed a variety of campaigns tailored to different client needs and interests, ensuring that our products and services remained top-of-mind across various client segments. For instance, the Travel Card ATL campaign targeted both existing and potential clients, promoting the benefits of our travel card with attractive offers like free issuance and zero foreign exchange margins on selected currencies. This campaign utilized an omnichannel strategy, integrating digital channels such as social media, EDM, and ATMs, alongside outdoor advertising on Riyadh's main bridges, effectively boosting client acquisition and card usage.

Special occasion offers were another key component of our strategy. The Personal Finance Founding Day Offer, for example, provided exclusive incentives like cashback on admin fees and WooW points, which were promoted across social media, Google ads, and other targeted channels. Similarly, the Credit Cards Almosafer Summer Offer capitalized on the peak travel season, offering significant cashback on hotel bookings, thereby ensuring our credit cards were top-of-wallet during this busy period.

Strategic partnerships and exclusive client experiences

A highlight of our 2023 marketing initiatives was our strategic partnership with Real Madrid CF, one of the world's most iconic football clubs. This partnership culminated in an integrated awareness campaign that aligned SAIB with the values of sportsmanship and excellence, leveraging the football club's vast fan base, particularly in Saudi Arabia, to enhance our brand's visibility and appeal. The campaign's success was evident with over 253 million impressions and 89 million video views, reinforcing SAIB's brand recognition on a global scale.

In addition to partnerships, SAIB created exclusive experiences for our clients, further enhancing our brand's value. For instance, during the summer, we launched the London Activation, a first-of-its-kind initiative where 20 branded Mercedes V Class vans provided free transport for SAIB clients around popular spots like Harrods and Selfridges in London. This initiative not only provided a unique and memorable experience for our clients but also reinforced the convenience and luxury associated with the SAIB brand.

Similarly, SAIB's participation in the Saudi F1 Grand Prix in Jeddah offered an exclusive experience to 120 VIP clients from our Private and Corporate Banking sectors. The event included private jet travel, VIP transportation with branded Mercedes S Class cars, and a group lunch at Mizu, a fine dining restaurant, demonstrating SAIB's commitment to providing unparalleled experiences for our valued clients.

Enhancing client loyalty through gifts and brand awareness

Our marketing efforts also focused on strengthening relationships with key client segments. For our Private Banking clients, we curated a series of unique and valuable gifts that aligned with their status and preferences. These gifts included a handcrafted incense burner (Mubkharh), an anniversary gift featuring an old Saudi heritage coin, and SAIB's renowned playing cards redesigned to incorporate the Private Banking brand. These thoughtful gestures were part of a broader strategy to foster long-term loyalty and reinforce our commitment to client satisfaction.

Digital and social media prowess

SAIB's marketing strategy in 2023 also placed a strong emphasis on digital channels, recognizing their growing importance in client engagement. Campaigns such as the Credit Cards Cashback Offer and the Travel Card Eid Break Offer were heavily promoted on social media platforms, Google ads, and through SMS and email marketing. These campaigns were carefully designed to maximize client interaction and conversion, driving both engagement and sales.

Our focus on digital marketing was further exemplified by the successful Almosafer Offer, which achieved over 26 million impressions and significant client engagement, underscoring the effectiveness of our digital-first approach. Additionally, we enhanced our website's SEO, ensuring that SAIB remains easily discoverable and accessible to potential clients searching for financial services online.

Comprehensive campaigns with tangible impact

The breadth of SAIB's marketing initiatives in 2023 extended beyond product promotion. We also undertook social responsibility campaigns, such as the Ramadan 1 Million Post, which highlighted our commitment to the community and resonated deeply with our audience. These campaigns were not only successful in terms of reach but also in creating a meaningful impact that aligned with our brand values.

SAIB's marketing efforts in 2023 were comprehensive, strategically leveraging various channels, partnerships, and exclusive client experiences to enhance client capital. By focusing on client engagement, brand awareness, and digital excellence, we have positioned SAIB as a trusted and forward-thinking financial institution, committed to delivering value to our clients and Stakeholders alike.

Enhancing client experience through analytics and efficiency

Social media analysis

In 2023, SAIB expanded its social media analytics capabilities to gain deeper insights into client preferences, market trends, and brand perception. SAIB implemented advanced sentiment analysis tools to monitor and evaluate client feedback across various social platforms. Additionally, SAIB introduced a comprehensive competitor benchmarking system, allowing for real-time comparison of reputation indices with other financial institutions. SAIB also successfully completed a pilot project to assess its client experience metrics against industry standards, providing valuable data for continuous improvement.

Marketing automation

SAIB made significant strides in personalized marketing by fully integrating the SAP marketing module into its operations. This advanced system now delivers tailored email communications to clients based on their individual transaction patterns and preferences. SAIB anticipates that this enhanced level of personalization will significantly boost client satisfaction, engagement, and ultimately drive sales growth.

PROTECTING CLIENTS' PERSONAL INFORMATION

SAIB maintains its unwavering commitment to safeguarding client data. SAIB adheres to stringent data protection protocols, aligning with both local regulatory requirements and international best practices. As SAIB continues to advance its digital initiatives, ensuring the highest standards of data security remains a top priority.

Throughout 2023, SAIB maintained an impeccable record regarding compliance with marketing communications regulations and voluntary codes. SAIB received no complaints concerning client privacy breaches or data loss from external parties or regulatory bodies. Furthermore, SAIB has no knowledge of any identified leaks, thefts, or losses of client data during the reporting period.

EMPLOYEE CAPITAL

Our workforce is the cornerstone of our ongoing achievements. Innovation and client-focused service are vital to our banking operations, and our team serves as the catalyst that ensures we offer industry-leading products while maintaining our edge over competitors. The Saudi Investment Bank's (SAIB's) robust and dynamic culture stems from our fundamental values, which guides the conduct of every employee.

2023 Highlights

In 2023, SAIB's HR Group made significant strides across several areas, substantially contributing to SAIB's overall performance. Key achievements include:

- Automation Initiatives: The HR Group successfully implemented automation in the HR system, enhancing process agility and efficiency. This improvement has enabled HR professionals to handle tasks more effectively, boosting overall productivity.
- Organizational Restructuring: The HR Group played a pivotal role in revamping and optimizing SAIB's structure to align with SAIB's strategic objectives. This effort has streamlined operations, improved interdepartmental communication, and fostered enhanced collaboration across the organization.
- Employee Development Programs: The HR Group launched a learning and development program in collaboration with McKinsey, targeting employees from entry to mid-level positions. This initiative aims to equip employees with essential skills and knowledge, fostering personal growth and contributing to SAIB's long-term success.
- The HR Group introduced an Executive-level learning program in partnership with INSEAD, a globally renowned business school. This program demonstrates SAIB's commitment to nurturing top talent, empowering leaders to drive innovation and effectively guide the organization.
- In 2023, our team was honored with the 'Best Talent Acquisition Team' award by LinkedIn.
- Engagement through Celebrations and Partnerships: One of the standout moments of the year was our partnership with Real Madrid CF, the biggest football club globally. This collaboration brought an exciting dimension to our internal corporate communications. We celebrated this milestone with a full-day event at our head office, transforming the space into a mini Real Madrid stadium. Employees were able to engage in fun activities, such as taking photos with mockups of the players' dressing room, stands, and even a signed jersey. This event wasn't just about celebration; it was about creating a shared sense of pride and belonging among our employees.
- Family Inclusion and Employee Well-being: On International Children's Day, we extended this celebration to our employees' families by organizing a 3-day event where employees were encouraged to bring their children to the head office. The event featured various play areas, including football-related activities and a drawing corner, fostering creativity and fun. This initiative not only celebrated our partnership with Real Madrid but also reinforced our commitment to employee well-being by recognizing the importance of family inclusion in the workplace.
- Cultural Celebrations: In addition to our partnership events, we also honored significant national occasions such as Saudi Founding Day and Saudi National Day. These internal events were thoughtfully designed to engage our employees with themed activities that celebrated our heritage and culture, further solidifying our sense of community and shared values within the organization.

2023 Challenges

In 2023, SAIB's HR Department faced several key challenges that significantly impacted its overall performance and effectiveness. These challenges required careful attention and proactive strategies to overcome.

One of the most pressing issues was the need to adapt to rapid technological advancements, particularly in automation and digitization. While these trends offered opportunities to streamline processes and improve efficiency, they also demanded that HR professionals acquire new skills and adapt to new working methods. The department has been working diligently to upskill its workforce and seamlessly integrate automation technologies into HR systems and processes.

Talent acquisition and retention in a competitive job market posed another significant challenge. As the job market evolved, attracting and retaining top talent became increasingly difficult, especially for specialized roles and in-demand skill sets. HR focused on developing innovative strategies to attract high-quality candidates, implementing robust recruitment processes, and creating an engaging and inclusive work environment to enhance employee retention.

Furthermore, advancing employee development and career growth remained a persistent challenge. With evolving business needs and rapidly changing skill requirements, HR had to design and implement effective learning and development programs. This included identifying skill gaps, creating personalized development plans, and offering opportunities for continuous learning and professional growth.

2024 Focus areas

In 2024, Human Resources is set to embark on a transformative journey, focusing on 4 key areas:

- Organizational Restructuring: HR will conduct a comprehensive review of the organizational structure, aligning it with strategic goals. This process involves analyzing the current design, identifying improvement areas, and implementing changes to streamline operations through clear communication channels. The aim is to foster agility and enhance decision-making efficiency.
- Employee-centric Culture: Cultivating a thriving organizational culture that prioritizes employee engagement and well-being is a top priority. HR will introduce initiatives supporting collaboration, innovation, and continuous learning. These may include mental health support programs, flexible working arrangements, and professional development opportunities, all contributing to increased employee satisfaction and performance.
- Performance-driven Compensation: HR aims to strengthen the link between performance and compensation by refining the performance management process. This ensures accurate measurement and recognition of individual and team contributions. By aligning compensation packages with performance outcomes, HR intends to motivate employees, reward high performers, and drive overall organizational success.
- Advanced Talent Management: Implementing cutting-edge talent management practices will be crucial in attracting, developing, and retaining top talent. This encompasses effective recruitment strategies, robust learning and development programs, and comprehensive succession planning. The goal is to identify critical talent needs, foster a culture of continuous growth, and ensure a pipeline of skilled leaders to drive the organization's future success.

Through these initiatives, HR is poised to play a pivotal role in shaping a more dynamic, efficient, and employee-focused organization in 2024.

OUR EMPLOYEES AT A GLANCE

419	108	44
Retail employees (2022: 454)	Corporate Banking and SME employees (2022: 111)	Treasury and Investment employees (2022: 44)

Their needs and expectations

Employees expect:

- Competitive compensation, robust performance evaluations, and acknowledgment of achievements
- Opportunities for professional growth, skill enhancement, and nurturing of talent
- Pathways for career progression and upward mobility
- A workplace that embraces diversity and fosters inclusivity
- Transparent policies and open lines of communication
- A work environment that prioritizes employee health and safety

Related material risks:

- Economic uncertainties and market volatility
- Potential violations of human and labor rights

Related material opportunities:

- Alignment with Islamic banking principles
- Boosting employee morale and commitment
- Investment in workforce development
- Promotion of equality and non-discriminatory practices
- Implementation of remote work options

How we respond

Fulfilling employee expectations through:

- Provision of diverse learning and growth opportunities
- Empowering employees with skills to navigate the digital landscape
- Adoption of flexible work arrangements in response to evolving workplace norms
- Implementation of career advancement and succession planning initiatives

We engage with:

- Comprehensive HR policies
- A well-defined employee Code of Conduct
- Regular employee satisfaction surveys
- Effective internal communication channels
- A fair and transparent appraisal system
- Dedicated HR support services
- An employee feedback and suggestion program
- A comprehensive recognition and rewards system

SAIB aligns our HR planning with our broader business strategies. We carefully consider the operating environment and labor market dynamics to inform our approach. Our overarching aim is to establish ourselves as a premier employer in the industry.

HEADCOUNT

	Gender			Region		
	Male	Female	Other	Central	Western	Eastern
Full-time employees	971	290	-	1,031	137	93

All figures presented below pertain exclusively to SAIB, except where explicitly stated otherwise.

% of Saudi employees
92.08%
(2022: 91.6%)

Total number of permanent employees
1,261
(2022: 1,321)

% of female employees
23%
(2022: 23%)

Alistithmar Capital
128

Gender analysis
Male 77%
Female 23%

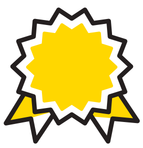
New hires
Male 117
Female 45

Hours spent on training
34,372
(2022: 38,087)

Region	2023	2022	2021
Central region	1,031	1,076	1,110
Western region	137	146	95
Eastern region	93	99	148

Category	2023	2022	2021
Permanent (SAIB)	1,261	1,321	1,353
Outsourced	218	190	78
Alistithmar Capital	128	159	133

	2023		2022		2021	
Age group	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
18-30 years	165	109	178	126	187	142
31-40 years	438	142	476	145	547	155
41-50 years	298	35	292	25	275	25
Over 50 years	70	4	76	2	19	3



	2023		2022		2021	
Grade	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Senior Management	136	10	132	11	127	10
Middle Management	258	64	259	60	253	50
Non-Management	577	216	625	228	642	271

	Saudi Investment Bank			Alistithmar Capital			Total		
Saudization	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Saudis (%)	92.08	91.6	91	85.83	82	83	88.95	87	90
Non-Saudis (%)	7.92	8.4	9	14.17	18	17	11.04	13	10

Male-female salary ratio	**2023**	**2022**	**2021**	**2020**	**2019**
Senior Management	1:1.04	1:1.07	1:0.69	1:0.69	1:0.72
Middle Management	1:0.75	1:0.95	1:0.24	1:0.23	1:0.89
Non-Management	1:1.14	1:0.92	1:0.39	1:0.35	1:0.91

EMPLOYEE ENGAGEMENT INITIATIVES IN 2023

Throughout the year, we implemented various programs designed to foster employee engagement, reinforce our commitment to client-centric values, and encourage social responsibility within our organization.

SAIB demonstrates its commitment to fostering a sense of community and belonging among its workforce through initiatives aimed at enhancing employee engagement. Participation in events such as National Day and Foundation Day celebrations creates opportunities for employees to come together, celebrate shared values, and strengthen team bonds.

The "Kids Day" initiative further exemplifies SAIB's dedication to cultivating a family-friendly work environment. By inviting employees' children to visit their parents' workplace, this program not only allows employees to share their work experiences with loved ones but also promotes a healthy work-life integration. This unique opportunity instills a sense of pride in employees and reinforces their connection to the organization.

These engagement efforts collectively showcase SAIB's investment in creating a positive, inclusive workplace culture that values both professional growth and personal well-being.

MOTIVATION AND RETENTION

SAIB and Alistithmar Capital spent SAR 475,452,000 on salaries and benefits in 2023.

Salaries and benefits (SAR '000s)	2023	2022	2021	2020	2019
Fixed compensation	456,569	457,847	421,679	415,705	390,026
Variable compensation	100,043	83,310	75,612	83,000	82,000
Other employee benefits and related expenses	230,088	289,390	265,703	173,331	154,301
Total salaries and employee-related expenses	786,700	747,237	687,382	672,036	626,327
Provision for end of service benefits	248,907	207,301	193,747	202,444	174,512
Provision for security and savings plans	69,788	75,152	124,051	61,697	2,210

Our comprehensive employee benefits package complements competitive salaries. It includes:

- Life and medical insurance
- Fitness club membership
- Social security contributions
- Loyalty rewards program
- Housing allowance
- Transportation subsidy

Parental leave

We strive to support all employees in balancing their professional and family obligations. Eligible employees who are expectant mothers can access up to 10 weeks of paid maternity leave. Additionally, pregnant employees may utilize up to 180 days of sick leave as needed during their pregnancy.

	Male	Female
Number of employees who took parental leave	65	16
Number of employees who returned to work after parental leave	65	15
Number of employees who returned to work after parental leave who were still employed 12 months after return	7	1
The return to work and retention rates of employees who returned to work after parental leave ended	N/A	N/A

End-of-service benefits for employees are accrued in line with Saudi Labor Regulations and SAIB's accounting policies. For the year ending December 31, 2023, SAIB allocated SAR 35.6 million for these benefits. As of that date, the total accrued benefits stood at approximately SAR 248.9 million.

SAIB also offers eligible employees additional security and savings plans based on mutual contributions. These plans mature at set dates, at which point the accumulated funds are paid out to participating employees. In 2023, SAIB provisioned approximately SAR 56.0 million for these plans.

LEARNING AND DEVELOPMENT

The HR Group plays a critical role in supporting SAIB's overall strategy by attracting and developing top talent while ensuring employee retention.

A key aspect of HR's support is understanding SAIB's business needs and objectives. By aligning closely with SAIB's strategic vision, HR identifies the specific talent requirements necessary to drive the organization forward. This includes pinpointing the skills, experiences, and competencies needed to achieve SAIB's strategic goals and formulating effective recruitment strategies to attract the right talent.

Moreover, HR focuses on developing existing employees to ensure they have the necessary skills to contribute effectively to SAIB's growth and success. This involves implementing robust training and development programs that address skill gaps, support career progression, and foster a culture of continuous learning. By investing in employee development, HR enables individuals to enhance their capabilities, thereby equipping them to meet evolving business demands.

Job rotation

SAIB's job rotation policy allows employees to switch roles, gaining new knowledge, skills, and a broader understanding of Bank operations. This approach helps reduce employee dissatisfaction and mitigates risk for SAIB by rotating employees through critical areas.

Employee performance

SAIB prioritizes the development and performance of our workforce as fundamental to our sustainable business model. In 2023, our dedication to employee excellence resulted in every member of our workforce meeting or exceeding their performance goals. Additionally, we facilitated the career development of 356 employees, underscoring our dedication to nurturing talent and fostering professional growth within the organization.

Performance management approach

Our performance management approach is designed to ensure a fair and comprehensive evaluation process. This process begins with setting clear objectives at the beginning of the year. Both employees and their managers collaborate to establish expectations and goals that align individual performance with the overall organizational objectives. This alignment is crucial in ensuring that every team member understands their role in contributing to SAIB's success.

Throughout the year, regular feedback sessions are conducted, providing managers and employees with opportunities to discuss progress, offer guidance, and provide constructive feedback. These ongoing conversations are vital in maintaining performance momentum, addressing any emerging issues, and making necessary adjustments to keep performance on track.

At the end of the year, a comprehensive performance conversation takes place between managers and employees. This discussion is essential in reviewing the entire performance period, celebrating achievements, identifying areas for improvement, and ensuring a mutual understanding of the overall performance level. This year-end conversation is a key component in recognizing accomplishments and setting the stage for future development.

To further ensure fairness and consistency, SAIB employs performance calibration. This involves comparing and assessing employees' performance against established criteria and benchmarks, minimizing bias, and ensuring that evaluations are objective and standardized across the organization. The combination of setting objectives, regular feedback, year-end conversations, and performance calibration provides a robust and fair evaluation process that recognizes accomplishments, identifies areas for development, and enables employees to grow and contribute effectively to SAIB's goals.

Succession planning

SAIB also places a strong emphasis on succession planning for key roles within the organization. We understand the importance of preparing for the future by identifying and developing talent that can step into critical positions. Our established succession plan ensures that we have a pipeline of qualified and capable individuals ready to take on key roles, thereby maintaining the continuity and stability of our operations.

SAIB's commitment to workforce performance and career development is evident in our structured approach to performance management and our proactive succession planning. By investing in our employees and fostering a culture of continuous improvement, we are well-positioned to achieve our strategic objectives and drive long-term success.

Training focus areas in 2023

During 2023, the HR Group at SAIB concentrated on several critical training areas to enhance the skills and capabilities of its workforce. The focus areas included regulatory programs, future skills development, performance management, and financial training.

Regulatory program

In 2023, SAIB's HR placed a significant emphasis on regulatory compliance training. This involved educating employees on relevant laws, regulations, and industry standards to ensure adherence and mitigate compliance risks. The training aimed to enhance employees' understanding of the regulatory landscape and foster a culture of compliance throughout the organization.

Future skills development

Recognizing the importance of staying ahead in a rapidly evolving business environment, HR invested in training programs focused on developing future skills for new joiners and mid-level career employees. These programs aimed to equip employees with the necessary skills and knowledge to succeed in their roles, adapt to technological advancements, and remain competitive in the marketplace. The initiatives also aimed to foster a learning culture and provide growth opportunities for employees.

Financial training

Another key area of focus for HR in 2023 was financial training programs. These programs aimed to enhance employees' financial literacy and understanding of financial concepts relevant to their roles. The training empowered employees to make informed decisions, develop financial acumen, and contribute to SAIB's financial success.

Uptake of SAIB's Knowledge Management System

SAIB's implementation of e-learning programs as part of its Knowledge Management System has been highly successful, covering mandatory training for 97% of employees. This impressive endeavor underscores SAIB's commitment to knowledge sharing and organizational development. By leveraging technology to centralize and disseminate crucial information efficiently, SAIB fosters a culture of continuous learning and promotes a standardized understanding of essential topics and regulations.

Integrating e-learning into a Knowledge Management System ensures consistency and standardization in training material delivery, reducing knowledge gaps and enhancing compliance. This approach is particularly crucial for mandatory programs, where adherence to regulations and best practices is essential. Additionally, the system allows for easy updates and revisions to e-learning content, ensuring that employees receive the most up-to-date training materials. This adaptability contributes to improved performance and a proactive approach to compliance.

Ensuring future skills development

To equip employees with future skills, particularly in emerging areas such as Artificial Intelligence (AI) and interagency collaboration, SAIB employed several strategies:

- Skill Assessments and Gap Analysis: Conducting skill assessments and gap analysis helps SAIB identify the specific skills and competencies required for future roles and responsibilities. This process involves assessing existing skill sets and identifying areas where additional development and training are needed to meet future demands.

- Collaboration with External Partners: SAIB collaborates with external partners, such as educational institutions, industry experts, and research organizations, to provide specialized training programs. Leveraging external expertise allows SAIB to access the latest industry knowledge, best practices, and training methodologies to upskill employees in areas like AI and deep learning.
- Career Development Opportunities: SAIB offers career development opportunities that align employees' interests with future-focused skill requirements. This includes job rotations, stretch assignments, and opportunities to work on cross-functional and interagency projects that expose employees to new technologies and collaboration practices.

By implementing these strategies, SAIB ensures that its employees are adequately equipped with the skills and knowledge required for the future, including emerging areas like AI and interagency collaboration.

Training statistics (SAIB only)

	2023	2022	2021	2020	2019
Number of training programs	143	185	176	159	239
Total number of participants	18,048	2,018	1,252	1,302	1,423
Training days	4,910	5,441	2,412	1,732	4,543
Hours spent on training (based on a 7-hour training day)	34,372	38,087	15,541	12,124	31,801
Number of trained employees	1,337	1,009	626	531	598

	Number of employees			Number of person hours of training		
Grade	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Senior Management	111	38	149	3,056	264	3,320
Middle Management	236	98	334	6,906	1,852	8,758
Non-Management	480	374	854	14,856	7,438	22,294

	Number of employees			Number of person hours of training		
Type	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Mandatory	827	510	1,337	13,614	3,893	17,507
Non-mandatory	830	301	1,131	11,204	5,661	16,865
E-learning	6,158	10,062	16,220	19,960	7,909	27,869

Type	2023	2022	2021	2020
Formal training hours	34,372	31,143	15,541	12,124
Percentage of female employees (%)	24%	25%	24%	30%
Percentage of hours – Soft skills (%)	15.1%	26%	9%	36%
Percentage of hours – Technical skills (%)	84.9%	74%	91%	64%
Percentage of hours completed by female employees (%)	28%	25%	24%	29%
Total number of participants	18,048	2,027	1,320	1,302
E-learning modules	81	1,481	1,444	1,332

Training (percentage of training hours per subject)

Soft skills	Banking operations	6.44%
	English skills	-
	Management and personal skills	8.25%
	Quality assurance and client service	0.20%
	Health and safety GRI 403-5	0.22%
Technical skills	Banking regulations	54.78%
	Financial and accounting	4.32%
	Human resources	2.20%
	Information technology	5.13%
	Leadership	2.55%
	Professional certificates	7.70%
	Risk management	1.59%
	Treasury and investment	0.35%
	Marketing and media	-
	Project management	2.24%
	Events and conferences	0.33%
	Shariah-compliant Banking	3.71%

OCCUPATIONAL HEALTH AND SAFETY

Our institution prioritizes the well-being of our workforce through comprehensive measures. We implement robust security protocols and safety guidelines, complemented by regular branch evaluations, safety training, and awareness initiatives. Throughout the reporting period, we are pleased to report no work-related fatalities, injuries, or absences due to health concerns.

	2023	2022	2021
Employee and contractor fatalities	-	-	-
Employee and contractor lost time injuries	-	-	-
Employee and contractor total recordable injuries	-	-	-
Employee and contractor absenteeism	-	-	-

EMPLOYEE WELL-BEING AND SATISFACTION

SAIB's initiatives to enhance employee well-being are commendable and demonstrate a strong commitment to supporting the physical and mental health of their workforce.

SAIB's offer of a 70% discount on health club subscriptions recognizes the importance of promoting a healthy lifestyle and actively encourages employees to prioritize their well-being. This benefit not only improves employees' physical health but also contributes to a positive work environment by fostering a healthy work-life balance.

Moreover, the medical awareness sessions conducted in collaboration with the health insurance company are instrumental in empowering employees with knowledge about various health issues and preventive measures. By providing educational sessions on topics such as breast cancer awareness, SAIB equips its employees with essential information that promotes early detection and proactive healthcare practices.

GRIEVANCE POLICY

This policy outlines a structured approach for employees to voice concerns about their employment conditions to Bank Management. While it's preferable to resolve issues directly with Line Managers, a formal process exists to ensure fair and prompt resolution when necessary.

The procedure applies to individual grievances and is not designed for dismissals, disciplinary actions, or collective disputes. If an employee's concern remains unaddressed through the initial steps, they have the option to escalate by emailing Senior Management at a designated address. A response will be provided within 20 working days.

This grievance mechanism is an integral part of the Human Resources Policy, aiming to create an environment where employees feel heard, and their concerns are addressed effectively.

	2023	2022	2021
Grievances filed during the year	28	-	-
Grievances filed during the year resolved	9	-	-
Grievances resolved during the year filed the previous year	-	-	-
Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported		
Operations and suppliers at significant risk for incidents of child labor	No operations or suppliers at risk for incidents of child labor reported		
Operations and suppliers at significant risk for incidents of forced or compulsory labor	No operations or suppliers at risk for incidents of forced or compulsory labor reported		

SAUDIZATION AND EMPLOYEE DEVELOPMENT

SAIB is committed to employing and developing Saudi talent, achieving a Saudization ratio of 92% as of December 31, 2023, with women comprising 23% of the workforce. Approximately 85% of employees have received formal training, and SAIB has provided e-learning modules through its learning management system to all employees.

RECENT DEVELOPMENTS

In recent developments, SAIB's Shareholders approved the buyback of up to 5 million shares to be allocated to the employee stock program during the Extraordinary General Meeting held on December 21, 2023. Additionally, SAIB has appointed Eng. Fahad Khalil as the new Chief Human Resources Officer (CHRO), further strengthening its commitment to human resources excellence.

EMBEDDING ETHICS IN OUR CULTURE

SAIB's Code of Conduct and ethical standards

SAIB's ethical framework and Code of Conduct serve as a benchmark and roadmap for upholding exceptional moral principles and professional business practices. The Code of Conduct reflects SAIB's dedication to fostering and sustaining a culture of professionalism characterized by the highest ethical standards. Rooted in the fundamental tenets of integrity, confidentiality, and professionalism, this Code applies universally to Directors, employees, consultants, affiliates, and any individuals representing SAIB. The Board of Directors holds ultimate authority over SAIB's operations, overseeing the implementation and efficacy of both the ethical standards and the Code of Conduct.

BUSINESS PARTNER CAPITAL

The Saudi Investment Bank (SAIB) aims to establish enduring partnerships with its suppliers and contractors. This is achieved by fostering an environment of reciprocal confidence and creating outcomes that benefit all involved parties. Such an approach helps to maintain seamless operational continuity.

2023 Highlights

In 2023, Alistithmar Capital, the investment arm of SAIB, entered into a strategic cooperation agreement with Osus Real Estate Co. to launch a real estate investment trust (REIT). This REIT is set to primarily focus on the development of office commercial space in Riyadh, aligning with SAIB's vision of fostering growth in the real estate sector and contributing to the economic expansion of the region. This collaboration underscores SAIB's commitment to diversifying its investment portfolio and strengthening its presence in the lucrative real estate market of the capital city.

Additionally, our collaboration with business partners has been instrumental in expanding our market reach and securing top-tier solutions that align with our strategic objectives. This synergy has not only enhanced our operational efficiency but also reinforced our commitment to delivering exceptional value to our Stakeholders.

2024 Focus areas

- Partnering with excellence
- Strengthening relationships
- Creating win-win agreements

OUR BUSINESS PARTNERS AT A GLANCE

Correspondent banks play a crucial role as key business partners, facilitating SAIB's overseas transactions, including the issuance of letters of credit.

SAIB's services are enabled by a diverse array of business partners, vendors, and service providers.

Their needs and expectations

Business partners expect:

- Reciprocal advantages and financial gains
- Explicit agreement terms and commitment to upholding them
- Principled business practices and ethical standards

Material risks:

- Economic deceleration and volatility
- Adapting to increasingly stringent governance and accountability standards
- Measures to address COVID-19 concerns
- Safeguarding human and labor rights
- Mitigating cybersecurity risks
- Potential loss of social license for operations

Material opportunities:

- Alignment with Vision 2030's initiative to bolster SMEs
- Commitment to Islamic banking principles

How we respond

We meet business partners' expectations by:

- Collaborating with partners who share our core values and objectives
- Prioritizing local suppliers for procurement needs
- Establishing transparent and unambiguous agreements
- Implementing structured payment schedules

Our engagement methods include:

- An efficient tendering and bidding process
- Well-defined procurement policies
- Regular updates on future needs, expansion strategies, and operational changes

SUPPLIERS

SAIB's procurement expenses primarily revolve around office supplies, equipment, and software. Recognizing its influence on local communities, SAIB prioritizes sourcing from Saudi suppliers when feasible. Supplier performance is regularly assessed to ensure timely procurement, maintain quality standards, and foster positive relationships. SAIB is committed to fulfilling its payment obligations promptly.

	2023	2022		2021	2020	2019
		Had business with	New vendor created			
International suppliers	136	108	19	91	97	137
Local suppliers	511	229	49	301	262	305
Spending (international procurement) - SAR	117,356,890	92,999,862	6,770,687	97,201,181	82,270,891	68,244,427
Spending (local procurement) - SAR	653,762,599	475,239,123	24,880,474	380,533,729	359,999,608	399,433,627
Percentage of local procurement spending	86%	79%	4%	80%	85%	87%

*Items such as rent, petty cash, and utilities have been excluded

CORRESPONDENT BANKS

SAIB maintains a robust network of correspondent banking relationships spanning the Middle East and North Africa, Europe, Africa, and North America. These strategic partnerships play a vital role in facilitating SAIB's international transactions and expanding its global reach.

STRATEGIC PARTNERSHIPS

WHOLLY OWNED SUBSIDIARIES

SAIB operates 3 subsidiaries under its full ownership. These entities complement SAIB's core operations and expand its service offerings. SAIB maintains investments in 3 associate companies based in Saudi Arabia:

	2023	2022
American Express (Saudi Arabia) (AMEX)	50%	50%
YANAL Finance (YANAL) (formerly 'Saudi ORIX Leasing Company')	38%	38%
Amlak International for Real Estate Finance Company (AMLAK)	22.41%	22.4%

- American Express (Saudi Arabia) (AMEX), is a Saudi closed joint stock company. The total capital is SAR 100 million. The principal activities of AMEX are to issue credit cards and offer other American Express products and services in Saudi Arabia.
- Yanal Finance Company (Yanal) is a Saudi closed joint stock company. The total capital is SAR 550 million. The primary business activities of Yanal include providing lease financing services in Saudi Arabia.
- Amlak International Finance Company (Amlak) is a Saudi joint stock company with a total capital of SAR 906 million. Amlak offers Shariah-compliant real estate financing, SME financing, and consumer financing in Saudi Arabia.

The changes in investments in associates during the fiscal years ending December 31, 2023 and 2022 are outlined below:

	2023 SAR'000s	2022 SAR'000s
Balance at beginning of the year	922,985	883,700
Share in earnings	77,254	70,856
Dividends	(32,855)	(31,571)
Share of other comprehensive income	561	-
Balance at end of the year	967,945	922,985

The Group holds a 50% equity stake in AMEX. Management evaluated this investment using IFRS 10, IFRS 11, and IAS 28 guidelines to determine control, joint control, and significant influence.

The Group determined it lacks control or joint control over AMEX, primarily due to a put option with SAIB and a call option with the counterparty, which are not currently exercisable. SAIB estimates these potential voting rights may be exercised within 6-10 months.
Consequently, Management concluded the Group exerts significant influence over AMEX's financial and operational decisions. Thus, the investment is accounted for using the equity method.

The table below outlines AMEX's financial position as of December 31, 2023, and 2022 including assets, liabilities, and equity, as well as income and expenses for those years:

Investments in Associates

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

	2022 SAR'000s		
	AMEX	YANAL	AMLAK
Total assets	1,096,080	1,487,826	3,916,186
Total liabilities	709,490	575,439	2,671,666
Total equity	386,590	912,387	1,244,520
Total income	394,215	133,626	229,810
Total expenses	351,543	48,911	150,701

This table aligns the condensed financial data with the book value of SAIB's associate investments as of December 31, 2023 and 2022:

	2023 SAR'000s			
	AMEX	YANAL	AMLAK	Total
Net assets	472,053	950,773	1,195,585	2,618,411
Group's share of net assets	236,027	359,937	267,896	863,860
Goodwill	94,210	9,875	-	104,085
Carrying amount of interest	330,237	369,812	267,896	967,945

	2022 SAR'000s			
	AMEX	YANAL	AMLAK	Total
Net assets	386,590	912,387	1,244,520	2,543,497
Group's share of net assets	2,543,497	346,708	278,897	818,900
Goodwill	94,210	9,875	-	104,085
Carrying amount of interest	287,505	356,583	278,897	922,985

AFFILIATIONS

GRI Community member

SAIB participated as a Gold Member in the GRI Community during 2020. This global network brings together organizations and Stakeholders dedicated to enhancing transparency in environmental, social, governance (ESG) reporting and overall sustainability practices.

SOCIAL CAPITAL

"Awn" (helping others) is one of the pillars of The Saudi Investment Bank's (SAIB's) sustainability framework, highlighting SAIB's social responsibility. SAIB recognizes its duty to support Saudi Arabian communities, particularly those who form its client base, and to assist the disadvantaged. Our sustainability strategy aims to influence all Stakeholders to adopt practices that benefit society and the economy of the Kingdom.

SOCIAL RESPONSIBILITY HIGHLIGHTS FOR 2023

In 2023, SAIB continued to strengthen its social capital by fostering meaningful relationships with our community through strategic collaborations and impactful initiatives. Our commitment to sustainability was further demonstrated by responsibly managing both renewable and non-renewable resources, ensuring that we remain a key player in the long-term economic and environmental well-being of the Kingdom.

Strategic partnerships and sponsorships

In October 2023, SAIB proudly announced its new role as an official sponsor of Real Madrid FC. This significant partnership aligns with our strategic objectives of enhancing our brand visibility and fostering global connections. The sponsorship underscores SAIB's commitment to excellence and our ambition to be associated with world-class institutions. This collaboration is expected to bring mutual benefits, expanding our reach and engagement with a broader audience, particularly in the sports and entertainment sectors.

New headquarters

In line with our vision for the future, SAIB is investing in a new state-of-the-art headquarters building. This facility will serve as a cornerstone for our operations, providing a modern and efficient workspace for our employees and enhancing our ability to deliver exceptional services to our clients. The new headquarters will symbolize our growth and forward-thinking approach, positioning us well for future success.

Marketing and community engagement

Our collaboration with FEER McQUEEN on a recent campaign highlights our commitment to innovative marketing and community engagement. This partnership has enabled us to reach new audiences and reinforce our brand message in creative and impactful ways.

Additionally, SAIB employees demonstrated their dedication to community service by participating in a blood donation initiative in cooperation with King Faisal Specialist Hospital and Research Center. This initiative is part of our broader efforts to contribute to the well-being of the communities we serve.

Supporting entrepreneurship

SAIB is also a proud sponsor of the #1,000 miles program, which aims to empower entrepreneurship within the industrial and logistics services sectors. This initiative is a crucial component of our support for the Kingdom's Vision 2030, contributing to the development of a vibrant and diversified economy.

2024 FOCUS AREAS

In 2024, SAIB will continue to align its social capital initiatives with the Kingdom's Vision 2030, focusing on enhancing community development, supporting education, and promoting financial literacy. These efforts are part of SAIB's broader commitment to advancing the social agenda of Saudi Arabia, ensuring that the Bank plays a key role in fostering sustainable and inclusive growth.

OUR COMMUNITIES AT A GLANCE

Our presence spans across Saudi Arabia, where we focus on supporting underprivileged segments of society.

Their needs and expectations

Communities expect:

- Guidance and financial tools to improve their economic well-being
- Investment in social causes
- Initiatives for community development
- Programs to enhance financial knowledge
- Efforts to promote financial inclusivity

Related material risks:

- Economic challenges and instability
- Potential infringement of human and worker rights
- Risk of losing community support for operations

Related material opportunities:

- Alignment with Vision 2030's emphasis on SME support
- Promoting equality and non-discrimination
- Engaging with and investing in local communities
- Adopting eco-friendly business practices
- Growing interest in sustainable banking and lending options

How we respond

We strive to meet community expectations through:

- Targeted community support and investments
- Educational programs on financial matters
- Initiatives promoting community health and wellness
- Strategic sponsorships
- Offering internship opportunities

Our engagement methods include:

- Implementing social programs with a focus on health and education
- Encouraging our employees to volunteer in social initiatives

SOCIAL RESPONSIBILITY

Community Service and Sustainability

Our organization recognizes its interconnectedness with Stakeholders within a larger ecosystem. We understand that societal well-being, particularly for underprivileged groups, is crucial for our success. Our prosperity is intricately linked to a robust economy, a functional society, and a healthy environment.

We acknowledge the growing impact of sustainability challenges like climate change, inequality, and social injustice on our operating environment. Guided by our purpose, we shape our strategy and actions to deliver impactful social investments. Our efforts are aligned with Vision 2030 and our sustainability program, with projects approved through our annual planning and budgeting process.

In 2023, SAIB demonstrated its commitment to community engagement through various sustainability initiatives, including:

- Ehsan Donation Initiative through WooW Alkhair
- 1,000,000 Iftar Meals Initiative
- The Anti-fraud Initiative

SAIB's Corporate Social Responsibility Policy guided its efforts to enhance its Corporate Strategy and contribute meaningfully to society. These efforts aligned with Saudi Arabia's Vision 2030, focusing on long-term sustainability for both SAIB and the Kingdom. Key areas of focus included supporting local companies and SMEs, increasing employment opportunities for Saudi nationals (with a particular emphasis on women), fostering private sector growth, cultivating a culture of innovation and discipline, and promoting flexibility and positivity in business practices.

"Awn" (helping others) and "Hifth" (environmental protection) form 2 crucial pillars of SAIB's sustainability framework, underscoring SAIB's dedication to social and environmental responsibility. SAIB recognizes its duty to support Saudi Arabian communities, particularly those in need, while also minimizing its environmental impact and conserving natural resources. These efforts are aimed at ensuring sustained long-term value creation.

Total volunteers
105
(2022: 105)

Volunteers as a percentage of total employees
8.3%
(2022: 8%)

Male volunteers
65%
(2022: 65%)

Female volunteers
35%
(2022: 35%)

Hours worked
32
(2022:17)

ENVIRONMENTAL CAPITAL

ENVIRONMENTAL

"Hifth" (environmental protection) is another pillar of The Saudi Investment Bank's (SAIB's) sustainability framework, emphasizing its environmental responsibility. The Saudi Investment Bank acknowledges its obligation to minimize its environmental footprint and conserve natural resources. This approach ensures continued long-term value creation. By promoting environmentally conscious practices among Stakeholders, SAIB strives to contribute to the overall well-being of the Kingdom of Saudi Arabia.

SAIB acknowledges the critical role of sustainability and continually explores new sustainable business opportunities. SAIB actively supports eco-friendly initiatives by financing projects focused on renewable energy, recycling, water and wastewater treatment, hazardous waste management, and other environmental services.

ENVIRONMENTAL POLICIES AND SYSTEMS

"Hifth" (environmental protection), one of SAIB's 5 sustainability pillars, reflects its awareness of environmental impact and commitment to minimizing negative effects. This environmental focus aligns with SAIB's dedication to Vision 2030.

Environmental objectives are integrated into daily operations, procedures, and processes, and are communicated to employees through awareness messages.

ENVIRONMENTAL MANAGEMENT

SAIB's environmental impact occurs directly through its operations and indirectly via its value chain. To assess and enhance its environmental performance, SAIB has adopted the ISO 14000 standard for implementing an Environmental Management System (EMS). This system addresses various environmental aspects, including impact mitigation, compliance, financial and operational benefits from eco-friendly alternatives, and environmental communication.

The EMS implementation is supported by a Procedures Manual that:

- Identifies Stakeholder environmental expectations
- Recognizes environmental conditions affecting SAIB
- Assesses the environmental impact of the Bank's activities
- Determines environmental risks and opportunities
- Establishes a framework for environmental policies and objectives
- Defines key performance indicators (KPIs) for environmental performance measurement

Building a management system to comprehensively understand and minimize its energy usage and emissions impact, SAIB implemented a Building Management System (BMS) across all its Saudi Arabian branches. Since its 2015 implementation, SAIB's BMS has achieved significant annual reductions in energy consumption, averaging 20% compared to the 2015 Baseline Target Energy Consumption. This success has earned international awards for SAIB's BMS program.

ENVIRONMENTAL PERFORMANCE

In 2023, our commitment to environmental stewardship was demonstrated through significant advancements in our energy management practices. Central to these achievements was the diligent work of our BMS team, whose meticulous tracking of detailed energy usage data played a crucial role in sustaining our overall environmental progress. By closely monitoring our energy consumption, the team identified critical areas where improvements were necessary, enabling us to take timely and impactful actions.

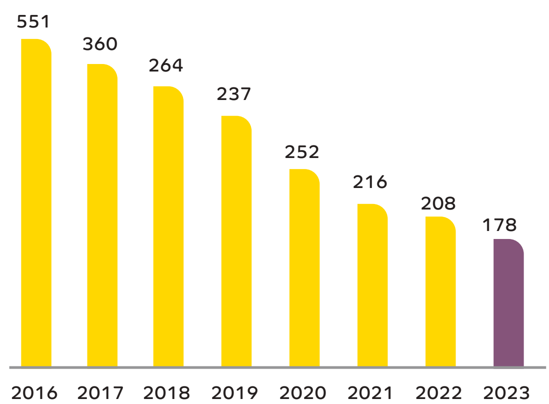
Management responded promptly to these insights by implementing a series of eco-friendly initiatives aimed at reducing our environmental footprint. Among these initiatives was the installation of a solar power system, which has begun to reduce our reliance on conventional energy sources. Additionally, we upgraded our facilities with energy-efficient LED lighting, IT infrastructure, and air conditioning systems, all of which contribute to lowering our overall energy consumption. We also introduced water conservation systems that are designed to optimize our usage and minimize waste.

These initiatives reflect our proactive approach to environmental performance, ensuring that we not only meet but exceed regulatory standards while contributing positively to the broader sustainability goals. Our continuous efforts to enhance our environmental practices underscore our dedication to building a sustainable future for all Stakeholders.

	Energy consumption			GHG emissions		Petrol/Diesel consumption	
	MWh	GJ	SAR	Direct scope 1 (Fuel/Diesel usage)	Indirect scope 2 (Electricity usage)	Liter	GJ
2016	33,541	120,748	9,877,600	264	21,936	110,005	8,813
2017	32,596	117,346	10,132,628	257	20,673	107,310	8,584
2018	28,258	101,729	9,249,624	255	18,481	106,110	8,162
2019	31,883	114,779	10,003,314	257	20,851	83,178	6,398
2020*	29,807	107,305	9,561,695	254	19,494	79,193	6,092
2021	29,519	91,870	9,087,525	173	16,690	72,192	2,498
2022	31,635	113,885	11,880,451	140	17,969	58,338	2,018
2023	28,770	103,572	9,374,977*	106	16,346	44,35	1,517

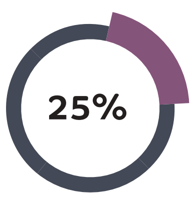
*Vat excl.

AC breakdown incidents - Branches



Our BMS operations also improved the reliability of the installed air conditioning (AC) equipment. By using customized BMS dashboards for continuous monitoring, we can now identify potential problems early. This proactive approach has led to a decrease in the annual number of reported AC failure incidents compared to previous years.

Reduction of our carbon footprint since BMS (2015) implementation We successfully decreased our CO_2 emissions per employee by 25% by 2023



of our CO_2 emissions per employeeby 25% by 2023

PAPER USAGE AND RECYCLING

Total paper consumption (Kgs)

2023	2022	2021	2020	2019	2018	2017
16,730	15,728	28,122	25,802	46,325	68,770	73,995

Paper recycled (Kgs)

2023	2022	2021	2020	2019	2018	2017
2,578	5,376	8,968	4,760	8,007	48,384	9,676

Paper consumption/employee (Kgs)

2023	2022	2021	2020	2019	2018	2017
13.27	12.27	21.39	19.58	35	46	49

Plastics recycled (Kgs)

2023	2022	2021	2020	2019	2018	2017
762	2,264	2,512	2,680	3,735	10,788	1,194

Electronics recycled (Kgs)

2023	2022	2021	2020	2019	2018	2017
2,130	-	-	-	5,560	14,620	2,010

WATER CONSUMPTION AND EXPENDITURE

Water is an essential component of our daily existence, and we recognize the crucial importance of preserving and safeguarding our water resources. Our BMS incorporates water conservation strategies, aimed at reducing expenses and minimizing risks associated with water availability. Through our BMS and ongoing internal awareness initiatives, we actively work to decrease water usage.

Drinking water
767,995 liters

Domestic use water
79,950 M/$_3$

Drinking water
SAR 802,374 liters

Domestic use water
SAR 476,988 liters

LOOKING AHEAD: FUTURE INITIATIVES

In 2024, SAIB will continue to prioritize environmental sustainability by focusing on the expansion of renewable energy initiatives, particularly solar systems. By investing in and supporting solar energy projects, the Bank aims to significantly reduce its carbon footprint and contribute to Saudi Arabia's ambitious clean energy goals.

Additionally, in a significant stride towards sustainable energy, Saudi Arabia has committed nearly $2.4 billion to the development of 2 major solar photovoltaic (PV) plants. These projects mark a pivotal step in the Kingdom's ongoing efforts to diversify its energy portfolio and reduce its reliance on fossil fuels.

The financing of these solar PV plants has been secured through a consortium of leading financial institutions, underscoring the collaborative spirit and robust support for renewable energy initiatives within the region.

SAIB's involvement in this consortium highlights its dedication to supporting large-scale projects that align with national and global sustainability goals. By contributing to the financing of these solar plants, SAIB not only strengthens its portfolio in renewable energy investments but also reaffirms its commitment to fostering sustainable development.

These solar PV plants are expected to significantly boost the Kingdom's renewable energy capacity, providing clean and sustainable power to meet the growing energy demands. The projects are part of Saudi Arabia's Vision 2030 plan, which aims to increase the share of renewable energy in the national energy mix and reduce carbon emissions.

SAIB's participation in this landmark initiative reflects its strategic vision and proactive approach to environmental stewardship. By financing projects that promote clean energy, SAIB plays a crucial role in driving the Kingdom's transition to a more sustainable and resilient energy future. This initiative is a testament to SAIB's commitment to integrating environmental, social, and governance (ESG) principles into its business operations, thereby contributing to a sustainable economy and a healthier planet.

04

GOOD STEWARDSHIP

CORPORATE GOVERNANCE

The Saudi Investment Bank (SAIB) is dedicated to upholding the highest standards of governance, ethics, and integrity. We adhere to world-class banking practices and maintain robust institutional governance and risk frameworks to ensure our banking services remain secure and stable. These practices and frameworks are continuously reviewed to keep pace with the dynamic environment in which we operate, while always prioritizing the best interests of our Stakeholders.

SAIB's governance framework is shaped by the purpose-driven leadership of our Board and Management, setting a high standard of values and behaviors expected from all employees. Our top leadership consistently fosters new leadership mindsets and capabilities to manage and excel in an agile, digital, and disruptive environment.

PRINCIPLES OF GOVERNANCE

- Control Environment: The Board oversees a streamlined internal control system, guiding actions and practices through clear policies and procedures.
- Risk Management: An independent function identifies, monitors, and mitigates material and emerging risks affecting SAIB and its Stakeholders.
- Transparency: Timely and accurate information is provided to internal and external parties impacting SAIB.
- Continuous Improvement: Ongoing monitoring and evaluation maintain a strong governance culture and identify areas for enhancement.
- Ethics: The Code of Conduct and Ethics Policy upholds organizational values and principles.
- Stakeholder Rights: Material Shareholder and peripheral Stakeholder rights are protected as per the Stakeholder Management Policy.
- Conflict Mitigation: Duty segregation and controls minimize potential conflicts of interest affecting SAIB or its operations.
- Social Responsibility: SAIB recognizes its social role and commits to implementing community programs.

BOARD COMMITTEES AND THEIR COMPOSITION

The Board holds the ultimate responsibility for SAIB's success, soundness, and solvency, ensuring the protection of depositors' and Shareholders' funds. Key duties include challenging, contributing to, approving, and monitoring SAIB's business strategy; overseeing the implementation of comprehensive risk management strategies; and monitoring SAIB's performance and risks within established management limits, including those of its subsidiaries.

Board of Directors
- Ultimate responsibility for the Bank's success, soundness, and solvency
- Key Duties: Approve and monitor strategy, oversee risk management, and monitor performance

Executive Committee (5 Board members)
- Supervises credit/financial policies, and strategy execution
- Approves major business decisions, investments, and operations
- Reviews subsidiary risks

Audit Committee (2 Board, 3 non-Board members)
- Ensures financial accuracy, and reviews statements
- Oversees internal/external Auditors
- Reviews compliance, anti-money laundering, and internal controls

Nomination and Remuneration Committee (4 Board members)
- Recommends Board appointments, and reviews required skills
- Oversees Compensation Policy, succession planning, and training

Governance Committee (3 Board members)
- Implements best governance practices
- Monitors regulatory compliance
- Guides governance function

Risk Committee (4 Board members)
- Supervises risk management activities
- Sets risk management strategy and risk appetite
- Reviews risk profile, capital/liquidity plans, and stress tests

Shariah Committee (3 members)

- Provides Shariah opinions on the Bank's activities
- Ensures Shariah compliance
- Addresses Shariah-related inquiries

Executive Committee	Audit Committee	Nomination and Remuneration Committee	Governance Committee	Risk Committee	Shariah Committee
Mr. Abdulaziz Al-Khamis (Chairman)	Mr. Khaled Al-Rowais (Chairman)	Mr. Mohammed Al-Grenees (Chairman)	Mr. Yasser Al-Jarallah (Chairman)	Mr. Mohammed Bamaga (Chairman)	Dr. Abdulrahman Al-Saadi (Chairman) (non-Board)
Mr. Abdul Rahman Al-Rawaf	Mr. Mohammed Bamaga	Mr. Abdulaziz Al-Khamis	Mr. Khaled Al-Rowais	Mr. Mohammed Al-Grenees	Dr. Ibrahim Al-Lahim (non-Board)
Mr. Mohammed Saleh Alkhalil	Mr. Bader Al-Mazroua (non-Board)	Mr. Yasser Al-Jarallah	Mr. Abdullah Suliman Al-Zaben	Mr. Khaled Al-Rowais	Mr. Nasser Aldawood (non-Board)
Mr. Abdullah Sulaiman Al-Zaben	Mr. Alma Al-Moter	Mr.Abdul Rahman Al-Rawaf		Mr. Yasser Al-Jarallah	
Mr. Mohammed Al-Grenees	Mr. Fayez Belal (non-Board)				

The Saudi Investment Bank partners with GCC BDI to elevate corporate governance standards in the Gulf region

SAIB has entered into a 1-year partnership agreement with the GCC Board Directors Institute (GCC BDI) to enhance corporate governance and board effectiveness within the Gulf region. This collaboration underscores SAIB's commitment to upholding the highest standards of governance, ensuring robust oversight, and fostering best practices among Board members. By supporting the GCC BDI Board Effectiveness Review 2023, SAIB aims to contribute to the development of more efficient and transparent corporate structures, thereby promoting sustainable business practices across the region. This initiative aligns with SAIB's strategic priorities to strengthen governance frameworks and deliver long-term value to its Stakeholders.

RISK MANAGEMENT

The Saudi Investment Bank (SAIB) prioritizes risk management to enhance risk-adjusted returns for Stakeholders. A comprehensive framework, aligned with regulatory guidelines and industry best practices, ensures proactive management of significant risks. This robust system includes Board-approved policies covering risk appetite, credit, treasury, stress testing, operational risks, and cybersecurity.

Led by the Chief Risk Officer, the Risk Management Group comprises of specialized departments handling:

- Risk analytics
- Market and credit risks
- Operational risks
- Cybersecurity
- Legal affairs

SAIB focuses on managing key risks, including:

- Credit risk
- Real estate finance risk
- Market risk
- Liquidity risk
- Operational risk
- Cybersecurity risk
- Anti-fraud, anti-bribery and corruption

Oversight is provided by the Board Risk Committee and various Management-level committees, each responsible for different aspects of risk management. For a more comprehensive understanding of SAIB's risk management strategies, please consult the Board of Directors Report.

BUSINESS CONTINUITY MANAGEMENT

SAIB prioritizes Business Continuity Planning (BCP) to manage disruptions. In 2023, key activities included:

- Updating processes and conducting a Business Impact Analysis
- Enhancing continuity sites and maintaining ISO 22301 certification
- Strengthening incident management through simulations and tests
- Implementing remote work and third-party failure simulations
- Extending training to critical third parties and employees

Future plans focus on compliance, certification maintenance, enhancing response capabilities, and conducting multiple testing scenarios.

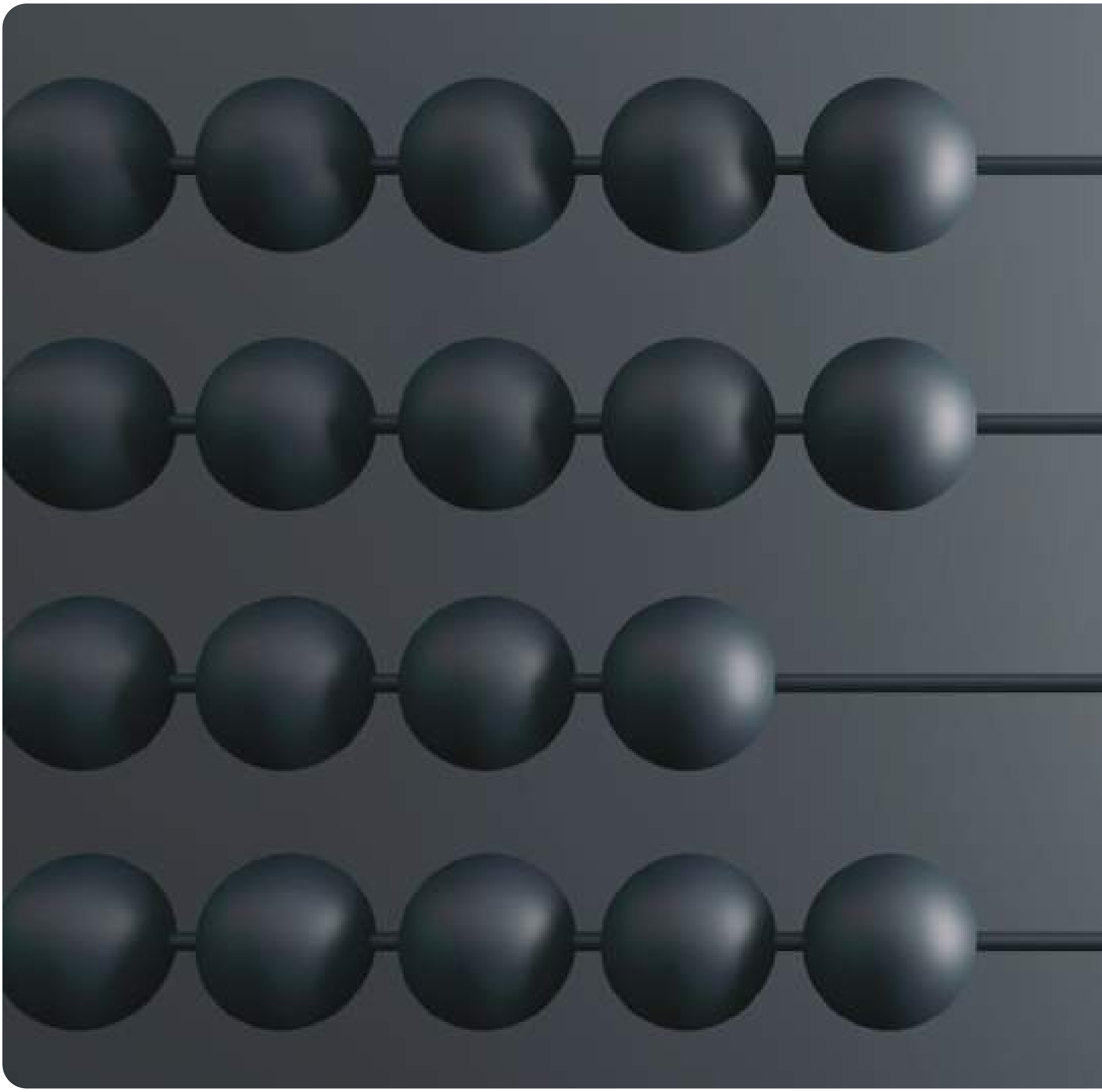
SAIB remains committed to ensuring operational resilience in line with standards and regulations.

COMPLIANCE

The Compliance Group at The Saudi Investment Bank (SAIB) plays a crucial role in ensuring adherence to local and international laws and regulations, preserving the institution's integrity and reputation. This responsibility extends from the Board and Executive Management to all employees, forming an integral part of daily operations. The Group's key responsibilities include supporting Senior Management in implementing compliance practices, circulating and monitoring regulatory updates, organizing roles through the Compliance Policy, providing advisory services, conducting training sessions, assessing risks, and implementing controls. Compliance is a key success factor in managing regulatory risks, reviewing and implementing standard procedures, ensuring effective controls, monitoring and reporting compliance levels, managing communications with regulatory bodies, handling whistleblowing reports, and managing self-supervision requests. Ultimately, the Compliance Group's efforts are essential for protecting SAIB's reputation, safeguarding Stakeholders' interests, and ensuring adherence to all applicable rules and regulations.

ANTI-MONEY LAUNDERING (AML) AND COUNTER TERRORIST FINANCING (CTF) DEPARTMENT

The AML and CTF Department independently manages risks associated with illicit financial activities, establishing programs and policies to meet regulatory standards. Its key responsibilities encompass monitoring and reporting suspicious transactions, ensuring product compliance, implementing enhanced due diligence for high-risk cases, maintaining sanction controls, handling alerts, resolving complex issues, responding to official inquiries, and providing documentation to regulatory authorities. This department plays a crucial role in safeguarding the organization against financial crimes and ensuring adherence to local and international regulations.



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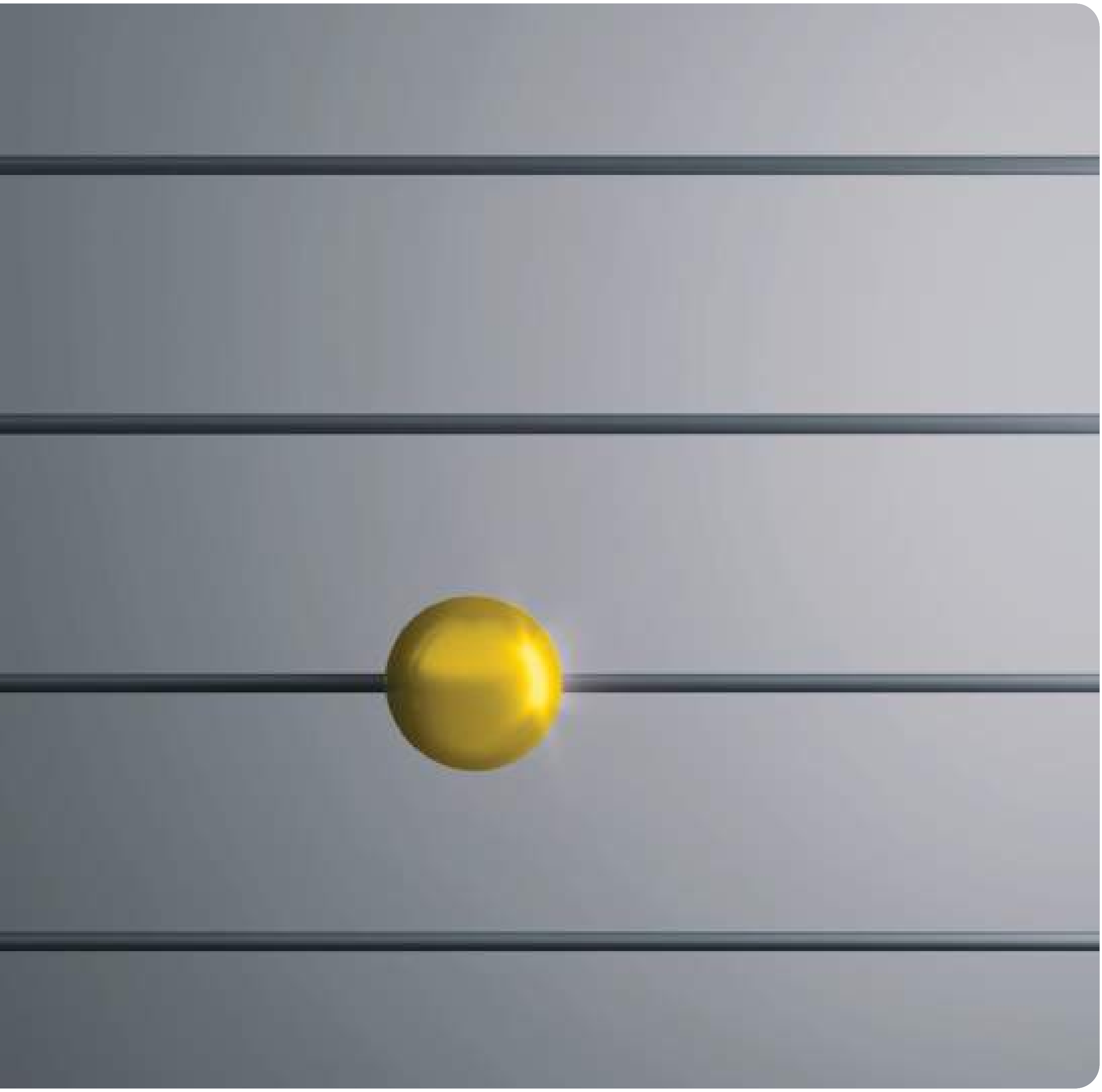

FINANCIAL STATEMENTS

Ernst & Young Professional Services (Professional LLC)
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CR 1010600030
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Independent Auditors' Report
To the Shareholders of The Saudi Investment Bank (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of The Saudi Investment Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter is provided in that context:

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

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

Expected credit losses over loans and advances

As of December 31, 2023, the gross loans and advances of the Group were Saudi Riyals (SAR) 82,675 million (2022: SAR 70,688 million) against which an allowance for expected credit losses ("ECL") of SAR 1,924 million (2022: SAR 1,805 million) was maintained.

The determination of the allowance for expected credit losses requires management to make significant estimates and apply significant judgements. This has a material impact on the consolidated financial statements of the Group. The key areas of judgment include:

1. Categorisation of loans and advances in Stage 1, 2 and 3 based on the identification of:
(a) exposures with a significant increase in credit risk ("SICR") since their origination; and
(b) individually impaired / default exposures.

In accordance with the requirements of IFRS 9, the Group measures ECL based on the credit losses expected to arise over the next twelve months ('12 month ECL'), unless there has been a significant increase in credit risk since origination or default, in which case, the allowance is based on the ECL expected to arise over the life of the loans and advances ('Lifetime ECL').

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

</td><td>

We obtained and updated our understanding of management's process for the assessment of allowance for ECL against loans and advances as required by IFRS 9 Financial Instruments ("IFRS 9), the Group's allowance for ECL policy and the ECL modelling methodology including any key changes made during the year.

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

For a sample of customers, we assessed:

- the ECL modelling process, including governance over the models, its validation during the year, including approval of key assumptions and post model adjustments;
- the classification of loans and advances into Stages 1,2 and 3, timely identification of SICR and determination of default or individually impaired exposures;
- the internal ratings determined by management based on the Group's internal rating model and considered these assigned ratings in light of external market conditions and available industry information, and also assessed that these were consistent with the ratings used as inputs in the ECL model;
- management's computation of ECL; and
- management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.

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

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

Key audit matter	How our audit addressed the key audit matter
2. Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), including but not limited to, assessment of the financial condition of the borrowers, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages. 3. The need to apply post model overlays using expert credit judgement to reflect all relevant risk factors, that might not have been captured by the ECL model. We considered this as a key audit matter as the application of these judgments and estimates, continues to result in greater estimation uncertainty and associated audit risk around the determination of the allowance for ECL as of December 31, 2023. *Refer to the summary of significant accounting policies note 3(c)(vii) relating to impairment of financial assets, note 2(d)(i) which contains the disclosure of critical accounting judgments, estimates and assumptions relating to impairment losses on financial assets and the impairment assessment methodology used by the Group, note 7 and note 29 which contains the disclosure of impairment against loans and advances, details of credit quality analysis and key assumptions and factors considered in the determination of ECL.*	We assessed the governance process implemented and the qualitative factors considered by the Group when applying any overlays or making any adjustment to the output from the ECL model, due to data or model limitations or otherwise. We assessed the reasonableness of the underlying assumptions used by the Group in the ECL model, including forward looking assumptions, keeping in view the uncertainty and volatility in economic scenarios. We tested the completeness and accuracy of data supporting the ECL calculation as at 31 December 2023. Where required, we involved our specialists to assist us in reviewing model calculations, evaluating interrelated inputs and assessing reasonableness of assumptions used in the ECL model, particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights and assumptions used in post model overlays. We assessed the adequacy of related disclosures in the consolidated financial statements against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of derivative financial instruments As of December 31, 2023, the positive and negative fair value of derivatives held by the Group, excluding the associated company put option referred to below, amounted to SAR 572 million and SAR 25 million, respectively (2022: SAR 614 million and SAR 47 million, respectively). The Group has entered into various derivative transactions, including commission rate and cross currency swaps, forward foreign exchange and commodity contracts, commission rate futures and options and currency and commodity options. Swaps, forwards and options derivative contracts are over the counter (OTC) derivatives that are not traded in active markets and hence the valuation of these contracts is subjective as it takes into account a number of assumptions which often involves the exercise of judgement by management and model calibrations, including adjustments to the counterparty's own credit risk. The majority of these derivatives are held for trading. Certain commission rate swaps are categorized as fair value hedges in the consolidated financial statements. An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and a hedge accounting impact in the case of hedge ineffectiveness. We considered this as a key audit matter as there is complexity and subjectivity involved in determining the valuation in general and, in certain cases, due to the use of complex modelling techniques. *Refer to note 3 (f) of the consolidated financial statements for the accounting policy relating to the valuation of derivatives and note 11 which explains the derivative positions and valuation methodology used by the Group.*	We determined if the controls over the valuation of derivatives had been appropriately designed and implemented. We selected a sample of derivative financial instruments and: • Involved our specialists to assist us in performing an independent valuation of the derivatives sample and compared the result with management's valuation; • Assessed the accuracy of the particulars of derivatives by comparing the terms and conditions with relevant agreements and deal confirmations; • Assessed the key inputs to the derivative valuation models; • Assessed the hedge effectiveness assessment performed by the Group and the appropriateness of related hedge accounting; and • We assessed the adequecy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of associate company put option	
The Group's derivatives as of December 31, 2023, includes a put option with a positive fair value of SAR 113 million (2022: SAR 99 million). This put option is embedded within the agreement ("the Agreement") with the other shareholder in an associated company and gives the Group an option to sell its share in the associated company to the other shareholder based on a strike price determined in accordance with the Agreement. In accordance with the Group's accounting policy, this put option is segregated from the Agreement and is measured at its fair value. The Group uses an option pricing model to fair value the put option, which requires certain inputs which are not observable in the current market. These inputs include historical results of the associate company and other inputs which require management's judgment, including estimations about the future results of the associated company, the detrimental effects on the operating results of the associated company which may arise from an exercise of the option, and an estimate of the fair value of the underlying investment. This is considered as a key audit matter as the valuation of this put option, as mentioned above, requires management to apply significant judgments and make significant estimates. *Refer to the following notes to the consolidated financial statements: summary of significant accounting policies note 3(f) which explains the accounting policy for derivative financial instruments and hedge accounting, note 2(d)(ii) which explains critical judgments and estimates for fair value measurement, note 11 which explains the put option positions and note 30 which explains the fair values of financial assets and liabilities.*	We determined if the controls over the valuation of the associate company put option had been appropriately designed and implemented. We inspected the Agreement to obtain an understanding of the principal terms of the put option. We considered the put option valuation performed by management and assessed the methodology and key assumptions used by management. We involved our valuation experts to assess the valuation of the associated company put option determined by management. We assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.

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

Other Information

Management is responsible for the other information in the Group's annual report. The other information consists of the information included in the Group's 2023 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 Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable 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 December 31, 2023.

Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. 366

Deloitte and Touche & Co.
Chartered Accountants

Waleed bin Moh'd Sobahi
Certified Public Accountant
License No. 378

1 Sha'ban 1445 H
11 February 2024

The Saudi Investment Bank
Consolidated Statement of Financial Position
As of December 31, 2023 and 2022

	Notes	2023 SAR'000	2022 SAR'000
ASSETS			
Cash and balances with SAMA	4a	11,018,269	6,401,258
Due from banks and other financial institutions, net	5a,30c	1,473,418	1,304,701
Investments, net	6a	32,301,073	28,179,959
Positive fair values of derivatives, net	11c,30a	685,436	713,003
Loans and advances, net	7a,30c	80,750,770	68,883,198
Investments in associates	8b	967,945	922,985
Other real estate	29c	858,897	451,981
Property, equipment, and right of use assets, net	9a,9b	1,185,742	1,212,374
Intangible assets, net	9c	484,914	428,342
Other assets, net	10a	257,709	572,811
Total assets		**129,984,173**	**109,070,612**
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions, net	12a,30c	27,288,658	20,892,470
Customers' deposits	13a,30c	83,233,264	69,578,526
Negative fair values of derivatives, net	11c,30a	25,273	47,045
Other liabilities	14a	2,201,925	1,762,875
Total liabilities		**112,749,120**	**92,280,916**
Equity			
Share capital	15a	10,000,000	10,000,000
Statutory reserve	16	3,817,000	3,376,000
Other reserves	15b	(1,008,408)	(1,207,944)
Retained earnings		1,711,461	956,640
Proposed dividend	17	-	450,000
Shareholders' equity		**14,520,053**	**13,574,696**
Tier I Sukuk	35	2,715,000	3,215,000
Total equity		**17,235,053**	**16,789,696**
Total liabilities and equity		**129,984,173**	**109,070,612**

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

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Saad Altayyar
Chief Financial Officer

The Saudi Investment Bank

Consolidated Statement of Income

For the years ended December 31, 2023 and 2022

	Notes	2023 SAR'000	2022 SAR'000
Special commission income	19	7,415,176	4,067,318
Special commission expense	19	(3,997,959)	(1,222,441)
Net special commission income		**3,417,217**	**2,844,877**
Fee income from banking services	20	638,867	560,240
Fee expense from banking services	20	(336,622)	(264,770)
Net fee income from banking services		**302,245**	**295,470**
Exchange income, net		215,824	196,478
Unrealized gain / (loss) on FVTPL financial instruments, net		13,875	(71,063)
Realized gain on FVTPL financial instruments, net		2,185	1,333
Gains on disposals of FVOCI debt securities, net	21	15,234	10,791
Other income		3	7
Total operating income		**3,966,583**	**3,277,893**
Salaries and employee-related expenses	22a	786,700	747,237
Rent and premises related expenses		76,365	67,504
Depreciation and amortization	9	183,459	154,986
Other general and administrative expenses	37b	610,322	475,488
Operating expenses before provisions for credit and other losses		**1,656,846**	**1,445,215**
Provisions for credit and other losses	37a	358,657	191,569
Total operating expenses		**2,015,503**	**1,636,784**
Operating income		**1,951,080**	**1,641,109**
Share in earnings of associates	8b	77,254	70,856
Income before provisions for Zakat		**2,028,334**	**1,711,965**
Provisions for Zakat	24	266,727	204,110
Net income		**1,761,607**	**1,507,855**
Basic and diluted earnings per share (expressed in SAR per share)	23a	**1.59**	**1.37**

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

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The Saudi Investment Bank

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2023 and 2022

	Notes	2023 SAR'000	2022 SAR'000
Net income		**1,761,607**	**1,507,855**
Other comprehensive income / (loss)			
Items that cannot be reclassified to the consolidated statement of income in subsequent periods:			
Net change in fair value of equity investments held at fair value through other comprehensive income		116,975	(179,370)
Net change in present value of defined benefit obligations due to change in actuarial assumptions		(21,131)	16,547
Items that will be reclassified to the consolidated statement of income in subsequent periods:			
Net change in fair value of debt securities held at fair value through other comprehensive income		120,637	(1,574,976)
Net change in expected credit loss impairment provision		(630)	(18,573)
Fair value gains transferred to the consolidated statement of income on disposals of FVOCI debt securities, net	21	(15,234)	(10,791)
Share in other comprehensive income of associates	8b	561	-
Total other comprehensive income / (loss)		**201,178**	**(1,767,163)**
Total comprehensive income / (loss) attributable to equity shareholders		**1,962,785**	**(259,308)**

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

Abdallah Salih Jum'ah
Chairman

Faisal Al-Omran
Chief Executive Officer

Saad Altayyar
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the years ended December 31, 2023 and 2022

2023 (SAR'000)	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividend	Shareholders' equity	Tier I Sukuk	Total equity
Balances at the beginning of the year		**10,000,000**	**3,376,000**	**(1,207,944)**	**956,640**	**450,000**	**13,574,696**	**3,215,000**	**16,789,696**
Net income		-	-	-	1,761,607	-	1,761,607	-	1,761,607
Total other comprehensive income		-	-	201,178	-	-	201,178	-	201,178
Total comprehensive income		**-**	**-**	**201,178**	**1,761,607**	**-**	**1,962,785**	**-**	**1,962,785**
Dividends paid	17	-	-	-	(400,000)	(450,000)	(850,000)	-	(850,000)
Tier I Sukuk costs		-	-	-	(167,428)	-	(167,428)	-	(167,428)
Realized gain on disposal of FVOCI equity securities		-	-	(1,642)	1,642	-	-	-	-
Repayment of Tier I Sukuk	38	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Issuance of Tier I Sukuk	35	-	-	-	-	-	-	500,000	500,000
Transfer to statutory reserve	16	-	441,000	-	(441,000)	-	-	-	-
Balances at the end of the year		**10,000,000**	**3,817,000**	**(1,008,408)**	**1,711,461**	**-**	**14,520,053**	**2,715,000**	**17,235,053**

2022 (SAR'000)	Notes	Share capital	Statutory Reserve	Other reserves	Retained earnings	Proposed dividend	Proposed bonus shares issuance	Shareholders' equity	Tier I Sukuk	Total equity
Balances at the beginning of the year		7,500,000	2,999,000	562,063	715,412	525,000	2,500,000	14,801,475	1,500,000	16,301,475
Net income		-	-	-	1,507,855	-	-	1,507,855	-	1,507,855
Total other comprehensive loss		-	-	(1,767,163)	-	-	-	(1,767,163)	-	(1,767,163)
Total comprehensive loss		-	-	(1,767,163)	1,507,855	-	-	(259,308)	-	(259,308)
Dividends paid	17	-	-	-	(300,000)	(525,000)	-	(825,000)	-	(825,000)
Tier I Sukuk costs		-	-	-	(142,471)	-	-	(142,471)	-	(142,471)
Realized gain on disposal of FVOCI equity securities		-	-	(2,844)	2,844	-	-	-	-	-
Increase in share capital through issuance of bonus shares	17	2,500,000	-	-	-	-	(2,500,000)	-	-	-
Repayment of Tier I Sukuk	38	-	-	-	-	-	-	-	(285,000)	(285,000)
Issuance of Tier I Sukuk	35	-	-	-	-	-	-	-	2,000,000	2,000,000
Transfer to statutory reserve	16	-	377,000	-	(377,000)	-	-	-	-	-
Proposed dividend	17	-	-	-	(450,000)	450,000	-	-	-	-
Balances at the end of the year		10,000,000	3,376,000	(1,207,944)	956,640	450,000	-	13,574,696	3,215,000	16,789,696

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

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The Saudi Investment Bank

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

	Notes	2023 (SAR'000)	2022 (SAR'000)
OPERATING ACTIVITIES			
Income before provisions for Zakat		**2,028,334**	**1,711,965**
Adjustments to reconcile net income to net cash generated from operating activities			
Net accretion of discounts and amortization of premiums on investments		(46,663)	(6,706)
Net change in deferred loan fee		(51,957)	14,093
Gains on sales of property and equipment		(3)	(7)
Gains on disposals of FVOCI debt securities, net	21	(15,234)	(10,791)
Unrealized (gain) / loss on FVTPL financial instruments, net		(13,875)	71,063
Realized gain on FVTPL financial instruments, net		(2,185)	(1,333)
Depreciation and amortization		183,459	154,986
Lease interest expense	9b	13,281	12,597
Provision of end of service benefit obligation	34a	34,388	43,978
Net effect of commission free deposit from SAMA and SAMA Private Sector Financing Support Program		(89,276)	(116,510)
Provisions for credit and other losses	37a	358,657	191,569
Share in earnings of associates	8b	(77,254)	(70,856)
		2,321,672	**1,994,048**
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		(465,593)	(202,874)
Due from banks and other financial institutions maturing after three months from acquisition date		(4,078)	-
Loans and advances		(12,178,477)	(9,844,515)
Positive fair values of derivatives, net		(102,454)	(480,985)
Other real estate	29c	(406,916)	-
Other assets		333,337	(307,395)
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions, net		6,485,463	(2,027,872)
Customers' deposits		13,654,738	7,817,005
Negative fair value of derivatives, net		(21,772)	329,593
Other liabilities		443,057	56,047
Interest paid on lease liabilities	9b	(13,281)	(12,597)
		10,045,696	**(2,679,545)**
Zakat payments		(324,783)	(349,879)
Net cash generated from / (used in) operating activities		**9,720,913**	**(3,029,424)**
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments of investments		2,459,607	4,191,801
Purchase of investments		(6,151,430)	(5,340,526)
Dividends received from associates	8b	32,855	31,571
Purchase of property, equipment, and intangible assets		(218,430)	(453,381)
Net cash used in investing activities		**(3,877,398)**	**(1,570,535)**
FINANCING ACTIVITIES			
Dividend paid	17	(850,000)	(825,000)
Repayment of Tier I Sukuk	38	(1,000,000)	(285,000)
Payment of principal portion of lease liabilities		(10,986)	(30,092)
Issuance of Tier I Sukuk	35	500,000	2,000,000
Tier I Sukuk cost		(167,428)	(142,471)
Net cash (used in) / generated from financing activities		**(1,528,414)**	**717,437**
Net increase / (decrease) in cash and cash equivalents		**4,315,101**	**(3,882,522)**
Cash and cash equivalents at the beginning of the year	4b	4,156,381	8,038,903
Cash and cash equivalents at the end of the year	4b	8,471,482	4,156,381
Supplemental special commission information			
Special commission received		6,893,698	3,713,200
Special commission paid		4,593,036	955,200
Other supplemental information			
Right of use assets	9b	200,943	212,611
Lease Liabilities	9b	209,898	202,601

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

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Saad Altayyar
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1. General

The Saudi Investment Bank (the "Bank"), a Saudi joint stock company, was formed pursuant to Royal Decree No. M/31 dated 25 Jumada II 1396H, corresponding to June 23, 1976 in the Kingdom of Saudi Arabia ("KSA"). The Bank operates under Commercial Registration No. 1010011570 dated 25 Rabie Awwal 1397H, corresponding to March 16, 1977 through its 51 branches (2022: 51 branches) in KSA. The address of the Bank's Head Office is as follows:

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

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

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

Name of subsidiaries	Ownership		Description
	2023	2022	
Alistithmar for Financial Securities and Brokerage Company	100%	100%	A Saudi closed joint stock company, which is registered in KSA under Commercial Registration No. 1010235995 issued on 8 Rajab 1428H (corresponding to July 22, 2007). The principal activities of Alistithmar Capital include dealing in securities as principal and agent, underwriting, management of investment funds and private investment portfolios on behalf of customers, and arrangement, advisory and custody services relating to financial securities;
Saudi Investment Real Estate Company	100%	100%	A limited liability company, which is registered in KSA under commercial registration No. 101268297 issued on 29 Jumada Awwal 1430H (corresponding to May 25, 2009). The primary objective of the Company is to hold title deeds as collateral on behalf of the Bank for real estate related lending transactions
SAIB Markets Limited Company	100%	100%	A Cayman Island limited liability company, registered in the Caymans Islands on July 18, 2017, and is 100% owned by the Bank. The objective of the Company is to conduct derivatives and repurchase activities on behalf of the Bank

The Saudi Investment Bank

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

2. Basis of preparation

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

a) Statement of compliance

These consolidated financial statements as of and for the year ended December 31, 2023 have been prepared

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

b) Basis of measurement and presentation

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

c) Functional and presentation currency

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

d) Critical accounting judgements, estimates and assumptions

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

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

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

i) Impairment losses on financial assets

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

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

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

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

ii) Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each consolidated statement of financial position date, except as disclosed in note 30c.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It assumes that transaction take place either:

The Saudi Investment Bank
Notes to the consolidated financial statements
For the years ended December 31, 2023 and 2022

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

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

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

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

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

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

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

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

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

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

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

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

iii) Impairment of non-financial assets

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

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

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

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

iv) Determination of control over investment funds

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

v) Determination of significant influence over investees

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

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

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

vi) Going concern

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

vii) Determination of lease terms

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

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

viii) Depreciation and amortization

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

ix) Provisions for liabilities and charges

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

x) Employee Benefit obligation

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

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

xi) Classification of Tier I Sukuk

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

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

3. Summary of significant accounting policies

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

a) Changes in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2022 except for the below standards, interpretations, and amendments that became applicable for annual reporting periods beginning on or after January 1, 2023:

Standard, interpretation, amendments	Description	Effective date
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	Annual periods beginning on or after January 01, 2023.
Narrow scope amendments to IAS 1	Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023.
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	There amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 01, 2023.
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after January 01, 2023.
Amendments to IAS 8	Definition of accounting estimates	Annual periods beginning on or after January 01, 2023

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

b) Basis of consolidation

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

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

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

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

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

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

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

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

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

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

c) Financial assets and financial liabilities

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

ii) Classification of financial assets
On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL.

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

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

Financial Assets at FVOCI

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

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

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

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

Financial Assets at FVTPL
All other financial assets are classified as measured at FVTPL.

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

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

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

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

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

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

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

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

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

iii) Classification of financial liabilities

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

iv) Derecognition

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

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

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

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

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

No impairment loss is recognized on equity investments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

viii) Collaterals

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

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

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

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

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

ix) Write-offs

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

x) Offsetting financial instruments

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

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

xi) Financial guarantees and loan commitments

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

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

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

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

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

- The Bank issued no loan commitment that are measured at FVTPL.
- Liabilities arising from financial guarantees and loan commitments are included within provisions

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

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

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

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

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

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

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

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

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

f) Derivative financial instruments and hedge accounting

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

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

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

i) Derivatives held for trading

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

ii) Embedded derivatives

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

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

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

iii) Hedge accounting

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

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

(a) fair value hedges which hedge the exposure to changes in the fair value of a recognized asset or liability, (or assets or liabilities in the case of portfolio hedging), or an unrecognized firm commitment or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the reported net gain or loss; and

(b) cash flow hedges which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognized asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

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

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

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

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

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

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

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

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

h) Government grants

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

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

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

i) Share capital

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

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

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

j) Revenue / expense recognition

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

i) Special commission income and expense

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

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

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

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

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

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

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

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

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

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

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

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

iii) Fee income from banking services
Fees that are considered an integral to the effective special commission rate are deferred and included in the measurement of the relevant assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Right-of-Use (ROU) leased assets

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

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

Lease liabilities

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

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

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

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

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

Leases of low-value assets

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

o) Provisions

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

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

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

Management periodically evaluates positions taken in Zakat returns with respect to situations in which applicable Zakat regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the ZATCA. Adjustments arising from final assessments are recorded in the period in which such assessments are made.

Since Zakat is not accounted for similar to Income tax, no deferred Zakat is calculated.

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

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

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

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

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

t) Non-interest based banking products

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

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

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

4. Cash and balances with SAMA

a) Cash and balances with SAMA as of December 31, 2023 and 2022 are summarized as follows:

	2023 SAR'000	2022 SAR'000
Cash in hand	678,550	721,189
Reverse repurchase agreements	6,440,000	2,276,000
Other balances	(117,203)	(147,260)
Cash and balances with SAMA excluding statutory deposit (note 4b)	**7,001,347**	**2,849,929**
Statutory deposit	4,016,922	3,551,329
Cash and balances with SAMA	**11,018,269**	**6,401,258**

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

b) Cash and cash equivalents, included in the consolidated statement of cash flows, as of December 31, 2023 and 2022 are comprised of the following:

	2023 SAR'000	2022 SAR'000
Cash and balances with SAMA excluding statutory deposit (note 4a)	7,001,347	2,849,929
Due from banks and other financial institutions maturing within three months from the date of acquisition	1,470,135	1,306,452
Cash and cash equivalents	**8,471,482**	**4,156,381**

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5. Due from banks and other financial institutions, net
a) Due from banks and other financial institutions, net as of December 31, 2023 and 2022 are summarized as follows:

	2023 SAR'000	2022 SAR'000
Current accounts	1,126,516	1,109,990
Money market placements	347,697	196,462
Total due from banks and other financial institutions	**1,474,213**	**1,306,452**
Allowance for credit losses (note 5b)	(795)	(1,751)
Due from banks and other financial institutions, net	**1,473,418**	**1,304,701**

The credit quality of due from banks and other financial institutions is managed using data from reputable external credit ratings agencies. The credit quality of due from banks and other financial institutions is disclosed in note 29.

b) The movement of the allowance for credit losses, for due from banks and other financial institutions, for the years ended 31 December 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Balances at the beginning of the year	1,751	8,632
Reversal of credit losses	(956)	(6,881)
Balances at the end of the year	**795**	**1,751**

6. Investments, net
a) Investments, net as of December 31, 2023 and 2022 are classified as follows:

	2023 SAR'000	2022 SAR'000
Held at amortized cost – debt securities	12,303,445	6,226,668
Allowance for credit losses	(3,888)	(2,826)
Held at amortized cost – debt securities, net	**12,299,557**	**6,223,842**
FVOCI – debt securities	19,670,682	21,765,769
FVOCI – equity securities	291,923	176,613
FVTPL	38,911	13,735
Investments, net	**32,301,073**	**28,179,959**

b) Investments, net as of December 31, 2023 and 2022 by type of securities are summarized as follows:

	2023 SAR'000			2022 SAR'000		
	Domestic	International	Total	Domestic	International	Total
Investments - FVOCI						
Fixed rate debt securities	14,352,573	4,500,402	18,852,975	16,063,799	4,710,587	20,774,386
Bonds	6,479,418	3,740,310	10,219,728	6,831,775	3,931,578	10,763,353
Sukuk	7,873,155	760,092	8,633,247	9,232,024	779,009	10,011,033
Floating rate debt securities	817,707	-	817,707	819,893	171,490	991,383
Bonds	-	-	-	-	171,490	171,490
Sukuk	817,707	-	817,707	819,893	-	819,893
Total debt securities	15,170,280	4,500,402	19,670,682	16,883,692	4,882,077	21,765,769
Equities	291,923	-	291,923	176,613	-	176,613
Investments – FVOCI	**15,462,203**	**4,500,402**	**19,962,605**	**17,060,305**	**4,882,077**	**21,942,382**
Investments – FVTPL						
Mutual funds	36,608	-	36,608	10,034	-	10,034
Other securities	-	2,303	2,303	-	3,701	3,701
Investments – FVTPL	**36,608**	**2,303**	**38,911**	**10,034**	**3,701**	**13,735**
Investments – Amortized cost, net						
Fixed rate debt securities	4,112,838	8,045,439	12,158,277	2,202,521	3,961,229	6,163,750
Bonds	2,043,646	7,858,750	9,902,396	1,057,889	3,774,353	4,832,242
Sukuk	2,069,192	186,689	2,255,881	1,144,632	186,876	1,331,508
Floating rate debt securities	102,122	39,158	141,280	50,977	9,115	60,092
Bonds	-	9,152	9,152	-	9,115	9,115
Sukuk	102,122	30,006	132,128	50,977	-	50,977
Investments – amortized cost, net	**4,214,960**	**8,084,597**	**12,299,557**	**2,253,498**	**3,970,344**	**6,223,842**
Investments, net	**19,713,771**	**12,587,302**	**32,301,073**	**19,323,837**	**8,856,122**	**28,179,959**

The Group holds strategic investments in equity securities totaling SAR 291.9 million as of December 31, 2023 (2022: SAR 176.6 million) including the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, the Saudi Credit Bureau ("SIMAH"), and the Saudi Company for Registration of Finance Lease Contracts.

Fixed rate bonds include investments in SAMA treasury bills totaling NIL as of December 31, 2023 (2022: 153.6 million). These are valued through quoted prices in an active market (Saudi Exchange).

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c) The composition of Investments, net as of December 31, 2023 and 2022 is as follows:

	2023 SAR'000			2022 SAR'000		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Investments - FVOCI						
Fixed rate debt securities	18,469,598	383,377	18,852,975	20,404,966	369,420	20,774,386
Bonds	10,219,728	-	10,219,728	10,763,353	-	10,763,353
Sukuk	8,249,870	383,377	8,633,247	9,641,613	369,420	10,011,033
Floating rate debt securities	-	817,707	817,707	171,490	819,893	991,383
Bonds	-	-	-	171,490	-	171,490
Sukuk	-	817,707	817,707	-	819,893	819,893
Total debt securities	18,469,598	1,201,084	19,670,682	20,576,456	1,189,313	21,765,769
Equities	287,280	4,643	291,923	171,970	4,643	176,613
Investments – FVOCI	**18,756,878**	**1,205,727**	**19,962,605**	**20,748,426**	**1,193,956**	**21,942,382**
Investments – FVTPL						
Mutual funds	-	36,608	36,608	-	10,034	10,034
Other securities	-	2,303	2,303	-	3,701	3,701
Investments – FVTPL	**-**	**38,911**	**38,911**	**-**	**13,735**	**13,735**
Investments – amortized cost, net						
Fixed rate debt securities	11,465,293	692,984	12,158,277	5,760,456	403,294	6,163,750
Bonds	9,902,396	-	9,902,396	4,832,242	-	4,832,242
Sukuk	1,562,897	692,984	2,255,881	928,214	403,294	1,331,508
Floating rate debt securities	9,152	132,128	141,280	9,115	50,977	60,092
Bonds	9,152	-	9,152	9,115	-	9,115
Sukuk	-	132,128	132,128	-	50,977	50,977
Investments – amortized cost, net	**11,474,445**	**825,112**	**12,299,557**	**5,769,571**	**454,271**	**6,223,842**
Investments, net	**30,231,323**	**2,069,750**	**32,301,073**	**26,517,997**	**1,661,962**	**28,179,959**

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

The Group's investments in mutual funds represent investments in private real estate fund with the investment objective of delivering medium-term capital appreciation through development of premium residential apartments. The Group had also invested in shariah compliant open ended investment funds for investors seeking capital appreciation and high liquidity through exposure to Shariah compliant Saudi equities and financial products.

Investments include SAR 19.7 billion (2022: SAR 13.6 billion) in debt securities, which have been pledged under repurchase agreements with other financial institutions. Pledged assets are those financial assets that may be repledged or resold by counterparties to whom they have been transferred. These transactions are conducted under terms that are usual and customary to standard securities borrowing and lending activities, as well as requirements determined by exchanges on which the Bank acts as a participant. See note 12b.

d) Investments, net are classified by counterparty as of December 31, 2023 and 2022 as follows:

	2023 SAR'000	2022 SAR'000
Government and quasi-government	18,801,266	18,897,860
Corporate	4,855,884	4,496,381
Banks and other financial institutions	8,643,923	4,785,718
Total	**32,301,073**	**28,179,959**

e) The movement of the allowance for credit losses, for investments, for the years ended December 31, 2023 and 2022 is as follows:

	2023 SAR'000	2022 SAR'000
Balances at the beginning of the year	10,438	26,185
Allowance/ (Reversals) for credit losses	433	(15,747)
Balances at the end of the year	**10,871**	**10,438**

7. Loans and advances, net

a) Loans and advances, net, held at amortized cost, as of December 31, 2023 and 2022 are comprised of the following:

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

	2022 SAR'000			
	Commercial and other	Overdrafts	Consumer	Total
Stage 1	50,037,228	4,159,281	10,569,813	64,766,322
Stage 2	2,620,465	717,535	71,272	3,409,272
Stage 3	1,035,361	363,600	6,158	1,405,119
Total performing loans and advances	53,693,054	5,240,416	10,647,243	69,580,713
Non -performing loans and advances	-	998,626	108,728	1,107,354
Total loans and advances	53,693,054	6,239,042	10,755,971	70,688,067
Allowance for credit losses	(759,481)	(914,783)	(130,605)	(1,804,869)
Loans and advances, net	52,933,573	5,324,259	10,625,366	68,883,198

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b) Total loans and advances as of December 31, 2023 and 2022 are comprised of the following:

	2023 SAR'000	2022 SAR'000
Conventional loans and advances	28,564,937	22,644,674
Non-Interest based loans and advances:	54,110,113	48,043,393
Murabaha, including Tawarruq	54,044,475	47,963,124
Ijarah	65,638	80,269
Total loans and advances	**82,675,050**	**70,688,067**

c) The movement of the allowance for credit losses, for loans and advances, for the years ended December 31, 2023 and 2022 is as follows:

	2023 SAR'000	2022 SAR'000
Balances at the beginning of the year	1,804,869	1,962,615
Allowance for credit losses	362,863	150,673
Write-offs	(312,961)	(608,748)
Recoveries	69,509	300,329
Balances at the end of the year	**1,924,280**	**1,804,869**

d) The credit quality of loans and advances as of December 31, 2023 and 2022 is summarized as follows:

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

	2023 SAR'000	2022 SAR'000
Grade 1 - Exceptional	2,040,524	1,912,460
Grade 2 - Excellent	14,475,509	11,365,018
Grade 3 - Strong	21,787,870	12,917,534
Grade 4 - Good	16,084,267	12,119,343
Grade 5 - Acceptable	14,398,466	15,697,957
Grade 6 - Marginal	513,890	680,999
Grade 7 – Special Mention	16,962	1,110,140
Unrated	9,813,169	10,059,363
Total	**79,130,657**	**65,862,814**

The above table includes neither past due nor credit impaired loans and advances classified as Stage 2 amounting to SAR 2.8 billion (2022: SAR 2.9 billion). These loans are classified as Stage 2 as they exhibit a significant increase in credit risk due to their categorization as restructured, relative downgrade in risk ratings, watchlist and cross facility defaults. It also includes Stage 2 exposures which are yet to complete curing period to be eligible to be upgraded to Stage 1.

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

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

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

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

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

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

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

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

Unrated – unrated loans and advances primarily consist of consumer and other retail loans with no past due balances.

(ii) Past due but not credit impaired loans and advances as of December 31, 2023 and 2022 are as follows:

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

	2022 SAR'000		
	Commercial, overdrafts and others	**Consumer**	**Total**
From 1 day to 30 days	1,039,744	510,450	1,550,194
31 days and above	691,314	71,272	762,586
Total	**1,731,058**	**581,722**	**2,312,780**

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e) The economic sector risk concentrations as of December 31, 2023 and 2022 are as follows:

	2023 SAR'000					
	Performing					
	Stage 1	Stage 2	Stage 3	Non-performing	Allowance for credit losses	Loans and advances, net
Government and quasi-government	1,413,508	-	-	-	(1,408)	1,412,100
Banks and other financing entities	5,528,072	7,853	-	-	(27,024)	5,508,901
Agriculture and fishing	208,865	-	80,126	-	(8,333)	280,658
Manufacturing	3,684,317	69,363	71	142,421	(142,716)	3,753,456
Building and construction	5,546,034	1,858,398	49,911	399,055	(406,306)	7,447,092
Commerce	12,296,688	387,252	176,268	431,115	(521,585)	12,769,738
Transportation and communication	801,746	-	1	13,391	(17,498)	797,640
Services	3,358,799	291,500	1,741	35,511	(60,525)	3,627,026
Mining and quarrying	143,576	-	-	-	(669)	142,907
Electricity, water, gas and health services	7,215,487	-	-	-	(38,961)	7,176,526
Consumer loans	10,277,957	68,435	441	89,789	(131,476)	10,305,146
Other	26,427,874	873,041	667,786	128,658	(567,779)	27,529,580
Total	**76,902,923**	**3,555,842**	**976,345**	**1,239,940**	**(1,924,280)**	**80,750,770**

	2022 SAR'000					
	Performing					
	Stage 1	Stage 2	Stage 3	Non-performing	Allowance for credit losses	Loans and advances, net
Government and quasi-government	631,647				(2,926)	628,721
Banks and other financing entities	9,209,441	28,973	66,587	39,188	(113,346)	9,230,843
Agriculture and fishing	203,300	80,173	4,146		(1,494)	286,125
Manufacturing	2,055,702	201,386	100,710	37,854	(107,231)	2,288,421
Building and construction	5,076,230	1,412,789	155,473	184,257	(377,844)	6,450,905
Commerce	10,343,186	504,426	454,357	726,006	(687,340)	11,340,635
Transportation and communication	816,591	2,826	8	11,321	(21,497)	809,249
Services	1,802,429	195,505	32,220		(36,498)	1,993,656
Mining & quarrying	114,935	-	-	-	(1,180)	113,755
Electricity, water, gas and health services	1,347,963	-	-	-	(17,927)	1,330,036
Consumer loans	10,569,813	71,272	6,158	108,728	(130,605)	10,625,366
Other	22,595,085	911,922	585,460		(306,981)	23,785,486
Total	**64,766,322**	**3,409,272**	**1,405,119**	**1,107,354**	**(1,804,869)**	**68,883,198**

8. Investments in associates

a) Investments in associates as of December 31, 2023 and 2022 include the Bank's ownership interest in associated companies in KSA, as follows:

	2023	2022
American Express (Saudi Arabia) ("AMEX")	50%	50%
YANAL Finance ("YANAL")	38%	38%
Amlak International Finance Company("AMLAK")	22.4%	22.4%

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

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

AMLAK is a Saudi Arabian joint stock company in KSA with total capital of SAR 906 million. AMLAK provides shariah compliant financing products namely ; real estate financing, financing the activity of small and medium enterprises, and consumer financing in KSA.

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

b) The movement of investments in associates for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Balance at beginning of the year	922,985	883,700
Share in earnings	77,254	70,856
Dividends	(32,855)	(31,571)
Share of other comprehensive income	561	-
Balance at end of the year	**967,945**	**922,985**

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

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

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c) The following table summarizes the associates' assets, liabilities, and equity as of December 31, 2023 and 2022, and income and expense for the years then ended:

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

	2022 SAR'000		
	AMEX	YANAL	AMLAK
Total assets	1,096,080	1,487,826	3,916,186
Total liabilities	709,490	575,439	2,671,666
Total equity	386,590	912,387	1,244,520
Total income	394,215	133,626	229,810
Total expenses	351,543	48,911	150,701

d) The following table reconciles the summarized financial information to the carrying amount of the Bank's investments in associates as of December 31, 2023 and 2022:

	2023 SAR'000			
	AMEX	YANAL	AMLAK	Total
Net assets	472,053	950,773	1,195,585	-
Group's share of net assets	236,027	359,937	267,896	863,860
Goodwill	94,210	9,875	-	104,085
Carrying amount of interest	330,237	369,812	267,896	967,945

	2022 SAR'000			
	AMEX	YANAL	AMLAK	Total
Net assets	386,590	912,387	1,244,520	
Group's share of net assets	193,295	346,708	278,897	818,900
Goodwill	94,210	9,875	-	104,085
Carrying amount of interest	287,505	356,583	278,897	922,985

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

		2023 SAR'000	2022 SAR'000
Property and equipment, net	(a)	984,799	999,763
Right of use assets, net	(b)	200,943	212,611
Property, equipment, and right of use assets, net		**1,185,742**	**1,212,374**
Intangible assets, net	(c)	484,914	428,342

a) Property and equipment, net as of December 31, 2023 and 2022 are summarized as follows:

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

	2022 SAR'000				
	Land and buildings	Leasehold improvements	Furniture, equipment and vehicles	Projects pending completion	Total
Cost					
Balance at the beginning of the year	1,110,405	180,834	419,767	987	1,711,993
Additions	266,272	17,579	22,669	1,388	307,908
Disposals	-	-	(973)	-	(973)
Balance at the end of the year	1,376,677	198,413	441,463	2,375	2,018,928
Accumulated depreciation					
Balance at the beginning of the year	434,643	162,756	358,037	-	955,436
Charge for the year	34,487	9,987	20,228	-	64,702
Disposals	-	-	(973)	-	(973)
Balance at the end of the year	469,130	172,743	377,292	-	1,019,165
Net book value	**907,547**	**25,670**	**64,171**	**2,375**	**999,763**

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b) ROU Assets, net and lease liabilities as of December 31, 2023 and 2022 are summarized as follows:

Right of Use Assets	2023 SAR'000	2022 SAR'000
Balance at the beginning of the year	**212,611**	**243,002**
Additions	13,261	803
Modification	527	-
Terminations	(557)	(1,361)
Depreciation	(24,899)	(29,833)
Balance at the end of the year	**200,943**	**212,611**
Lease liabilities		
Balance at the beginning of the year	**202,601**	**231,890**
Additions	13,261	803
Remeasurements	5,559	-
Terminations	(537)	-
Interest	13,281	12,597
Payments	(24,267)	(42,689)
Balance at the end of the year	**209,898**	**202,601**

The lease term of leases included in ROU assets range from 2 years to 35 years (2022: 2 years to 35 years). The payment for rentals is made on a monthly, quarterly, and annual basis and is paid in advance or arrears.

c) Intangible assets, net as of December 31, 2023 and 2022 are summarized as follows:

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

	2022 SAR'000			
	Software	Projects pending completion	Goodwill	Total
Cost				
Balance at the beginning of the year	561,253	72,718	18,295	652,266
Additions	77,989	41,525	-	119,514
Transfers	38,537	(38,537)	-	-
Balance at the end of the year	677,779	75,706	18,295	771,780
Accumulated amortization				
Balance at the beginning of the year	282,987	-	-	282,987
Charge for the year	60,451	-	-	60,451
Balance at the end of the year	343,438	-	-	343,438
Net book value	**334,341**	**75,706**	**18,295**	**428,342**

10. Other assets, net

a) Other assets, net as of December 31, 2023 and 2022 are summarized as follows:

	2023 SAR'000	2022 SAR'000
Customer and other receivables	98,084	109,411
Prepaid expenses	92,845	106,875
Others (i)	69,748	359,431
Total other assets	**260,677**	**575,717**
Allowance for credit losses	(2,968)	(2,906)
Other assets, net	**257,709**	**572,811**

(i) Others mainly include margins held by counterparties in favor of the Bank under Global Master Repurchase Agreements ("GMRA") amounting to SAR 40.8 million (2022: SAR 347.6 million).

b) The movement of the allowance for credit losses for other assets for the year ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Balances at the beginning of the year	2,906	2,712
Allowance for credit losses	62	194
Balances at the end of the year	**2,968**	**2,906**

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

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

ii. Forwards and futures
Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter market. Foreign currency and special commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

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

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

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

i. Held for trading purposes
Most of the Bank's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profit from favorable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profit from price differentials, between markets or products.

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

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

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

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

Derivative financial instruments as of December 31, 2023 and 2022 are summarized as follows:

				Notional amounts by term to maturity			
2023 SAR'000	**Positive fair value**	**Negative fair value**	**Notional amount**	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Held for trading:							
Forward foreign exchange contracts	7,512	7,189	6,339,797	-	6,339,797	-	-
Special commission rates instruments	284,569	284,569	15,085,529	3,200,000	-	8,450,918	3,434,611
Held as fair value hedges:							
Special commission rates swaps	328,546	-	8,285,158	-	1,031,278	5,060,070	2,193,810
CSA / EMIR cash margins	(48,257)	(266,485)	-	-	-	-	-
Subtotal	572,370	25,273	29,710,484	3,200,000	7,371,075	13,510,988	5,628,421
Associated company put option (note 11e)	113,066	-	-	-	-	-	-
Total (note 29m)	**685,436**	**25,273**	**29,710,484**	**3,200,000**	**7,371,075**	**13,510,988**	**5,628,421**

				Notional amounts by term to maturity			
2022 SAR'000	**Positive fair value**	**Negative fair value**	**Notional amount**	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Held for trading:							
Forward foreign exchange contracts	1,642	6,234	4,251,090	2,698,941	-	1,552,149	-
Special Commission rate instruments	290,803	291,282	16,298,410	2,205,556	810,970	7,707,492	5,574,392
Held as fair value hedges:							
Special Commission rate swaps	463,182	-	9,076,117	-	375,970	4,522,919	4,177,228
CSA / EMIR cash margins	(141,815)	(250,471)	-	-	-	-	-
Subtotal	613,812	47,045	29,625,617	4,904,497	1,186,940	13,782,560	9,751,620
Associated company put option (note 11e)	99,191	-	-	-	-	-	-
Total (note 29m)	**713,003**	**47,045**	**29,625,617**	**4,904,497**	**1,186,940**	**13,782,560**	**9,751,620**

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

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

As of December 31, 2023, the CSA and EMIR net cash collateral amounts held by counterparties in favor of the Bank totaled SAR 218.2 million (2022: SAR 108.6 million). The EMIR net cash margins include initial margin payments made to the counterparties.

The positive and negative fair values of derivatives including CSA and EMIR cash margins have been netted/offset when there is a legally enforceable right to set off the recognized amounts and the Group intends to settle on a net basis, or to realize the assets and settle the liability simultaneously. See note 29m.

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

f) The table below is a summary of the Bank's fair value hedges and hedged portfolios as of December 31, 2023 and 2022, which includes the description of the hedged items and related fair values, the nature of the risk being hedged, and the hedging instruments and related fair values.

	2023 SAR'000					
	Hedged items		Hedging instruments			
	Current fair value	Inception fair value	Hedged risk	Instrument used	Positive fair value	Negative fair value
Fixed commission rate investments	8,140,719	8,365,437	Fair value risk	Commission rate swaps	328,546	-

	2022 SAR'000					
	Hedged items		Hedging instruments			
	Current fair value	Inception fair value	Hedged risk	Instrument used	Positive fair value	Negative fair value
Fixed commission rate investments	8,861,691	9,703,032	Fair value risk	Commission rate swaps	463,182	-

The net loss during the year on hedging instruments for fair value hedges were SAR 134.6 million (2022: gains of SAR 1,149.4 million). The net gains on hedged items attributable to hedged risk were SAR 134.6 million (2022: losses of SAR 1,149.4 million). The net positive fair value of all derivatives is approximately SAR 660 million (2022: SAR net positive SAR 665.9 million). Approximately 85% (2022: 87%) of the positive fair value of the Bank's derivatives are entered into with financial institutions, and 15% (2022: 13%) of the positive fair value contracts are with any single counterparty other than financial institutions as at the consolidated statement of financial position date. Derivative activities are mainly carried out under the Bank's treasury segment.

g) The amounts relating to items designated as hedged item as of December 31, 2023 and 2022 are as follows:

2023 SAR'000	Carrying Amount	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount	Line item in the consolidated statement of financial position in which hedge item is included	Line item in the consolidated statement of financial position in which hedge item is included
Fixed commission rate investments	8,140,719	(300,057)	Investments – debt securities	FVOCI

2022 SAR'000	Carrying Amount	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount	Line item in the consolidated statement of financial position in which hedge item is included	Line item in the consolidated statement of financial position in which hedge item is included
Fixed commission rate investments	8,861,691	(459,188)	Investments– debtsecurities	FVOCI

12. Due to banks and other financial institutions, net

a) Due to banks and other financial institutions, net as of December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Current accounts	13,777	3,327
Repurchase agreements (i) (note 12b)	17,946,193	12,976,300
Money market deposits	2,166,891	1,807,659
Deposits from SAMA, net (note 12c)	7,161,797	6,105,184
Total	**27,288,658**	**20,892,470**

(i) The amount of Repurchase agreements include Repurchase agreements with SAMA amounting to SAR Nil million (2022: SAR 246.8 million)

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b) Debt securities pledged under repurchase agreements with other banks include corporate, bank, and non-government bonds. The fair values of assets pledged as collateral with financial institutions as security and the related balances of the repurchase agreements as of December 31, 2023 and 2022 are as follows:

	2023 SAR'000		2022 SAR'000	
	Pledged assets	Repurchase agreements	Pledged assets	Repurchase agreements
Debt securities	19,702,945	17,946,193	13,651,221	12,976,300

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

	2023 SAR'000	2022 SAR'000
December 31, 2023 (i)	-	2,863,794
December 31, 2024 (i)	4,455,791	624,660
December 31, 2025	2,810,069	2,810,069
Undiscounted deposits from SAMA	**7,265,860**	**6,298,523**
Less: Unamortized discount	(104,063)	(193,339)
Deposits from SAMA, net	**7,161,797**	**6,105,184**

(i) Deposits from SAMA maturing during the year ending December 31, 2024 includes accrued commission payable amounting to SAR 21.1 million (2022: SAR 38.4 million).

13. Customers' deposits
a) Customers' deposits as of December 31, 2023 and 2022 are summarized as follows:

Maturing during the year ending	2023 SAR'000	2022 SAR'000
Murabaha commodity deposits	20,472,459	19,892,110
Conventional time deposits	29,485,629	15,711,570
Time deposits	49,958,088	35,603,680
Savings deposits	3,301,306	2,739,319
Total special commission bearing deposits	**53,259,394**	**38,342,999**
Demand deposits	27,754,612	27,766,576
Other deposits	2,219,258	3,468,951
Customers' deposits	**83,233,264**	**69,578,526**

Other deposits include SAR 655.1 million (2022: SAR 649.2 million) of margin deposits held for irrevocable commitments.

Customers' deposits above include Sharia-Compliant, commodity deposits and demand deposits totaling SAR 40.8 billion (2022: SAR 47.6 billion).

The above amounts include foreign currency deposits (equivalent to Saudi Arabian Riyals) as of December 31, 2023 and 2022 as follows:

	2023 SAR'000	2022 SAR'000
Demand	1,272,424	1,513,309
Savings	1,733,068	523,282
Time	9,540,392	11,951,328
Other	58,840	75,746
Total	**12,604,724**	**14,063,665**

14. Other liabilities

a) Other liabilities as of December 31, 2023 and 2022 are summarized as follows:

	Notes	2023 SAR'000	2022 SAR'000
Accrued expenses		329,256	244,786
Allowance for credit losses for financial guarantee contracts	14b	237,943	241,688
Accrued salaries and other employee related benefits		226,545	227,303
Accrued Zakat		283,933	217,917
Employee end of service benefits	34a	248,907	207,301
Lease liabilities	9b	209,898	202,601
Zakat settlement liability, net	24c	-	119,890
Customer related liabilities		101,452	91,039
Allowance for legal proceedings	18a	43,278	47,164
Deferred fees and income		15,646	17,409
Margins received		319,822	4,269
Others		185,245	141,508
Total		**2,201,925**	**1,762,875**

b) The movement of the allowance for credit losses for financial guarantee contracts for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Balances at the beginning of the year	241,688	204,131
(Reversals) / Allowance for credit losses	(3,745)	37,557
Balances at the end of the year (note 14a)	**237,943**	**241,688**

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

	2023 SAR'000	2022 SAR'000
Less than one year	47,316	47,009
One to five years	110,064	78,111
More than five years	122,610	105,918
Total undiscounted lease liabilities	**279,990**	**231,038**
Lease liabilities (note 14a)	**209,898**	**202,601**

15. Share capital and other reserves
a) As of December 31, 2023, the authorized, issued and fully paid share capital of the Bank consists of 1,000 million shares of SAR 10 each (2022: 1,000 million shares of SAR 10 each). The ownership of the Bank's share capital as of December 31, 2023 and 2022 is as follows in SAR millions:

	2023		2022	
	Amount	**%**	**Amount**	**%**
Saudi shareholders	10,000	100	10,000	100
	10,000	**100**	**10,000**	**100**

b) Other reserves, classified in shareholders' equity, as of December 31, 2023 and 2022 are comprised of the following:

	2023 SAR'000	2022 SAR'000
Unrealized losses on fair valuation of debt securities at FVOCI before allowance for credit losses	(899,243)	(1,004,646)
Allowance for credit losses on debt securities at FVOCI	6,984	7,614
Unrealized losses on fair valuation of debt securities at FVOCI after allowance for credit losses	**(892,259)**	**(997,032)**
Unrealized losses on fair valuation of equity securities held at FVOCI	(86,249)	(201,581)
Actuarial losses on defined benefit obligation	(34,727)	(13,596)
Share of other comprehensive income of associates	4,827	4,265
Other reserves	**(1,008,408)**	**(1,207,944)**

16. Statutory reserve
In accordance with Saudi Arabian Banking Control Law and the Articles of Association of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid up capital of the Bank. Accordingly, SAR 441 million has been transferred from 2023 net income (2022: SAR 377 million from net income). The statutory reserve is not currently available for distribution.

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

17. Dividends and Bonus share issuance

During the year ended December 31, 2021, the Board of Directors proposed cash dividend of SAR 525 million equal to SAR 0.7 per share to 750 million eligible shares. The Board of Directors also proposed capital increase by way of issuing bonus shares to the bank's shareholders by granting one share for every three shares held. The capital increase was proposed by way of capitalization from statutory reserve. The proposed cash dividend and bonus shares issuance was approved by the Bank's shareholders in an extraordinary general assembly meeting held on February 1, 2022. During the year ended December 31, 2022, the cash dividends were paid, bonus shares were distributed and share capital was accordingly increased.

During the year ended December 31, 2022, the Board of Directors proposed an interim cash dividend of SAR 300 million equal to SAR 0.3 per share, for the year 2022, to 1,000 million eligible shares. The proposed cash dividend were paid during the year ended December 31, 2022.

During the year ended December 31, 2022, the Board of Directors proposed another cash dividend of SAR 450 million equal to SAR 0.45 per share, for the second half of 2022, to 1,000 million eligible shares. The proposed cash dividend was approved by the Bank's shareholders in an ordinary general assembly meeting held on April 10, 2023. During the year ended December 31, 2023, the cash dividends were paid.

During the year ended December 31, 2023, the Board of Directors proposed an interim cash dividend of SAR 400 million equal to SAR 0.40 per share, for the first half of the fiscal year 2023, to 1,000 million eligible shares. The proposed cash dividend were paid During the year ended December 31, 2023.

18. Commitments, contingencies, and financial guarantee contracts

a) Legal proceedings

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

The movement of the allowance for such legal cases, included in other liabilities, for the years ended December 31, 2023 and 2022 is summarized as follows :-

	2023 SAR'000	2022 SAR'000
Balance at beginning of the year	47,164	49,000
Utilized during the year	(3,886)	(1,836)
Balance at end of the year (note 14a)	**43,278**	**47,164**

b) Capital commitments

As of December 31, 2023, the Group had capital commitments of SAR 115.7 million (2022: SAR 188.2 million) for property, equipment and intangible assets.

c) Credit related commitments and contingencies

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

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

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

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

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

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

i) The contractual maturity structure for the Group's credit related commitments and contingencies as of December 31, 2023 and 2022 are as follows:

	2023 SAR'000				
	Within 3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Letters of credit	478,663	677,138	2,003,511	21,622	3,180,934
Letters of guarantee	504,831	2,179,920	7,856,866	382,380	10,923,997
Acceptances	69,754	211,415	641,575	92,908	1,015,652
Total financial guarantee contracts	1,053,248	3,068,473	10,501,952	496,910	15,120,583
Irrevocable commitments to extend credit	-	644,434	395,504	357,163	1,397,101
Credit-related commitments and contingencies	1,053,248	3,712,907	10,897,456	854,073	16,517,684

	2022 SAR'000				
	Within 3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Letters of credit	1,459,203	1,023,299	8,199	-	2,490,701
Letters of guarantee	1,845,099	4,926,315	2,929,021	32,758	9,733,193
Acceptances	859,691	218,582	-	-	1,078,273
Total financial guarantee contracts	4,163,993	6,168,196	2,937,220	32,758	13,302,167
Irrevocable commitments to extend credit	-	2,124,230	550,231	-	2,674,461
Credit-related commitments and contingencies	4,163,993	8,292,426	3,487,451	32,758	15,976,628

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

The outstanding unused portion of commitments as of December 31, 2023 which can be revoked unilaterally at any time by the Group, amounts to SAR 37.8 billion (2022: SAR 24.5 billion).

ii) The analysis of commitments and contingencies by counterparty as of December 31, 2023 and 2022 is as follows:

	2023 SAR'000	2022 SAR'000
Government and quasi-Government	544	1,075,306
Corporate	15,049,008	13,778,010
Banks and other financial institutions	1,450,362	1,081,389
Other	17,770	41,923
Total	**16,517,684**	**15,976,628**

19. Special commission income and expense

Special commission income and expense for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Special commission income:		
- Loans and advances	5,527,976	3,014,938
- Investments	1,496,344	920,477
- Banks and other financial institutions	390,856	131,903
Total special commission income	**7,415,176**	**4,067,318**
Special commission expense:		
- Customers' deposits	2,763,567	777,704
- Banks and other financial institutions	1,230,210	436,037
- Zakat settlement liability	4,182	8,700
Total special commission expense	**3,997,959**	**1,222,441**
Net special commission income	**3,417,217**	**2,844,877**

20. Fee income from banking services, net

Fee income from banking services, net for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Fee income:		
- Share trading and fund management	174,629	167,125
- Trade finance	118,260	110,334
- Corporate and retail finance	26,161	27,298
- Other banking services	319,817	255,483
Total fee income	**638,867**	**560,240**
Fee expense:		
- Share trading and fund management	40,783	51,059
- Other banking services	295,839	213,711
Total fee expense	**336,622**	**264,770**
Fee income from banking services, net	**302,245**	**295,470**

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21. Gains on disposals of FVOCI debt securities, net

Gains on disposals of FVOCI debt securities, net for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Losses on the sale of FVOCI debt securities	-	(325)
Gains on the sale of FVOCI debt securities	15,234	11,116
Gains on disposals of FVOCI debt securities, net	**15,234**	**10,791**

22. Compensation and related governance and practices

a) As required by SAMA, the following table summarizes the Group's employee categories defined in accordance with SAMA's rules on compensation practices. It includes the total amounts of fixed and variable compensation paid to employees, and the forms of such payments, and also includes the variable compensation accrued, and other employee benefits and related expenses incurred during the years ended December 31, 2023 and 2022.

		2023 SAR'000			
		Fixed	Variable Compensation Paid		
Category	**Number of Employees**	**Compensation Paid**	**Cash**	**Shares**	**Total**
Senior executives requiring SAMA no objection	13	35,410	21,844	-	21,844
Employees engaged in risk taking activities	83	52,937	15,331	-	15,331
Employees engaged in control functions	119	63,940	14,406	-	14,406
Other employees	1,203	280,759	45,848	-	45,848
Outsourced employees	70	23,523	2,614	-	2,614
Total	**1,488**	**456,569**	**100,043**	**-**	**100,043**
Other employee benefits and related expenses	330,131				
Total salaries and employee related expenses		**786,700**			

		2022 SAR'000			
		Fixed	Variable Compensation Paid		
Category	**Number of Employees**	**Compensation Paid**	**Cash**	**Shares**	**Total**
Senior executives requiring SAMA no objection	16	38,935	20,680	-	20,680
Employees engaged in risk taking activities	80	50,133	12,860	-	12,860
Employees engaged in control functions	118	61,504	10,460	-	10,460
Other employees	1,288	291,710	37,430	-	37,430
Outsourced employees	67	15,565	1,880	-	1,880
Total	**1,569**	**457,847**	**83,310**	**-**	**83,310**
Other employee benefits and related expenses	289,390				
Total salaries and employee related expenses		**747,237**			

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

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

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

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

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

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

The total amount of compensation paid to key management for the year ended December 31, 2023 was SAR 56.1 million (2022: SAR 53.7 million). The post-employment benefits accrued to key management for the year ended December 31, 2023 was SAR 2.9 million (2022: SAR 2.3 million).

The total end of service payments made for all employees who left their employment with the Group during the year ended December 31, 2023 totaled SAR 13.9 million (2022: SAR 13.9 million). These payments were made to 129 beneficiaries (2022: 153). The highest payment to a single individual in 2023 was SAR 1.2 million (2022: SAR 0.8 million).

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

	2023 SAR'000	2022 SAR'000
Profit attributable to ordinary shareholders		
Net income	1,761,607	1,507,855
Tier I Sukuk costs	(167,428)	(142,471)
Net income adjusted for Tier I Sukuk costs	**1,594,179**	**1,365,384**
Weighted average number of outstanding shares (in '000)		
Number of shares outstanding at the beginning of the year	1,000,000	750,000
Issuance of bonus shares during 2022 (note 17)	-	250,000
Weighted average number of outstanding shares	1,000,000	1,000,000
Basic and diluted earnings per share (SAR)	**1.59**	**1.37**

b) During the year ended December 31, 2022 basic and diluted earnings per share is calculated by dividing net income adjusted for Tier I Sukuk costs by weighted average number of the issued and outstanding shares after giving effect to distribution of 250 million bonus shares.

24. Zakat
Provisions for Zakat for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Provisions for Zakat	266,727	204,110
Provisions for Zakat, net	**266,727**	**204,110**

The movement of accrued zakat for the year ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Balance at the beginning of the year	**217,917**	**239,604**
Provisions for Zakat	266,727	204,110
Payment of Zakat	(200,711)	(225,797)
Balance at the end of the year	**283,933**	**217,917**

a) The Bank has filed the required Zakat returns with the ZATCA which are due on April 30 each year, through the year ended December 31, 2022. The Bank's Zakat calculations and corresponding accruals and payments for Zakat are based on the ownership percentages disclosed in note 15. The assessments for Bank's 2019, 2020, 2021 and 2022 zakat declarations are in progress.

b) On March 14, 2019, the ZATCA published rules (the "Rules") for the computation of Zakat for companies engaged in financing activities and licensed by SAMA. The Rules are issued pursuant to the Zakat Implementing Regulations and are applicable for the periods beginning January 1, 2019. In addition to providing a new basis for calculation of the Zakat base, the Rules have also introduced a minimum floor and maximum cap at 4 times and 8 times respectively of net income. The Zakat liability for the Saudi shareholders will continue to be calculated at 2.5% of the Zakat base but it should not fall below the minimum floor nor should exceed the maximum cap as prescribed by the Rules.

The Bank has provided for Zakat for the year ended December 31, 2023 and 2022 on the basis of the Bank's understanding of these rules.

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

	2023 SAR'000	2022 SAR'000
December 1, 2023	-	124,072
Undiscounted Zakat settlement liability	**-**	**124,072**
Less: Discount	-	(4,182)
Net discounted Zakat liability (note 14a)	**-**	**119,890**

The Zakat settlement also included provisions for the Bank to calculate the Zakat liability for the year ended December 31, 2018 using the same methodology as was agreed in the settlement for the prior years. The 2018 Zakat was calculated based on this method and was also charged to the consolidated statement of income in 2018 and was settled by April 30, 2019.

25. Operating segments

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

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

There has been no change to the measurement basis or classification for the segment profit or loss during the year ended December 31, 2023.

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

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

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

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

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

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

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

c) The segment information provided to the Bank's Board of Directors for the reportable segments for the Group's total assets and liabilities as of December 31, 2023 and 2022, and its total operating income, expenses, and Income before provisions for Zakat for the years then ended, are as follows:

	2023 SAR'000					
	Retail banking	**Corporate banking**	**Treasury and investments**	**Asset management and brokerage**	**Other**	**Total**
Total assets	22,663,518	58,045,352	45,774,327	798,238	2,702,738	129,984,173
Total liabilities	24,876,649	7,953,256	77,692,805	61,842	2,164,568	112,749,120
Net special commission income (loss)	956,480	4,037,253	(1,578,962)	56,851	(54,405)	3,417,217
FTP net transfers	163,396	(2,772,252)	2,597,333	-	11,523	-
Net FTP contribution	1,119,876	1,265,001	1,018,371	56,851	(42,882)	3,417,217
Fee income (loss) from banking services, net	17,599	126,928	35,026	144,379	(21,687)	302,245
Other operating income (loss)	91,829	71,032	245,439	1,677	(162,856)	247,121
Total operating income (loss)	1,229,304	1,462,961	1,298,836	202,907	(227,425)	3,966,583
Direct operating expenses	428,053	78,687	48,758	108,413	-	663,911
Indirect operating expenses	397,174	208,516	387,245	-	-	992,935
Allowance (reversal) for credit and other losses	82,379	276,741	(524)	61	-	358,657
Total operating expenses	907,606	563,944	435,479	108,474	-	2,015,503
Operating income (loss)	321,698	899,017	863,357	94,433	(227,425)	1,951,080
Share in earnings of associates	-	-	77,254	-	-	77,254
Income (loss) before provisions for Zakat	321,698	899,017	940,611	94,433	(227,425)	2,028,334

	2022 SAR'000					
	Retail banking	**Corporate banking**	**Treasury and investments**	**Asset management and brokerage**	**Other**	**Total**
Total assets	21,294,409	47,288,720	36,791,119	714,625	2,981,739	109,070,612
Total liabilities	24,714,662	10,182,710	54,794,735	74,542	2,514,267	92,280,916
Net special commission income (loss)	765,156	1,891,754	199,342	48,166	(59,541)	2,844,877
FTP net transfers	361,028	(808,129)	424,649	-	22,452	-
Net FTP contribution	1,126,184	1,083,625	623,991	48,166	(37,089)	2,844,877
Fee income (loss) from banking services, net	31,346	117,604	28,589	137,023	(19,092)	295,470
Other operating income (loss)	91,182	71,747	136,206	1,336	(162,925)	137,546
Total operating income (loss)	1,248,712	1,272,976	788,786	186,525	(219,106)	3,277,893
Direct operating expenses	348,132	75,608	50,657	104,575	-	578,972
Indirect operating expenses	341,458	191,863	332,922	-	-	866,243
Allowance (reversal) for credit and other losses	105,925	108,281	(22,628)	(9)	-	191,569
Total operating expenses	795,515	375,752	360,951	104,566	-	1,636,784
Operating income (loss)	453,197	897,224	427,835	81,959	(219,106)	1,641,109
Share in earnings of associates	-	-	70,856	-	-	70,856
Income (loss) before provisions for Zakat	453,197	897,224	498,691	81,959	(219,106)	1,711,965

d) The Group's credit exposure by business segment as of December 31, 2023 and 2022 is as follows:

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

	2022 SAR'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Consolidated statement of financial position assets	19,809,923	47,288,665	35,687,385	569,285	1,215,324	104,570,582
Commitments and contingencies	772,616	9,528,166	747,833	-	-	11,048,615
Derivatives	-	-	1,364,601	-	-	1,364,601
Totals	**20,582,539**	**56,816,831**	**37,799,819**	**569,285**	**1,215,324**	**116,983,798**

d) The Group's credit exposure by business segment as of December 31, 2023 and 2022 is as follows:

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

	2022 SAR'000					
	Retail banking	Corporate banking	Treasury and investments	Asset management and brokerage	Other	Total
Consolidated statement of financial position assets	19,809,923	47,288,665	35,687,385	569,285	1,215,324	104,570,582
Commitments and contingencies	772,616	9,528,166	747,833	-	-	11,048,615
Derivatives	-	-	1,364,601	-	-	1,364,601
Totals	**20,582,539**	**56,816,831**	**37,799,819**	**569,285**	**1,215,324**	**116,983,798**

Consolidated statement of financial position credit exposure is comprised of the carrying value of consolidated statement of financial position assets excluding cash on hand, property, equipment, right of use assets, net and Intangible assets, net, investments in associates, investments in equities, mutual funds, and other securities, other real estate, and other assets, net.

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26. Geographical concentration
The distribution by geographical region for assets, liabilities, and for commitments, contingencies, and derivatives as of December 31, 2023 and 2022 is as follows

	2023 SAR'000						
	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Assets							
Cash and balances with SAMA:							
Cash on hand	678,550	-	-	-	-	-	678,550
Balances with SAMA	10,339,719	-	-	-	-	-	10,339,719
Due from banks and other financial institutions, net:							
Current accounts	47,195	66,879	391,134	569,055	12,677	39,576	1,126,516
Money market placements	-	45,823	301,079	-	-	-	346,902
Investments							
Held at FVTPL	36,608	-	-	2,303	-	-	38,911
Held at amortized cost, net	4,214,959	1,901,037	2,380,896	3,423,352	379,313	-	12,299,557
Held at FVOCI	15,462,203	3,309,108	612,793	359,573	218,928	-	19,962,605
Positive fair values of derivatives, net:							-
Held for trading	283,492	500	8,089	-	-	-	292,081
Held as fair value hedges	5,652	18,244	304,650	-	-	-	328,546
Associated company put option	-	113,066	-	-	-	-	113,066
CSA / EMIR cash margins	-	-	(48,257)	-	-	-	(48,257)
Loans and advances, net:							
Commercial and others	65,775,394	-	-	-	-	-	65,775,394
Overdrafts	4,670,230	-	-	-	-	-	4,670,230
Consumer	10,305,146	-	-	-	-	-	10,305,146
Investments in associates	967,945	-	-	-	-	-	967,945
Other real estate	858,897	-	-	-	-	-	858,897
Property, equipment, and right of use assets, net	1,185,742	-	-	-	-	-	1,185,742
Intangible assets, net	484,914	-	-	-	-	-	484,914
Other assets, net	257,709	-	-	-	-	-	257,709
Total	**115,574,355**	**5,454,657**	**3,950,384**	**4,354,283**	**610,918**	**39,576**	**129,984,173**
Liabilities							
Due to banks and other financial institutions, net:							
Current accounts	11,667	584	175	-	543	808	13,777
Repurchase agreements	9,395,780	2,801,152	2,296,375	2,913,420	539,466	-	17,946,193
Money market deposits	1,204,874	315,131	646,886	-	-	-	2,166,891
Deposits from SAMA, net	7,161,797						7,161,797
Customers' deposits:							
Time	49,958,088	-	-	-	-	-	49,958,088
Savings	3,301,306	-	-	-	-	-	3,301,306
Demand	27,754,612	-	-	-	-	-	27,754,612
Other	2,219,258	-	-	-	-	-	2,219,258
Negative fair values of derivatives, net:							-
Held for trading	44,439	231	247,088	-	-	-	291,758
CSA / EMIR cash margins	(22,431)	-	(244,054)	-	-	-	(266,485)
Other liabilities	2,201,925	-	-	-	-	-	2,201,925
Total	**103,231,315**	**3,117,098**	**2,946,470**	**2,913,420**	**540,009**	**808**	**112,749,120**
Commitments and contingencies:							
Letters of credit	2,129,852	1,051,082	-	-	-	-	3,180,934
Letters of guarantee	10,542,117	211,301	148,092	19,766	-	2,721	10,923,997
Acceptances	1,015,648	-	-	-	-	-	1,015,648
Irrevocable commitments to extend credit	1,397,101	-	-	-	-	-	1,397,101
Maximum credit exposure (stated at credit equivalent amounts):							
Commitments and contingencies							
Letters of credit	2,110,365	1,051,082	-	-	-	-	3,161,447
Letters of guarantee	10,542,117	211,301	148,092	19,766	-	2,721	10,923,997
Acceptances	1,015,648	-	-	-	-	-	1,015,648
Derivatives:							
Held for trading	542,971	-	367,290	-	-	-	910,261
Held as fair value hedges	19,234	29,417	451,276	-	-	-	499,927
Associated company put option	-	113,066	-	-	-	-	113,066

	2022 SAR'000						
	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Assets							
Cash and balances with SAMA:							
Cash on hand	721,189	-	-	-	-	-	721,189
Balances with SAMA	5,680,069	-	-	-	-	-	5,680,069
Due from banks and other financial institutions, net:							
Current accounts		264,108	268,652	541,778	31,596	2,107	1,108,241
Money market placements	-	-	196,460				196,460
Investments:	-	-	-	-	-	-	-
Held at FVTPL	10,034	-	-	3,701	-	-	13,735
Held at amortized cost, net	2,253,498	1,473,506	705,402	1,791,436	-	-	6,223,842
Held at FVOCI	17,060,305	3,578,135	580,902	515,858	207,182	-	21,942,382
Positive fair values of derivatives, net:							
Held for trading	172,855	57,476	62,114	-	-	-	292,445
Held as fair value hedges	-	-	463,182	-	-	-	463,182
Associated company put option	-	99,191	-	-	-	-	99,191
CSA / EMIR cash margins	-	-	(141,815)	-	-	-	(141,815)
Loans and advances, net:							
Commercial and others	52,933,573	-	-	-	-	-	52,933,573
Overdrafts	5,324,259	-	-	-	-	-	5,324,259
Consumer	10,625,366	-	-	-	-	-	10,625,366
Investments in associates	922,985	-	-	-	-	-	922,985
Other real estate	451,981	-	-	-	-	-	451,981
Property, equipment, and right of use assets, net	1,212,374	-	-	-	-	-	1,212,374
Intangible assets, net	428,342	-	-	-	-	-	428,342
Other assets, net	572,811	-	-	-	-	-	572,811
Total	**98,369,641**	**5,472,416**	**2,134,897**	**2,852,773**	**238,778**	**2,107**	**109,070,612**
Liabilities							
Due to banks and other financial institutions, net:							
Current accounts	-	1,922	535	102	768	-	3,327
Repurchase agreements	246,802	5,580,684	7,148,814	-	-	-	12,976,300
Money market deposits	1,218,798	588,861					1,807,659
Deposits from SAMA, net	6,105,184	-	-	-	-	-	6,105,184
Customers' deposits:							
Time	35,603,680	-	-	-	-	-	35,603,680
Savings	2,739,319	-	-	-	-	-	2,739,319
Demand	27,766,576	-	-	-	-	-	27,766,576
Other	3,468,951	-	-	-	-	-	3,468,951
Negative fair values of derivatives, net:							
Held for trading	-	-	297,516	-	-	-	297,516
Held as fair value hedges							
CSA / EMIR cash margins	-	-	(250,471)	-	-	-	(250,471)
Other liabilities	1,762,875	-	-	-	-	-	1,762,875
Total	**78,912,185**	**6,171,467**	**7,196,394**	**102**	**768**	**-**	**92,280,916**
Commitments and contingencies:							
Letters of credit	1,857,432	633,269	-	-	-	-	2,490,701
Letters of guarantee	9,287,375	231,199	206,510	2,042	6,067	-	9,733,193
Acceptances	1,078,273	-	-	-	-	-	1,078,273
Irrevocable commitments to extend credit	2,674,461	-	-	-	-	-	2,674,461
Maximum credit exposure (stated at credit equivalent amounts):							
Commitments and contingencies							
Letters of credit	1,542,760	525,985	-	-	-	-	2,068,745
Letters of guarantee	7,713,978	192,031	171,525	1,696	5,039	-	8,084,269
Acceptances	895,601	-	-	-	-	-	895,601
Derivatives:							
Held for trading	151,099	452,129	127,942	-	-	-	731,170
Held as fair value hedges	-	-	534,240	-	-	-	534,240
Associated company put option	-	99,191	-	-	-	-	99,191

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

	Non-performing loans and advances, net		Allowance for credit losses	
	2023 SAR'000	2022 SAR'000	2023 SAR'000	2022 SAR'000
Kingdom of Saudi Arabia				
Commercial loans and overdrafts	1,150,151	998,626	1,792,804	1,674,264
Consumer loans	89,789	108,728	131,476	130,605
	1,239,940	**1,107,354**	**1,924,280**	**1,804,869**

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

a) Market risk-trading book
The Board of Directors has set limits for the acceptable level of risks in managing the trading book. The Group currently has trading book exposures in foreign exchange contracts and commission rate swaps. Market risk management uses the estimation of Value at Risk (VaR) tool for all transactions included in the trading portfolios. VaR is estimated for a specified period based on adverse market fluctuations.

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

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

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

The sensitivity of net special commission income is the effect of the assumed changes in commission rates on the net special commission income for one year, based on the floating rate financial assets and financial liabilities held as of December 31, 2023 and 2022, including the effect of hedging instruments.

The sensitivity of equity is calculated by revaluing the fixed rate FVOCI debt securities, excluding the effect of any associated fair value hedges as of December 31, 2023 and 2022 for the effect of assumed changes in commission rates. The sensitivity of shareholders' equity is analyzed by maturity of the asset or swap. The entire banking book exposures are monitored and analyzed by currency and relevant sensitivities and are disclosed in SAR thousands. For presentation purposes in the tables below, short-term fixed rate deposit liabilities are treated as variable rate deposits.

		2023 SAR'000	2023 Sensitivity of equity SAR'000				
Commission rate	**Increase (decrease) in basis points**	**Sensitivity of net special commission income**	**6 months or less**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
SAR	±100	±413,442	±8,284	±2,376	±643,139	±1,383,766	±2,037,565
USD	±100	±88,878	-	-	±5,403	±237,745	±243,148
EUR	±100	±43	-	-	-	-	-

		2022 SAR'000	2022 Sensitivity of equity SAR'000				
Commission rate	**Increase (decrease) in basis points**	**Sensitivity of net special commission income**	**6 months or less**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
SAR	±100	±981,500	±7,621	-	±569,968	±1,966,391	±2,543,980
USD	±100	±170,730	-	±10,837	±2,686	±288,372	±301,895
EUR	±100	±20	-	-	-	-	-

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

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

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The tables below summarize the Group's exposure to special commission rate risks as of December 31, 2023 and 2022. Included in the tables are the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

	2023 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	678,550	678,550
Balances with SAMA	6,440,000	-	-	-	3,899,719	10,339,719
Due from banks and other financial institutions, net:						
Current accounts	-	-	-	-	1,126,516	1,126,516
Money market placements	346,902	-	-	-	-	346,902
Investments, net:						
Held at FVTPL	-	-	-	-	38,911	38,911
Held at amortized cost, net	180,917	108,851	4,519,911	7,489,878	-	12,299,557
Held at FVOCI	952,537	1,052,511	6,534,971	11,130,663	291,923	19,962,605
Positive fair values of derivatives, net:						
Held for trading	-	-	-	-	292,081	292,081
Held as fair value hedges	-	-	-	-	328,546	328,546
Associated company put option	-	-	-	-	113,066	113,066
CSA / EMIR cash margins	-	-	-	-	(48,257)	(48,257)
Loans and advances, net:						
Commercial and others	25,148,995	40,176,557	410,049	39,793	-	65,775,394
Overdrafts	4,670,230	-	-		-	4,670,230
Consumer	1,829,426	5,428,981	1,576,691	1,470,048	-	10,305,146
Investments in associates	-	-	-	-	967,945	967,945
Other real estate	-	-	-	-	858,897	858,897
Property, equipment, and right of use assets, net	-	-	-	-	1,185,742	1,185,742
Intangible assets, net	-	-	-	-	484,914	484,914
Other assets, net	-	-	-	-	257,709	257,709
Total	**39,569,007**	**46,766,900**	**13,041,622**	**20,130,382**	**10,476,262**	**129,984,173**
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	13,777	13,777
Repurchase agreements	11,780,870	3,994,860	2,170,463	-	-	17,946,193
Money market deposits	2,166,891	-	-	-	-	2,166,891
Deposits from SAMA, net	3,757,068	594,660	2,810,069	-	-	7,161,797
Customers' deposits:						
Time	43,802,425	6,138,772	16,891	-	-	49,958,088
Savings	3,301,306	-	-	-	-	3,301,306
Demand	-	-	-	-	27,754,612	27,754,612
Other	-	-	-	-	2,219,258	2,219,258
Negative fair values of derivatives, net:						
Held for trading	-	-	-	-	291,758	291,758
CSA / EMIR cash margins	-	-	-	-	(266,485)	(266,485)
Other liabilities	-	-	-	-	2,201,925	2,201,925
Total equity	-	-	-	-	17,235,053	17,235,053
Total	**64,808,560**	**10,728,292**	**4,997,423**	**-**	**49,449,898**	**129,984,173**
Special commission rate sensitivity-On balance sheet	(25,239,553)	36,038,608	8,044,199	20,130,382	(38,973,636)	-
Special commission rate sensitivity-Off balance sheet	10,066,443	(485,188)	(6,684,867)	(2,896,388)	-	-
Total special commission rate sensitivity gap	**(15,173,110)**	**35,553,420**	**1,359,332**	**17,233,994**	**(38,973,636)**	**-**
Cumulative special commission rate sensitivity gap	**(15,173,110)**	**20,380,310**	**21,739,642**	**38,973,636**	**-**	**-**

	2022 SAR'000					
	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	721,189	721,189
Balances with SAMA	2,276,000	-	-	-	3,404,069	5,680,069
Due from banks and other financial institutions, net:						
Current accounts	-	-	-	-	1,108,241	1,108,241
Money market placements	196,460	-	-	-	-	196,460
Investments, net:						
Held at FVTPL	-	-	-	-	13,735	13,735
Held at amortized cost, net	60,092	151,348	1,858,578	4,153,824	-	6,223,842
Held at FVOCI	1,325,045	1,631,823	5,573,966	13,234,935	176,613	21,942,382
Positive fair values of derivatives, net:						
Held for trading	-	-	-	-	292,445	292,445
Held as fair value hedges	-	-	-	-	463,182	463,182
Associated company put option	-	-	-	-	99,191	99,191
CSA / EMIR cash margins	-	-	-	-	(141,815)	(141,815)
Loans and advances, net:						
Commercial and others	23,892,224	25,981,929	2,822,330	237,090	-	52,933,573
Overdrafts	5,324,259	-	-	-	-	5,324,259
Consumer	2,045,235	1,332,580	5,183,863	2,063,688	-	10,625,366
Investments in associates	-	-	-	-	922,985	922,985
Other real estate	-	-	-	-	451,981	451,981
Property, equipment, and right of use assets, net	-	-	-	-	1,212,374	1,212,374
Intangible assets, net	-	-	-	-	428,342	428,342
Other assets, net	-	-	-	-	572,811	572,811
Total	**35,119,315**	**29,097,680**	**15,438,737**	**19,689,537**	**9,725,343**	**109,070,612**
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	3,327	3,327
Repurchase agreements	9,929,281	3,047,019	-	-	-	12,976,300
Money market deposits	1,807,659	-	-	-	-	1,807,659
Deposits from SAMA, net	437,434	2,319,280	3,348,470	-	-	6,105,184
Customers' deposits:						
Time	27,233,907	8,351,963	17,810	-	-	35,603,680
Savings	2,739,319	-	-	-	-	2,739,319
Demand	-	-	-	-	27,766,576	27,766,576
Other	-	-	-	-	3,468,951	3,468,951
Negative fair values of derivatives, net:						
Held for trading	-	-	-	-	297,516	297,516
CSA / EMIR cash margins	-	-	-	-	(250,471)	(250,471)
Other liabilities	-	-	-	-	1,762,875	1,762,875
Total equity	**-**	**-**	**-**	**-**	**16,789,696**	**16,789,696**
Total	**42,147,600**	**13,718,262**	**3,366,280**	**-**	**49,838,470**	**109,070,612**
Special commission rate sensitivity-On balance sheet	(7,028,285)	15,379,418	12,072,457	19,689,537	(40,113,127)	-
Special commission rate sensitivity-Off balance sheet	9,076,117	(375,970)	(4,522,919)	(4,177,228)	-	-
Total special commission rate sensitivity gap	**2,047,832**	**15,003,448**	**7,549,538**	**15,512,309**	**(40,113,127)**	**-**
Cumulative special commission rate sensitivity gap	**2,047,832**	**17,051,280**	**24,600,818**	**40,113,127**	**-**	**-**

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

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

The table below shows the currencies to which the Group has a significant exposure as of December 31, 2023 and 2022, on its banking book assets and liabilities and forecasted cash flows. The table depicts the effect of a reasonably possible movement of the currency rates against the SAR, with other variables held constant, on the consolidwated statement of income (due to the change in the fair value of the currency sensitive banking book assets and liabilities). A positive effect shows a potential net increase in the consolidated statement of income, whereas a negative effect shows a potential net reduction in the consolidated statement of income.

Currency Exposures	Change in currency rate in %	Effect on Income before provisions for Zakat 2023 SAR'000	2022 SAR'000
USD	±5%	±29,728	±40,880
EUR	±5%	±2,094	±1,805
GBP	±5%	±73	±105

iii. Currency position
The Group manages the exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. As of December 31, 2023 and 2022, the Group had the following significant net exposures denominated in foreign currencies:

Currency	2023 SAR'000 Long / (short)	2022 SAR'000 Long / (short)
US Dollar	594,551	801,600
Euro	(41,876)	(36,100)
Pound Sterling	1,459	2,100
Japanese Yen	620	600
U.A.E Dirham	18,741	31,200
Others	70,880	70,600

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

The following table depicts the effect on the Group's investments in equities and mutual funds from a reasonably possible change in relevant indices, with other variables held constant, and the related effect on the Group's net income and shareholders' equity as of December 31, 2023 and 2022. A positive effect shows a potential increase in consolidated shareholders' equity, whereas a negative effect shows a potential decrease in consolidated shareholders' equity.

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

	2022		
Market Indices	**Change in equity price %**	**Effect on Income before provisions for Zakat SAR'000**	**Shareholders' equity Effect SAR'000**
TADAWUL	±5%	-	±8,599
Unquoted	±5%	±2,131	±232

28. Liquidity risk

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

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA equal to 7% (2022: 7%) of average demand deposits and 4% (2022: 4%) of average saving and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash and balances with SAMA, Saudi Government Development Bonds, or other assets which can be converted into cash within a period not exceeding 30 days. The Group has the ability to raise additional funds through repo facilities with SAMA against Saudi Government Development Bonds up to 98% of the nominal value of Saudi Riyal denominated bonds held.

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

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a) Contractual maturity profile of assets and liabilities

The tables below summarize the contractual maturity profile of the Group's assets, liabilities, and equity as of December 31, 2023 and 2022. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the consolidated statement of financial position date to the contractual maturity date, and do not take into account the effective maturities as indicated by the Group's deposit retention history. The amounts disclosed for derivatives, and commitments and contingencies are not indicative of future payment obligations.

	2023 SAR'000					
	Within 3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**No fixed maturity / on demand**	**Total**
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	678,550	678,550
Balances with SAMA	6,440,000	-	-	-	3,899,719	10,339,719
Due from banks and other financial institutions, net:						
Current accounts	-	-	-	-	1,126,516	1,126,516
Money market placements	346,902	-	-	-	-	346,902
Investments, net:						
Held at FVTPL	-	-	-	-	38,911	38,911
Held at amortized cost, net	150,992	-	4,529,038	7,619,527	-	12,299,557
Held at FVOCI	365,699	837,092	7,264,786	11,203,105	291,923	19,962,605
Positive fair values of derivatives, net:						
Held for trading	-	292,081	-	-	-	292,081
Held as fair value hedges	-	328,546	-	-	-	328,546
Associated company put option	-	-	-	-	113,066	113,066
CSA / EMIR cash margins	-	(48,257)	-	-	-	(48,257)
Loans and advances, net:						
Commercial and others	15,100,420	19,340,366	24,078,408	7,256,200	-	65,775,394
Overdrafts	4,670,230	-	-	-	-	4,670,230
Consumer	1,837,392	1,404,017	4,787,810	2,275,927	-	10,305,146
Investments in associates	-	-	-	-	967,945	967,945
Other real estate	-	-	-	-	858,897	858,897
Property, equipment, and right of use assets, net	-	-	-	-	1,185,742	1,185,742
Intangible assets, net	-	-	-	-	484,914	484,914
Other assets, net	-	-	-	-	257,709	257,709
Total	**28,911,635**	**22,153,845**	**40,660,042**	**28,354,759**	**9,903,892**	**129,984,173**
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	13,777	13,777
Repurchase agreements	11,704,603	4,058,740	2,182,850	-	-	17,946,193
Money market deposits	2,166,891	-	-	-	-	2,166,891
Deposits from SAMA, net	3,757,068	594,660	2,810,069	-	-	7,161,797
Customers' deposits:						
Time	38,414,664	5,778,670	5,764,754	-	-	49,958,088
Savings	-	-	-	-	3,301,306	3,301,306
Demand	-	-	-	-	27,754,612	27,754,612
Other	-	-	-	-	2,219,258	2,219,258
Negative fair values of derivatives, net:						
Held for trading	-	291,758	-	-	-	291,758
CSA / EMIR cash margins	-	(266,485)	-	-	-	(266,485)
Other liabilities	2,201,925	-	-	-	-	2,201,925
Total equity	-	-	-	-	17,235,053	17,235,053
Total	**58,245,151**	**10,457,343**	**10,757,673**	**-**	**50,524,006**	**129,984,173**
Commitments and contingencies	1,053,244	3,712,911	10,897,456	854,073	-	16,517,684
Derivatives - notional amounts	3,200,000	7,371,074	13,510,991	5,628,419	-	29,710,484

						2022 SAR'000
	Within 3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**No fixed maturity / on demand**	**Total**
Assets						
Cash and balances with SAMA:						
Cash on hand	-	-	-	-	721,189	721,189
Balances with SAMA	2,276,000	-	-	-	3,404,069	5,680,069
Due from banks and other financial institutions, net:						
Current accounts	-	-	-	-	1,108,241	1,108,241
Money market placements	196,460	-	-	-	-	196,460
Investments, net:						
Held at FVTPL	-	-	-	-	13,735	13,735
Held at amortized cost, net	-	151,348	1,858,578	4,213,916	-	6,223,842
Held at FVOCI	434,230	1,279,257	6,293,602	13,758,680	176,613	21,942,382
Positive fair values of derivatives, net:						
Held for trading	-	292,445	-	-	-	292,445
Held as fair value hedges	-	463,182	-	-	-	463,182
Associated company put option	-	-	-	-	99,191	99,191
CSA / EMIR cash margins	-	(141,815)	-	-	-	(141,815)
Loans and advances, net:						
Commercial and others	15,071,908	16,325,938	16,567,343	4,968,384	-	52,933,573
Overdrafts	5,324,259	-	-	-	-	5,324,259
Consumer	2,046,803	1,342,912	5,195,199	2,040,452	-	10,625,366
Investments in associates	-	-	-	-	922,985	922,985
Other real estate	-	-	-	-	451,981	451,981
Property, equipment, and right of use assets, net	-	-	-	-	1,212,374	1,212,374
Intangible assets, net	-	-	-	-	428,342	428,342
Other assets, net	-	-	-	-	572,811	572,811
Total	**25,349,660**	**19,713,267**	**29,914,722**	**24,981,432**	**9,111,531**	**109,070,612**
Liabilities and equity						
Due to banks and other financial institutions, net:						
Current accounts	-	-	-	-	3,327	3,327
Repurchase agreements	9,929,281	3,047,019	-	-	-	12,976,300
Money market deposits	1,807,659	-	-	-	-	1,807,659
Deposits from SAMA, net	437,434	2,319,280	3,348,470	-	-	6,105,184
Customers' deposits:						
Time	25,633,896	8,851,925	1,117,859	-	-	35,603,680
Savings	-	-	-	-	2,739,319	2,739,319
Demand	-	-	-	-	27,766,576	27,766,576
Other	-	-	-	-	3,468,951	3,468,951
Negative fair values of derivatives, net:						
Held for trading	-	297,516	-	-	-	297,516
CSA / EMIR cash margins	-	(250,471)	-	-	-	(250,471)
Other liabilities	1,638,803	124,072	-	-	-	1,762,875
Total equity	**-**	**-**	**-**	**-**	**16,789,696**	**16,789,696**
Total	**39,447,073**	**14,389,341**	**4,466,329**	**-**	**50,767,869**	**109,070,612**
Commitments and contingencies	4,163,993	8,292,426	3,487,451	32,758	-	15,976,628
Derivatives - notional amounts	4,904,497	1,186,940	13,782,560	9,751,620	-	29,625,617

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

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b) Analysis of financial liabilities by remaining undiscounted maturities

The tables below summarize the estimated maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted future repayment obligations. As special commission payment estimates up to the contractual maturities are included in the tables, the totals do not match the amounts included in the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the consolidated statement of financial position date to the contractual maturity date and do not take into account the effective expected maturities. The Group expects that many customers will not request repayment on the earliest date that the Group could be required to pay and the tables therefore do not reflect the expected cash flows indicated by the Group's deposit retention history. The undiscounted maturity profile of financial liabilities is as follows:

	2023 SAR'000					
	Within 3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**No fixed maturity / on demand**	**Total**
Due to banks and other financial institutions:						
Current accounts					13,777	13,777
Repurchase agreements	11,821,238	4,173,814	2,423,296	-	-	18,418,348
Money market deposits	2,208,526	-	-	-	-	2,208,526
Deposits from SAMA	3,757,068	681,368	2,827,424	-	-	7,265,860
Customers' deposits:						
Time	38,744,109	5,828,227	5,814,193	-	-	50,386,529
Savings	-	-	-	-	3,301,306	3,301,306
Demand	-	-	-	-	27,754,612	27,754,612
Other	-	-	-	-	2,219,258	2,219,258
Negative fair values of derivatives, net:						
Held for trading	-	291,758	-	-	-	291,758
CSA / EMIR cash margins	-	(266,485)	-	-	-	(266,485)
Total	**56,530,941**	**10,708,682**	**11,064,913**	**-**	**33,288,953**	**111,593,489**
Derivatives	**300,000**	**2,326,125**	**2,509,872**	**1,083,653**		**6,219,650**
Total	**56,830,941**	**13,034,807**	**13,574,785**	**1,083,653**	**33,288,953**	**117,813,139**

	2022 SAR'000					
	Within 3 months	**3-12 months**	**1-5 years**	**Over 5 years**	**No fixed maturity / on demand**	**Total**
Due to banks and other financial institutions:						
Current accounts	-	-	-	-	3,327	3,327
Repurchase agreements	9,932,880	3,051,437	-	-	-	12,984,317
Money market deposits	1,811,907	-	-	-	-	1,811,907
Deposits from SAMA	525,340	2,365,706	3,434,729	-	-	6,325,775
Customers' deposits:						
Time	25,662,091	8,893,256	1,174,041	-	-	35,729,388
Savings	-	-	-	-	2,739,319	2,739,319
Demand	-	-	-	-	27,766,576	27,766,576
Other	-	-	-	-	3,468,953	3,468,953
Negative fair values of derivatives, net:						
Held for trading	-	297,516	-	-	-	297,516
CSA / EMIR cash margins	-	(250,471)	-	-	-	(250,471)
Total	**37,932,218**	**14,357,444**	**4,608,770**	**-**	**33,978,175**	**90,876,607**
Derivatives	**106,796**	**397,329**	**1,396,281**	**858,143**	**-**	**2,758,549**
Total	**38,039,014**	**14,754,773**	**6,005,051**	**858,143**	**33,978,175**	**93,635,156**

29. Credit and financial risk management

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

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

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

Other management level committees include the Operational Risk Management Committee, Stress Testing Committee, Financial Fraud Control Committee, Business Continuity Management Committee, Information Security Steering Committee, and the Structured Solution Approval Committee.

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

a) Credit Risk

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

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

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

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

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

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

(i) The estimated fair value of collateral held as CRM by the Group for total loans and advances is approximately SAR 78.7 billion (2022: SAR 78.1 billion). The amount of real estate, local and international equities and other cash deposits held as CRM for Stage 3 exposures is as follows:

	Exposure SAR'000	Credit Risk Mitigation SAR'000	ECL SAR'000
December 31, 2023	2,216,285	1,407,724	1,222,668
December 31, 2022	2,512,473	1,845,965	1,114,398

(ii) The amount of collateral held as security for credit-impaired loans along with collateral coverage as of December 31, 2023 and 2022 is as follows:

	2023 SAR'000	2022 SAR'000
Less than 50%	27,543	13,982
51% to 70%	13,307	426,131
More than 70%	1,366,874	1,405,852
Total	**1,407,724**	**1,845,965**

(iii) The Group, in the ordinary course of business, acquires real estate against settlement of loans and advances. The Group acquires the real estate with an intention to sell. The real estate acquired is presented as 'Other real estate' in the consolidated statement of financial position. The movement of Other real estate for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Balance at the beginning of the year	451,981	451,981
Acquisitions during the year	406,916	-
Balance at the end of the year	**858,897**	**451,981**

d) Credit Risk disclosures

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

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

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

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

The Group's credit risk relating to derivative financial instruments is included in notes 11.
An analysis of the Group's financial guarantee contracts by type of counterparty is included in notes 18(b)(ii).
The Group's credit exposure by business segment is included in note 25d.
The Group's distribution of geographic concentration is provided in note 26.

e) Credit analysis of investments held at FVTPL

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

f) Credit risk grades

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

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

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

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

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

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

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

Internal rating grade	Internal rating description	12 month PD range
Performing		
1	Exceptional	0.05%-0.01%
2	Excellent	0.12%-0.06%
3	Strong	0.55%-0.13%
4	Good	2.45%-0.56%
5	Acceptable	3.34%-2.46%
6	Marginal	8.07%-3.35%
7	Special Mention	27.03%-8.09%
Non - Performing		
8 to 10		100%

h) Determining whether credit risk has increased significantly

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

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

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

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

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

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

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

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

i) Definition of Default

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties as well as external benchmarks. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and the net recovery amount of any collateral that is integral to the financial asset. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization.

The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

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

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

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

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

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

	PD	LGD
Due from banks and other financial institutions	Fitch	SAMA LGD Estimates
Investments	Moody's	SAMA LGD Estimates

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

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

The current scenario represents a most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

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

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

Economic Indicators	2023
Real GDP – In SAR billions	Upside: - 3,036 Base case: - 3,077 Downside: - 2,975
Government Expenditure – In SAR billions	Upside: - 1,176 Base case: - 1,177 Downside: - 1,175
Interest Rate (Government Bond Yields, 1 Year) %	Upside: - 6.23% Base case: - 6.22% Downside: - 6.07%
Real Import – In SAR billions	Upside: - 797 Base case: - 799 Downside: - 789

Sensitivity of allowance for credit losses:
A sensitivity analysis has been conducted on the macro-economic scenarios including Real GDP, Government expenditure, import, oil price and interest rate in order to assess the potential change in ECL. The following table summarizes the results of this sensitivity analysis as of December 31, 2023 and 2022 showing the effect of more optimistic and more pessimistic scenarios on ECL. The current scenario represents a most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The three scenarios are taken from Moody's data analytics wherein one in baseline scenario, upturn scenario (S1), characterized by Stronger near term growth and a downturn scenario (S3), indicative of a moderate recession.

2023 SAR'000	Due from banks and other financial institutions	Investments - Debt securities	Loans and advances	Financial guarantee contracts	Other assets – customer and other receivables	Total
Most likely	794	10,871	1,876,350	237,942	2,251	2,128,208
More optimistic (Upside)	791	10,855	1,874,679	237,370	2,250	2,125,945
More pessimistic (Downside)	799	10,888	1,878,243	238,517	2,252	2,130,699

2022 SAR'000	Due from banks and other financial institutions	Investments - Debt securities	Loans and advances	Financial guarantee contracts	Other assets – customer and other receivables	Total
Most likely	1,751	10,438	1,804,869	241,688	2,906	2,061,652
More optimistic (Upside)	1,425	9,211	1,751,009	210,196	2,819	1,974,660
More pessimistic (Downside)	1,891	12,158	1,921,551	259,855	3,093	2,198,548

Predicted relationships between the key indicators and default / loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 8 to 10 years. The Group has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

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

Forecast macroeconomic data used in ECL model - 2022	2023	2024	2025
GDP	3.80%	3.00%	3.00%
Oil Price change	(3.00%)	(10.80%)	(7.1%)

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

Sensitivity of Macroeconomic factors	Consolidated statement of income impact 2023 SAR'000
Macro-economic factors:	
Increase 5% Real GDP remaining indicator same	(34,752)
Increase 5% Government Expenditure remaining indicator same	(7,492)
Increase 5% Interest Rate (Government Bond Yields, 1.Year) remaining indicator same	138
Increase 5% Real Import remaining indicator same	50
Decrease 5% Real GDP remaining indicator same	52,710
Decrease 5% Government Expenditure remaining indicator same	8,078
Decrease 5% Interest Rate (Government Bond Yields, 1.Year) remaining indicator same	(132)
Decrease 5% Real Import remaining indicator same	(52)

m) Offsetting financial assets and financial liabilities

The table set out below includes financial assets and financial liabilities as of December 31, 2023 and 2022 that are offset in the Group's consolidated statement of financial position or are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

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

	2022 SAR'000		
	Gross assets / (liabilities)before offset	Offset with gross (assets) / liabilities	Net assets / (liabilities) recognized
Positive fair values of derivatives	1,161,722	(448,719)	713,003
Negative fair values of derivatives	297,516	(250,471)	47,045

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

A combined reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for all financial assets and financial guarantee contracts, for the years ended December 31, 2023 and 2022 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2021	98,134,838	4,891,654	3,092,554	106,119,046	451,368	462,477	1,290,429	2,204,274
Transfers from Stage 1 to Stage 2	(385,396)	385,396	-	-	(3,481)	3,481	-	-
Transfers from Stage 1 to Stage 3	(148,219)	-	148,219	-	(1,405)	-	1,405	-
Transfers from Stage 2 to Stage 1	486,942	(486,942)	-	-	14,159	(14,159)	-	-
Transfers from Stage 2 to Stage 3	-	(497,399)	497,399	-	-	(96,910)	96,910	-
Transfers from Stage 3 to Stage 1	32,718	1,412	(34,130)	-	32,526	-	(32,526)	-
Transfers from Stage 3 to Stage 2	-	43,506	(43,506)	-	-	17,839	(17,839)	-
Post-model overlays	-	-	-	-	(47,872)	(66,322)	(67,652)	(181,846)
Changes in exposures and re-measurements								
existing facilities	(816,540)	(434,614)	26,493	(1,224,661)	(32,857)	60,191	104,329	131,663
transfer facilities	(133,552)	(53,769)	10,922	(176,399)	(42,100)	(4,427)	225,805	179,278
new facilities	25,265,584	29,459	11,923	25,306,966	143,962	2,485	1,547	147,994
matured facilities	(15,395,369)	(229,801)	(692,829)	(16,317,999)	(55,129)	(11,163)	(45,000)	(111,292)
Write-offs, net	-	-	(308,419)	(308,419)	-	-	(308,419)	(308,419)
Balances as of December 31, 2022	**107,041,006**	**3,648,902**	**2,708,626**	**113,398,534**	**459,171**	**353,492**	**1,248,989**	**2,061,652**
Transfers from Stage 1 to Stage 2	(985,632)	985,632	-	-	(7,317)	7,317	-	-
Transfers from Stage 1 to Stage 3	(130,775)	-	130,775	-	(1,568)	-	1,568	-
Transfers from Stage 2 to Stage 1	317,077	(317,077)	-	-	7,241	(7,241)	-	-
Transfers from Stage 2 to Stage 3	-	(249,356)	249,356	-	-	(9,514)	9,514	-
Transfers from Stage 3 to Stage 1	4,690	-	(4,690)	-	1,579	-	(1,579)	-
Transfers from Stage 3 to Stage 2	-	1,309	(1,309)	-	-	776	(776)	-
Post-model overlays	-	-	-	-	(21,338)	(13,581)	(8,349)	(43,268)
Changes in exposures and re-measurements								
existing facilities	9,327,751	5,953	103,483	9,437,187	(30,073)	21,069	358,208	349,204
transfer facilities	(284,269)	(25,771)	(27,676)	(337,716)	(4,401)	33,849	114,230	143,678
new facilities	22,124,876	31,995	33,301	22,190,172	154,014	2,548	18,288	174,850
matured facilities	(12,303,938)	(240,450)	(558,280)	(13,102,668)	(75,337)	(25,336)	(165,134)	(265,807)
Write-offs, net	-	-	(243,452)	(243,452)	-	-	(243,452)	(243,452)
Balances as of December 31, 2023	**125,110,786**	**3,841,137**	**2,390,134**	**131,342,057**	**481,971**	**363,379**	**1,331,507**	**2,176,857**

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Due from banks and other financial institutions
A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for due from banks and other financial institutions for the years ended December 31, 2023 and 2022 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2021	5,453,353	1,057	-	5,454,410	8,465	167	-	8,632
Changes in exposures and re-measurements								
existing facilities	(1,249,553)	(278)	-	(1,249,831)	(2,582)	(77)	-	(2,659)
new facilities	197,574	-	-	197,574	3	-	-	3
matured facilities	(3,095,701)	-	-	(3,095,701)	(4,225)	-	-	(4,225)
Balances as of December 31, 2022	**1,305,673**	**779**	**-**	**1,306,452**	**1,661**	**90**	**-**	**1,751**
Changes in exposures and re-measurements								
existing facilities	100,966	211	-	101,177	(925)	(29)	-	(954)
new facilities	103,806	-	-	103,806	1	-	-	1
matured facilities	(37,222)	-	-	(37,222)	(3)	-	-	(3)
Balances as of December 31, 2023	**1,473,223**	**990**	**-**	**1,474,213**	**734**	**61**	**-**	**795**

Investments – debt securities
A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for debt securities for the years ended December 31, 2023 and 2022 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2021	28,343,072	-	-	28,343,072	26,185	-	-	26,185
Changes in exposures and re-measurements								
existing facilities	(2,785,730)	-	-	(2,785,730)	(15,518)	-	-	(15,518)
new facilities	6,692,271	-	-	6,692,271	3,734	-	-	3,734
matured facilities	(4,257,176)	-	-	(4,257,176)	(3,963)	-	-	(3,963)
Balances as of December 31, 2022	**27,992,437**	**-**	**-**	**27,992,437**	**10,438**	**-**	**-**	**10,438**
Changes in exposures and re-measurements								
existing facilities	527,844	-	-	527,844	211	-	-	211
new facilities	5,742,813	-	-	5,742,813	1,832	-	-	1,832
matured facilities	(2,288,967)	-	-	(2,288,967)	(1,610)	-	-	(1,610)
Balances as of December 31, 2023	**31,974,127**	**-**	**-**	**31,974,127**	**10,871**	**-**	**-**	**10,871**

Total loans and advances

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for total loans and advances for the years ended December 31, 2023 and 2022 is summarized as follows:
is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2021	52,869,105	4,205,140	2,686,721	59,760,966	342,056	423,590	1,196,969	1,962,615
Transfers from Stage 1 to Stage 2	(330,534)	330,534	-	-	(2,168)	2,168	-	-
Transfers from Stage 1 to Stage 3	(135,839)	-	135,839	-	(1,309)	-	1,309	-
Transfers from Stage 2 to Stage 1	333,319	(333,319)	-	-	8,442	(8,442)	-	-
Transfers from Stage 2 to Stage 3	-	(422,747)	422,747	-	-	(74,748)	74,748	-
Transfers from Stage 3 to Stage 1	32,718	-	(32,718)	-	32,526	-	(32,526)	-
Transfers from Stage 3 to Stage 2	-	43,506	(43,506)	-	-	17,698	(17,698)	-
Post-model overlays	-	-	-	-	(47,872)	(66,322)	(67,652)	(181,846)
Changes in exposures and re-measurements								
existing facilities	2,981,354	(235,143)	28,938	2,775,149	(13,779)	47,870	101,390	135,481
transfer facilities	(134,304)	(53,747)	19,598	(168,453)	(38,063)	(7,308)	209,437	164,066
new facilities	13,965,196	17,582	11,923	13,994,701	112,048	2,107	1,547	115,702
matured facilities	(4,814,693)	(142,534)	(408,650)	(5,365,877)	(29,682)	(8,341)	(44,707)	(82,730)
Write-offs, net	-	-	(308,419)	(308,419)	-	-	(308,419)	(308,419)
Balances as of December 31, 2022	**64,766,322**	**3,409,272**	**2,512,473**	**70,688,067**	**362,199**	**328,272**	**1,114,398**	**1,804,869**
Transfers from Stage 1 to Stage 2	(859,089)	859,089	-	-	(5,274)	5,274	-	-
Transfers from Stage 1 to Stage 3	(108,185)	-	108,185	-	(1,402)	-	1,402	-
Transfers from Stage 2 to Stage 1	304,045	(304,045)	-	-	7,043	(7,043)	-	-
Transfers from Stage 2 to Stage 3	-	(206,020)	206,020	-	-	(5,431)	5,431	-
Transfers from Stage 3 to Stage 1	4,690	-	(4,690)	-	1,579	-	(1,579)	-
Transfers from Stage 3 to Stage 2	-	1,015	(1,015)	-	-	636	(636)	-
Post-model overlays	-	-	-	-	(21,338)	(13,581)	(8,349)	(43,268)
Changes in exposures and re-measurements								
existing facilities	7,857,714	20,667	112,867	7,991,248	(43,715)	20,834	344,551	321,670
transfer facilities	(281,549)	(52,714)	(19,933)	(354,196)	(4,245)	32,790	87,106	115,651
new facilities	12,997,176	19,165	32,898	13,049,239	121,230	2,320	18,063	141,613
matured facilities	(7,778,201)	(190,587)	(487,068)	(8,455,856)	(56,615)	(21,921)	(94,267)	(172,803)
Write-offs, net	-	-	(243,452)	(243,452)	-	-	(243,452)	(243,452)
Balances as of December 31, 2023	**76,902,923**	**3,555,842**	**2,216,285**	**82,675,050**	**359,462**	**342,150**	**1,222,668**	**1,924,280**

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Loans and advances – commercial, overdrafts, and other loans

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for commercial, overdraft, and other for the years ended December 31 2023 and 2022 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2021	42,932,094	4,124,812	2,575,140	49,632,046	282,830	408,046	1,123,301	1,814,177
Transfers from Stage 1 to Stage 2	(277,324)	277,324	-	-	(1,419)	1,419	-	-
Transfers from Stage 1 to Stage 3	(54,505)	-	54,505	-	(179)	-	179	-
Transfers from Stage 2 to Stage 1	311,096	(311,096)	-	-	4,649	(4,649)	-	-
Transfers from Stage 2 to Stage 3	-	(412,761)	412,761	-	-	(73,073)	73,073	-
Transfers from Stage 3 to Stage 1	29,442	-	(29,442)	-	30,867	-	(30,867)	-
Transfers from Stage 3 to Stage 2	-	41,952	(41,952)	-	-	16,624	(16,624)	-
Post-model overlays	-	-	-	-	(36,881)	(65,949)	(67,652)	(170,482)
Changes in exposures and re-measurements								
existing facilities	4,023,042	(231,953)	29,834	3,820,923	(13,542)	48,549	105,241	140,248
transfer facilities	(130,016)	(46,550)	25,435	(151,131)	(33,099)	(13,028)	158,194	112,067
new facilities	10,122,447	8,032	6,058	10,136,537	91,266	80	902	92,248
matured facilities	(2,759,767)	(111,760)	(374,646)	(3,246,173)	(16,048)	(1,998)	(35,842)	(53,888)
Write-offs, net	-	-	(260,106)	(260,106)	-	-	(260,106)	(260,106)
Balances as of December 31, 2022	**54,196,509**	**3,338,000**	**2,397,587**	**59,932,096**	**308,444**	**316,021**	**1,049,799**	**1,674,264**
Transfers from Stage 1 to Stage 2	(804,300)	804,300	-	-	(4,350)	4,350	-	-
Transfers from Stage 1 to Stage 3	(61,354)	-	61,354	-	(162)	-	162	-
Transfers from Stage 2 to Stage 1	288,446	(288,446)	-	-	3,981	(3,981)	-	-
Transfers from Stage 2 to Stage 3	-	(190,975)	190,975	-	-	(3,126)	3,126	-
Transfers from Stage 3 to Stage 1	2,200	-	(2,200)	-	213	-	(213)	-
Transfers from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Post-model overlays	-	-	-	-	(21,338)	(13,581)	(8,349)	(43,268)
Changes in exposures and re-measurements								
existing facilities	9,123,647	23,076	105,298	9,252,021	(40,545)	17,381	336,299	313,135
transfer facilities	(277,881)	(45,028)	(15,754)	(338,663)	(4,101)	15,809	56,820	68,528
new facilities	10,220,340	13,284	28,375	10,261,999	105,712	164	15,386	121,262
matured facilities	(6,062,641)	(166,804)	(405,541)	(6,634,986)	(42,112)	(17,423)	(47,543)	(107,078)
Write-offs, net	-	-	(234,039)	(234,039)	-	-	(234,039)	(234,039)
Balances as of December 31, 2023	**66,624,966**	**3,487,407**	**2,126,055**	**72,238,428**	**305,742**	**315,614**	**1,171,448**	**1,792,804**

Loans and advances – consumer loans

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for consumer loans for the years ended December 31, 2023 and 2022 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2021	9,937,011	80,328	111,581	10,128,920	59,226	15,544	73,668	148,438
Transfers from Stage 1 to Stage 2	(53,210)	53,210		-	(749)	749	-	-
Transfers from Stage 1 to Stage 3	(81,334)	-	81,334	-	(1,130)	-	1,130	-
Transfers from Stage 2 to Stage 1	22,223	(22,223)	-	-	3,793	(3,793)	-	-
Transfers from Stage 2 to Stage 3	-	(9,986)	9,986	-	-	(1,675)	1,675	-
Transfers from Stage 3 to Stage 1	3,276	-	(3,276)	-	1,659	-	(1,659)	-
Transfers from Stage 3 to Stage 2	-	1,554	(1,554)	-	-	1,074	(1,074)	-
Post-model overlays	-	-	-	-	(10,991)	(373)	-	(11,364)
Changes in exposures and re-measurements								
existing facilities	(1,041,688)	(3,190)	(896)	(1,045,774)	(237)	(679)	(3,851)	51,999
transfer facilities	(4,288)	(7,197)	(5,837)	(17,322)	(4,964)	5,720	51,243	23,454
new facilities	3,842,749	9,550	5,865	3,858,164	20,782	2,027	645	(28,842)
matured facilities	(2,054,926)	(30,774)	(34,004)	(2,119,704)	(13,634)	(6,343)	(8,865)	(11,364)
Write-offs, net	-	-	(48,313)	(48,313)	-	-	(48,313)	(48,313)
Balances as of December 31, 2022	**10,569,813**	**71,272**	**114,886**	**10,755,971**	**53,755**	**12,251**	**64,599**	**130,605**
Transfers from Stage 1 to Stage 2	(54,789)	54,789	-	-	(924)	924	-	-
Transfers from Stage 1 to Stage 3	(46,831)	-	46,831	-	(1,240)	-	1,240	-
Transfers from Stage 2 to Stage 1	15,599	(15,599)	-	-	3,062	(3,062)	-	-
Transfers from Stage 2 to Stage 3	-	(15,045)	15,045	-	-	(2,305)	2,305	-
Transfers from Stage 3 to Stage 1	2,490	-	(2,490)	-	1,366	-	(1,366)	-
Transfers from Stage 3 to Stage 2	-	1,015	(1,015)	-	-	636	(636)	-
Post-model overlays	-	-	-	-	-	-	-	-
Changes in exposures and re-measurements								
existing facilities	(1,265,933)	(2,409)	7,569	(1,260,773)	(3,170)	3,453	8,252	8,535
transfer facilities	(3,668)	(7,686)	(4,179)	(15,533)	(144)	16,981	30,286	47,123
new facilities	2,776,836	5,881	4,523	2,787,240	15,518	2,156	2,677	20,351
matured facilities	(1,715,560)	(23,783)	(81,527)	(1,820,870)	(14,503)	(4,498)	(46,724)	(65,725)
Write-offs, net	-	-	(9,413)	(9,413)	-	-	(9,413)	(9,413)
Balances as of December 31, 2023	**10,277,957**	**68,435**	**90,230**	**10,436,622**	**53,720**	**26,536**	**51,220**	**131,476**

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Financial guarantee contracts

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for financial guarantee contracts for the years ended December 31, 2023 and 2022 is summarized as follows:

	Gross Carrying Amounts SAR'000				Allowances for credit losses SAR'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances as of December 31, 2021	11,377,970	685,228	400,432	12,463,630	74,556	38,717	90,857	204,130
Transfers from Stage 1 to Stage 2	(54,862)	54,862	-	-	(1,313)	1,313	-	-
Transfers from Stage 1 to Stage 3	(12,380)	-	12,380	-	(96)	-	96	-
Transfers from Stage 2 to Stage 1	153,623	(153,623)	-	-	5,717	(5,717)	-	-
Transfers from Stage 2 to Stage 3	-	(74,652)	74,652	-	-	(22,162)	22,162	-
Transfers from Stage 3 to Stage 2	-	1,412	(1,412)	-	-	141	(141)	-
Changes in exposures and re-measurements								
existing facilities	225,247	(199,179)	(2,760)	23,308	(989)	12,398	2,756	14,165
transfer facilities	752	(22)	(8,676)	(7,946)	(4,037)	2,881	16,368	15,212
new facilities	4,410,543	11,877	-	4,422,420	28,177	378	-	28,555
matured facilities	(3,227,799)	(87,267)	(284,179)	(3,599,245)	(17,259)	(2,822)	(293)	(20,374)
Balances as of December 31, 2022	**12,873,094**	**238,636**	**190,437**	**13,302,167**	**84,756**	**25,127**	**131,805**	**241,688**
Transfers from Stage 1 to Stage 2	(126,543)	126,543	-	-	(2,043)	2,043	-	-
Transfers from Stage 1 to Stage 3	(22,590)	-	22,590	-	(166)	-	166	-
Transfers from Stage 2 to Stage 1	13,032	(13,032)	-	-	198	(198)	-	-
Transfers from Stage 2 to Stage 3	-	(43,336)	43,336	-	-	(4,083)	4,083	-
Transfers from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Transfers from Stage 3 to Stage 2	-	294	(294)	-	-	140	(140)	-
Changes in exposures and re-measurements								
existing facilities	852,554	(14,925)	(9,384)	828,245	14,362	264	13,589	28,215
transfer facilities	(2,720)	26,943	(7,743)	16,480	(156)	1,059	27,124	28,027
new facilities	3,281,081	12,830	403	3,294,314	30,951	228	225	31,404
matured facilities	(2,199,548)	(49,863)	(71,212)	(2,320,623)	(17,109)	(3,415)	(70,867)	(91,391)
Balances as of December 31, 2023	**14,668,360**	**284,090**	**168,133**	**15,120,583**	**110,793**	**21,165**	**105,985**	**237,943**

Other assets – customer and other receivables

A reconciliation from the opening to the closing balances of the gross carrying amounts and allowances for credit losses for customer and other receivables, included in other assets, for the years ended December 31, 2023 and 2022 is summarized as follows:

	Gross Carrying Amount SAR'000				Allowance for credit losses SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances as of December 31, 2021	91,338	229	5,401	96,968	106	3	2,603	2,712
Changes in exposures and re-measurements								
existing facilities	12,142	(14)	315	12,443	11	-	183	194
Balances as of December 31, 2022	**103,480**	**215**	**5,716**	**109,411**	**117**	**3**	**2,786**	**2,906**
Changes in exposures and re-measurements								
existing facilities	(11,327)	-	-	(11,327)	(6)	-	68	62
Balances as of December 31, 2023	**92,153**	**215**	**5,716**	**98,084**	**111**	**3**	**2,854**	**2,968**

The transfer amounts in the above reconciliations represent the net increase or decrease in the allowance for credit losses as a result of transfers between stages during the years ended December 31, 2023 and 2022.

o) Credit quality analysis

Due from banks and other financial institutions

The following table sets out information about the credit quality of due from banks and other financial institutions as of December 31, 2023 and 2022:

	2023 SAR'000				2022 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade	1,387,916			1,387,916	1,161,571	-	-	1,161,571
Non-investment grade	83,377	990		84,367	-	779	-	779
Unrated	1,930			1,930	144,102	-	-	144,102
Total	1,473,223	990		1,474,213	1,305,673	779	-	1,306,452

Investments – debt securities

The following table sets out information about the credit quality of debt securities as of December 31, 2023 and 2022:

	2023 SAR'000				2022 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade	27,899,191	-	-	27,899,191	26,552,198			26,552,198
Non-investment grade	2,259,959	-	-	2,259,959	451,128			451,128
Unrated	1,814,977	-	-	1,814,977	989,111			989,111
Total	31,974,127	-	-	31,974,127	27,992,437			27,992,437

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

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Total loans and advances
The following table sets out information about the credit quality of total loans and advances as of December 31, 2023 and 2022:

	2023 SAR'000				2022 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grade 1 to 6 and unrated	76,902,923	2,928,237	-	79,831,160	64,766,322	2,657,710	-	67,424,032
Grade 7 – Special Mention	-	627,605	-	627,605	-	751,562	-	751,562
Lifetime ECL credit impaired	-	-	2,216,285	2,216,285	-	-	2,512,473	2,512,473
Total	**76,902,923**	**3,555,842**	**2,216,285**	**82,675,050**	**64,766,322**	**3,409,272**	**2,512,473**	**70,688,067**

Loans and advances – commercial, overdrafts, and other loans
The following table sets out information about the credit quality of commercial, overdrafts, and other loans and advances as of December 31, 2023 and 2022:

	2023 SAR'000				2022 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grade 1 to 6 and unrated	66,624,966	2,859,802	-	69,484,768	54,196,509	2,586,438	-	56,782,947
Grade 7 – Special Mention	-	627,605	-	627,605	-	751,562	-	751,562
Lifetime ECL credit impaired	-	-	2,126,055	2,126,055	-	-	2,397,587	2,397,587
Total	**66,624,966**	**3,487,407**	**2,126,055**	**72,238,428**	**54,196,509**	**3,338,000**	**2,397,587**	**59,932,096**

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

Loans and advances – consumer loans
The following table sets out information about the credit quality of consumer loans and advances as of December 31, 2023 and 2022:

	2023 SAR'000				2022 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Unrated	10,277,957	68,435	-	10,346,392	10,569,813	71,272	-	10,641,085
Lifetime ECL credit impaired	-	-	90,230	90,230	-	-	114,886	114,886
Total	**10,277,957**	**68,435**	**90,230**	**10,436,622**	**10,569,813**	**71,272**	**114,886**	**10,755,971**

Financial guarantee contracts
The following table sets out information about the credit quality of financial guarantee contracts as of December 31, 2023 and 2022:

	2023 SAR'000				2022 SAR'000			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Grade 1 to 6 and unrated	14,668,360	267,685	22,337	14,958,382	12,873,094	140,845	-	13,013,939
Grade 7 – Special Mention	-	16,405	-	16,405	-	97,791	-	97,791
Lifetime ECL credit impaired	-	-	145,796	145,796	-	-	190,437	190,437
Total	**14,668,360**	**284,090**	**168,133**	**15,120,583**	**12,873,094**	**238,636**	**190,437**	**13,302,167**

p) Summary of financial assets and financial liabilities

The following tables summarizes the balances of financial and other assets and financial and other liabilities by measurement category in the consolidated statement of financial position as of December 31, 2023 and 2022:

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

	2022 SAR'000				
	Amortized cost	Mandatorily at FVTPL	FVOCI – equity securities	FVOCI – debt securities	Total carrying amount
Financial and other assets:					
Cash and balances with SAMA	6,401,258	-	-	-	6,401,258
Due from banks and other financial institutions, net	1,304,701	-	-	-	1,304,701
Investments, net	6,223,842	13,735	176,613	21,765,769	28,179,959
Positive fair values of derivatives, net	-	713,003	-	-	713,003
Loans and advances, net	68,883,198	-	-	-	68,883,198
Other assets, net	572,811	-	-	-	572,811
Total financial and other assets	**83,385,810**	**726,738**	**176,613**	**21,765,769**	**106,054,930**
Financial and other liabilities:					
Due to banks and other financial institutions, net	20,892,470	-	-	-	20,892,470
Customers' deposits	69,578,526	-	-	-	69,578,526
Negative fair value of derivatives, net	-	47,045	-	-	47,045
Other liabilities	1,762,875	-	-	-	1,762,875
Total financial and other liabilities	**92,233,871**	**47,045**	**-**	**-**	**92,280,916**

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30. Fair values of financial assets and liabilities

a) The Group uses the fair value hierarchy disclosed in note 2dii for determining and disclosing the fair value of financial instruments. The following table shows an analysis of financial assets and liabilities recorded at fair value as of December 31, 2023 and 2022 by level of the fair value hierarchy.

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

	2022 SAR'000			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative financial instruments at FVTPL, net	-	613,812	99,191	713,003
Investments at FVOCI	20,748,426	1,189,313	4,643	21,942,382
Investments at FVTPL	-	10,034	3,701	13,735
Total	**20,748,426**	**1,813,159**	**107,535**	**22,669,120**
Financial liabilities carried at fair value:				
Derivative financial instruments at FVTPL, net	-	47,045	-	47,045
Total	**-**	**47,045**	**-**	**47,045**

The total amount of the changes in fair value recognized in the consolidated statement of income for the year ended December 31, 2023 which was estimated using valuation models, is a gain of SAR 13.9 million (2022: a loss of SAR 64.4 million) which primarily relate to changes in the valuation of the associated company put option described in note 11e, which is included in unrealized loss on FVTPL financial instruments.

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

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

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

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

Should the significant estimations of inputs vary by plus or minus ten percent, the fair value could increase or decrease by approximately SAR 11.8 million (2022: SAR 21.2 million) due to estimating operating results of the associated company, could increase or decrease by approximately SAR 10.1 million (2022: SAR 10.5 million) due to estimating the detrimental effects on the operating results of the associated company which may arise from an exercise of the option, and could increase or decrease by approximately SAR 14.9 million (2022: SAR 12.3 million) due to estimating the fair value of the underlying investment.

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

b) The following table summarizes the movement of the Level 3 fair values for the years ended December 31 2023 and 2022 is summarized as follows:

	2023 SAR'000	**2022 SAR'000**
Fair values at the beginning of the year	107,535	201,764
Net change in fair value	12,477	(92,941)
Sales during the year	-	(1,288)
Fair values at the end of the year	**120,012**	**107,535**

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c) The following table summarizes the estimated fair values of financial assets and financial liabilities as of December 31, 2023 and 2022 that are not carried at fair value in the consolidated statement of financial position, along with the comparative carrying amounts for each.

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

December 31, 2022	Carrying values SAR'000	Estimated fair values SAR'000
Financial assets:		
Due from banks and other financial institutions, net	1,304,701	1,304,701
Investments – held at amortized cost	6,223,842	5,965,667
Loans and advances, net	68,883,198	66,342,387
Total	**76,411,741**	**73,612,755**
Financial liabilities:		
Due to banks and other financial institutions, net	20,892,470	20,892,470
Customers' deposits	69,578,526	68,939,563
Total	**90,470,996**	**89,832,033**

The estimated fair values of loans and advances, net are calculated using market based discounted cash flow models of individual loan portfolios using the weighted average estimated maturities of each individual loan portfolio. The estimated fair values of customers' deposits are calculated using market based discounted cash flow models of individual deposit classes using the weighted average estimated maturities of each individual deposit class. Fair value estimates for loans and advances, net and customers' deposits are considered as level 3 in the fair value hierarchy. The estimated fair values of investments, held at amortized cost, amounting to SAR 11,255 million (2022: SAR 5,536.8 million) and SAR 799.6 million (2022: SAR 428.9 million) are considered as level 1 and level 2 respectively in the fair value hierarchy.

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

31. Related party transactions

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

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

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

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

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

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

b) The balances as of December 31, 2023 and 2022, resulting from such transactions included in the consolidated statement of financial position are as follows:

	2023 SAR'000	2022 SAR'000
Management of the Bank, their relatives and/or their affiliated entities:		
Loans and advances	155,377	248,303
Customers' deposits	1,135,008	2,134,535
Tier I Sukuk	25,300	25,300
Commitments and contingencies	1,360,983	508,353
Investments	249,900	607,740
Principal shareholders of the Bank and/or their relatives:		
Customers' deposits	4,945,712	3,823,077
Tier I Sukuk	50,000	50,000
Affiliates of the Bank, entities for which the investment is accounted for using the equity method of accounting, their management and relatives:		
Loans and advances	1,500,906	1,805,981
Customers' deposits	1,048,678	442,785
Tier I Sukuk	10,000	12,000
Commitments, contingencies and derivatives	455,794	277,259
Trusts for the benefit of the Bank's employees such as pension or other benefits plans that are managed by the Bank:		
Customers' deposits and other liabilities	325,176	303,092

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c) Income and expense for the years ended December 31, 2023 and 2022, pertaining to transactions with related parties included in the consolidated statement of income are as follows:

	2023 SAR'000	2022 SAR'000
Management of the Bank and/or members of their immediate family:		
Special commission income	40,223	31,582
Special commission expense	46,811	35,745
Fee income from banking services	63	42
Other expenses	51,765	82,567
Principal shareholders of the Bank and/or members of their immediate family:		
Special commission expense	132,101	90,099
Rent and premises-related expenses (Building rental)	7,758	7,758
Affiliates of the Bank and entities for which the investment is accounted for using the equity method of accounting:		
Special commission income	203,997	142,749
Special commission expense	36,968	2,692
Fee income from banking services	266	1,019
Other income	7,891	7,999
Other expenses	8,408	16,215
Board of Directors and other Board Committee member remuneration	10,574	9,183

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

The total amount of compensation charged or paid to key management personnel during the year is included in note 22a.

32. Capital adequacy

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

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

The following table summarizes the Bank's Pillar I Risk Weighted Assets (RWA), Tier I and Tier II Capital, and corresponding Capital adequacy ratio percentages as of December 31, 2023 and 2022.

	2023 SAR'000	2022 SAR'000
Credit Risk RWA	80,028,493	89,789,240
Operational Risk RWA	4,000,357	3,010,686
Market Risk RWA	6,183,372	5,410,981
Total Pillar- I RWA	**90,212,222**	**98,210,907**
Tier I Capital	17,490,943	17,319,772
Tier II Capital	605,567	574,960
Total Tier I plus II Capital	**18,096,510**	**17,894,732**
Capital Adequacy Ratios:		
CET I Ratio	16.08%	13.80%
Tier I Ratio	19.39%	17.64%
Tier I plus Tier II Ratio	20.06%	18.22%

The Tier I and Tier II capital as of December 31, 2023 and 2022 is comprised of the following:

	2023 SAR'000	2022 SAR'000
Total Equity	17,235,053	16,789,696
IFRS 9 five-year transitional adjustment	274,185	548,371
Goodwill adjustment	(18,295)	(18,295)
Tier I Capital	**17,490,943**	**17,319,772**
Qualifying general provisions, net	605,567	574,960
Tier II Capital	**605,567**	**574,960**
Tier I plus Tier II Capital	**18,096,510**	**17,894,732**

Capital adequacy and the use of Regulatory capital are regularly monitored by the Bank's management. SAMA requires the Bank to hold a minimum level of regulatory capital and maintain a ratio of total Regulatory capital to Risk Weighted Assets (RWA) at or above the requirement of 10.5%, which includes additional buffers as required by the Basel Committee on Banking Supervision.

As of December 31, 2023 and 2022, the RWA, Tier I and Tier II capital, and capital adequacy ratios are calculated in accordance with SAMA's framework and guidelines regarding implementation of the capital reforms under Basel III. The Tier I plus Tier II Ratio as of December 31, 2023 was maintained at 20.09% (2022: 18.22%).

SAMA under its circular no. 391000029731 dated 15 Rabi Al Awwal 1439H (corresponding to December 3, 2017) on the ECL accounting transitional arrangement for regulatory capital, allowed banks to transition the Day 1 impact of IFRS 9 on regulatory capital over five years by using a dynamic approach to reflect the impact of the transition.

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In April 2020, SAMA issued a guidance document entitled "Guidance on Accounting and Regulatory Treatment of COVID-19 - Extraordinary Support Measures". Under the guidance, banks have been allowed to add-back up to 100% of the Day 1 impact of IFRS 9 as a transitional adjustment amount to Common Equity Tier 1 (CET1) for the two year periods comprising 2020 and 2021. The add-back amount is then required to be phased-out on a straight-line basis over the subsequent 3 years. In this respect, the Group had opted to apply the transitional adjustment, and had included the Day 1 impact of IFRS 9 in its Tier I regulatory capital. As a result, the IFRS 9 transitional adjustment add back amounted to SAR 274.2 million as of December 31, 2023 and SAR 548.4 million as of December 31, 2022.

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

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

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

33. Asset management and brokerage services
The Group offers investment services to its customers, through a subsidiary, which includes management of investment funds in consultation with professional investment advisors, with assets under management totaling SAR 31,741 million (2022: SAR 28,195 million). This includes funds managed under Shariah approved portfolios amounting to SAR 13,306 million (2022: SAR 8,963 million).

34. Employee end of service benefits
a) The actuarial obligation amounts recognized in the consolidated statement of financial position which is included in other liabilities and the corresponding movement during the years ended December 31, 2023 and 2022 is as follows:

	2023 SAR'000	**2022 SAR'000**
Actuarial obligation at the beginning of the year	207,301	193,747
Current service and net interest cost	34,388	43,978
Benefits paid	(13,913)	(13,877)
Effect of changes in actuarial assumptions	21,131	(16,547)
Actuarial obligation at the end of the year (note 14a)	248,907	207,301

b) The principal actuarial assumptions used in the calculation of the actuarial obligations as of December 31, 2023 and 2022 are as follows:

	2023	**2022**
Discount rate	5.81%	4.69%
Expected rate of salary increment	5.00%	2.00%
Normal retirement age (years)	60	60

c) Should the above actuarial assumptions change in the future, the actuarial obligation could be higher or lower. The table below illustrates the sensitivity of the actuarially determined obligation as of December 31, 2023 and 2022 to the discount rate of 5.81% as of December 31, 2023 (2022: 4.69%), and the salary increment rate of 5.00% as of December 31, 2023 (2022: 2.00%).

	2023			2022		
	Impact on actuarially determined obligation Increase (Decrease)			Impact on actuarially determined obligation Increase (Decrease)		
	Change in assumption	Increase in assumption SAR'000	Decrease in assumption SAR'000	Change in assumption	Increase in assumption SAR'000	Decrease in assumption SAR'000
Discount rate	10%	(5,802)	7,723	10%	(5,429)	5,762
Salary increment rate	10%	6,637	(6,354)	10%	2,373	2,327

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

d) The approximate expected maturity analysis of the undiscounted actuarially determined obligation as of December 31, 2023 and 2022 is as follows:

	2023 SAR'000	2022 SAR'000
Less than one year	13,554	19,855
One to two years	1,886	269
Two to five years	8,047	27,976
Over five years	317,769	241,002
Total	**341,256**	**289,102**

e) The weighted average duration of the actuarially determined obligation is approximately 5.9 years (2022: 7.2 years).

35. Tier I Sukuk

The Bank completed the establishment of a Sharia compliant Tier I Sukuk Program (the Program) in 2016 and 2022. The Program was approved by the Bank's regulatory authorities. The following tranches of Tier I Sukuk issued under the program on the dates indicated below are outstanding as of December 31, 2023 and 2022:

	2023 SAR'000	2022 SAR'000
March 21, 2018	-	1,000,000
April 15, 2019	215,000	215,000
June 29, 2022	2,000,000	2,000,000
February 6, 2023	500,000	-
Total	**2,715,000**	**3,215,000**

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

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

36. Treasury shares
On 21 December 2023 the extra ordinary general assembly approved to buy-back of Bank's shares with a maximum of 5,000,000 shares to retain them as Treasury shares and allocate them to the Employees Stock Incentive Plan.

37. Operating expenses
a) Provisions for credit and other losses for the years ended December 31 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Provisions for credit losses:		
Due from banks and other financial institutions (note 5b)	(956)	(6,881)
Investments (note 6e)	433	(15,747)
Loans and advances (note 7c)	362,863	150,673
Financial guarantee contracts (note 14b)	(3,745)	37,557
Other assets (note 10b)	62	194
Provisions for credit losses	**358,657**	**165,796**
Provisions for real estate and other losses	-	25,773
Provisions for credit and other losses	**358,657**	**191,569**

b) Other general and administrative expenses for the years ended December 31 2023 and 2022 is summarized as follows:

	2023 SAR'000	2022 SAR'000
Professional and other related services	193,693	130,317
Auditors' remuneration	5,246	5,666
Communications	63,690	65,714
Advertising and contributions	85,063	68,014
Postal, shipping and supplies	30,549	31,716
Licenses and Subscriptions	55,014	33,499
Lease liability	13,281	12,597
Others	163,786	127,965
	610,322	**475,488**

Auditor remuneration

	2023 SAR'000	2022 SAR'000
Audit fee of the Bank	4,125	4,073
Audit fee of the subsidiaries	328	324
Fee for other statutory and related certification of Bank	110	568
Tax services	600	701
Others	83	-
Total	**5,246**	**5,666**

38. Analysis of changes in financing during the year

A reconciliation from the opening to the closing balances of the liabilities and equity due to changes in cash flows arising from financing activities for the years ended December 31, 2023 and 2022 is summarized as follows:

	Note	SAR'000 Tier I Sukuk
Balances as of December 31, 2021		1,500,000
Redemption of Tier I Sukuk		(285,000)
Issuance of Tier I Sukuk	35	2,000,000
Net movement during the year		1,715,000
Balances as of December 31, 2022		**3,215,000**
Redemption of Tier I Sukuk		**(1,000,000)**
Issuance of Tier I Sukuk	**35**	**500,000**
Net movement during the year		**(500,000)**
Balances as of December 31, 2023		**2,715,000**

39. Prospective changes to the International Financial Reporting Framework

The Group has chosen not to early adopt the following new standards and amendments to IFRS which have been issued but not yet effective for the Group's accounting year beginning on or after January 1, 2024.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 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.	1 January 2024
IFRS S1 & IFRS S2 '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.	1 January 2024 subject to endorsement from SOCPA
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Available for optional adoption/effective date deferred indefinitely)

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40. IBOR ("Interbank Offer Rate") Transition - Interest Rate Benchmark Reforms
A fundamental review and reform of major profit rate benchmarks are being undertaken globally. The IASB has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of an interest rate benchmark, including the replacement of an existing London Inter-bank Offer Rate ("LIBOR") with an alternative Risk-Free Rate ("RFR"). The bank had put in place a robust transition project for those contracts which reference LIBOR and to transition them to the alternate benchmarks as applicable. This transition project considered changes to systems, processes, risk management policies, and models, as well as accounting implications. Further, the Bank has actively approached customers for awareness and led communication and negotiations with affected counterparties. As of December 31, 2023, most of the impacted financial instruments have transitioned to alternate reference rate except for few complex legacy contracts referencing USD IBOR and transactions which will be repriced after 31 December, 2023, and will transition to alternate rate at the next repricing date. As of December 31, 2023, the Group does not hold any financial assets or liabilities that reference GBP or EUR LIBOR.

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

a) Analysis of PSIA income according to types of investments and their financing:
As of December 31, 2023, all joint financing is funded by comingled pool which includes funds from Unrestricted Investment Accountholder ("IAH").

Gross Financing by type of contract:

	2023 SAR'000	2022 SAR'000
Mudaraba	351,277	262,014
Total financing and investments	**351,277**	**262,014**

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

	2023 SAR'000	2022 SAR'000
Pool Income from Investment	8,729	6,511
Total Pool Income	**8,729**	**6,511**
Total amount paid to IAH Mudaraba	331	250
Total amount attributable to shareholders pool	**331**	**250**

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

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

44. Board of Director's approval
These consolidated financial statements were authorized for issue by the Board of Directors on February 7, 2024 corresponding to 26 Rajab, 1445H.

06

ANNEXES

GRI CONTENT INDEX

GRI CONTENT INDEX ESSENTIALS SERVICE 2024

Statement of use	The Saudi Investment Bank has reported in accordance with the GRI Standards for the period 1 January to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.

GRI standard	Disclosure	Location / Response
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Pages 20-22 (A brief profile)
	2-2 Entities included in the organization's sustainability reporting	Pages 4-5 (About this report)
	2-3 Reporting period, frequency and contact point	Pages 4-5 (About this report)
	2-4 Restatements of information	There are no restatements of information from the previous year.
	2-5 External assurance	This report has not been externally assured.
	2-6 Activities, value chain and other business relationships	Pages 20-22 (A brief profile)
	2-7 Employees	Pages 91-92 (Headcount)
	2-8 Workers who are not employees	Page 180 (Compensation and related governance and practices)
	2-9 Governance structure and composition	Pages 114-115 (Board committees and their composition)
	2-10 Nomination and selection of the highest governance body	Page 114 (The Nomination and Remuneration Committee)
	2-11 Chair of the highest governance body	Pages 24-26 (Board of Directors)
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 114-116 (Corporate Governance)
	2-13 Delegation of responsibility for managing impacts	Pages 114-116 (Corporate Governance)
	2-14 Role of the highest governance body in sustainability reporting	The Board is responsible for approving this report before publication.
	2-15 Conflicts of interest	Pages 219-220 (Related party transactions)
	2-16 Communication of critical concerns	Pages 114-115 (Board committees and their composition)
	2-17 Collective knowledge of the highest governance body	Pages 24-26 (Board of Directors)
	2-18 Evaluation of the performance of the highest governance body	Page 114 (Board of Directors)

GRI standard	Disclosure	Location / Response
	2-19 Remuneration policies	Pages 180-181 (Compensation and related governance and practices)
	2-20 Process to determine remuneration	Page 114 (The Nomination and Remuneration Committee)
	2-21 Annual total compensation ratio	Page 92 (Headcount)
	2-22 Statement on sustainable development strategy	Pages 14-15 (Letter from the Chairman)
	2-23 Policy commitments	Pages 32-33 (Saudi Vision 2030)
	2-24 Embedding policy commitments	Pages 30-31 (Our sustainability framework; Saudi Vision 2030)
	2-25 Processes to remediate negative impacts	Pages 98 (Grievance Policy)
	2-26 Mechanisms for seeking advice and raising concerns	Board of Directors Report: pages 29-30 (Compliance Group) Page 98 (Grievance Policy)
	2-27 Compliance with laws and regulations	Page 116 (Compliance)
	2-28 Membership associations	Page 103 (Affiliations)
	2-29 Approach to stakeholder engagement	Pages 36-40 (Our Sustainable Business Model)
	2-30 Collective bargaining agreements	Legal prohibitions: Saudi Arabia's regulatory and legislative frameworks do not allow collective bargaining.
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 42-45 (Our material risks and opportunities)
	3-2 List of material topics	The Saudi Investment Bank's material topics are listed as follows: • The evolving macro-economic environment • Changing client expectations • Employee satisfaction and engagement • Digitalization and automation • Social responsibility
The evolving macro-economic environment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 46-47 (Our strategic framework)
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Pages 50-66 (Financial capital)
	201-2 Financial implications and other risks and opportunities due to climate change	The Saudi Investment Bank does not currently assess material financial implications, risks, or opportunities due to climate change.
	201-3 Defined benefit plan obligations and other retirement plans	Pages 93-94 (Motivation and retention) Page 75 (Related party balances)

GRI standard	Disclosure	Location / Response
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	Page 104 (Social responsibility highlights for 2023)
	203-2 Significant indirect economic impacts	Pages 65-66 (Micro, Small and Medium Enterprises (MSME)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Pages 100-101 (Suppliers)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 115-116 (Risk management)
	205-2 Communication and training about anti-corruption policies and procedures	Page 99 (Embedding ethics in our culture)
	205-3 Confirmed incidents of corruption and actions taken	No incidents of corruption were reported in 2023.
Changing customer expectations		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 78-86 (Client capital)
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 62 (Regulatory penalties and fines)
Employee satisfaction and engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 88-99 (Employee capital)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 91 (Headcount)
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Page 93 (Motivation and retention)
	401-3 Parental leave	Pages 93-94 (Parental leave)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 97 (Occupational health and safety)
	403-2 Hazard identification, risk assessment, and incident investigation	Page 97 (Occupational health and safety)
	403-3 Occupational health services	Page 98 (Employee well-being and satisfaction)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 98 (Employee well-being and satisfaction)
	403-5 Worker training on occupational health and safety	Page 97 (Training (Percentage of training hours per subject))
	403-6 Promotion of worker health	Page 98 (Employee well-being and satisfaction)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 98 (Employee well-being and satisfaction)

GRI standard	Disclosure	Location / Response
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Page 98 (Employee well-being and satisfaction)
	403-9 Work-related injuries	Page 97 (Occupational health and safety)
	403-10 Work-related ill health	Page 97 (Occupational health and safety)
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Pages 96-97 (Learning and development)
	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 94-97 (Learning and development)
	404-3 Percentage of employees receiving regular performance and career development reviews	Pages 94-95 (Employee performance)
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 91-92 (Headcount)
	405-2 Ratio of basic salary and remuneration of women to men	Page 92 (Male-female salary ratio)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported in 2023.

Digitalization and automation

GRI 3: Material Topics 2021	3-3 Management of material topics	Page 69 (Digital transformation) Pages 115-116 (Risk management)
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 86 (Protecting clients' personal information)

Social responsibility

GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 104-106 (Social capital) Pages 108-111 (Environmental capital)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Pages 108-109 (Environmental performance)
	302-4 Reduction of energy consumption	Pages 108-109 (Environmental performance)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 110 (Water consumption and expenditure)
	303-5 Water consumption	Page 110 (Water consumption and expenditure)
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pages 108-109 (Environmental performance)
	305-2 Energy indirect (Scope 2) GHG emissions	Pages 108-109 (Environmental performance)
	305-5 Reduction of GHG emissions	Pages 108-109 (Environmental performance)

GRI standard	Disclosure	Location / Response
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 110 (Paper usage and recycling)
	306-2 Management of significant waste-related impacts	Page 110 (Paper usage and recycling)
	306-3 Waste generated	Page 110 (Paper usage and recycling)
	306-4 Waste diverted from disposal	Page 110 (Paper usage and recycling)
	306-5 Wasted directed to disposal	Page 110 (Paper usage and recycling)
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 104-105 (Our communities at a glance) Pages 105-106 (Social responsibility)

ACRONYMS

AC	Air Conditioning
AML	Anti-Money Laundering
API	Application Programming Interface
BCP	Business Continuity Planning
BMS	Building Management System
CMA	Capital Market Authority
CTF	Counter-Terrorist Financing
DR	Disaster Recovery
EMS	Environmental Management System
ESG	Environmental, Social, and Governance
GCC BDI	Gulf Cooperation Council Board Directors Institute
GJ	Gigajoule
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
ITG	Information Technology Group
KPI	Key Performance Indicator
KYC	Know Your Customer
MWh	Megawatt-hour
OTC	Over-the-Counter
POS	Point of Sale
ROE	Return on Equity
ROI	Return on Investment
SAIB	The Saudi Investment Bank
SAMA	Saudi Arabian Monetary Authority
SAR	Saudi Riyal
SOCPA	Saudi Organization for Certified Public Accountants
VAT	Value-Added Tax

CORPORATE INFORMATION

Name
The Saudi Investment Bank

Commercial registration
1010011570

Registered logo

Legal form
The Saudi Investment Bank (the Bank), a Saudi joint stock company, was formed pursuant to Royal Decree No. M/31 dated 25 Jumada II 1396H, (corresponding to June 23, 1976) in the Kingdom of Saudi Arabia.

Stock exchange listing
The shares of the Bank are listed on the Saudi Stock Exchange (Tadawul)

Auditors
Ernst & Young Co.
KPMG Al Fozan & Partners

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PDF version
www. saib.com.sa/integratedreport2022

Subsidiary and associate companies

Name of Subsidiary	Country of operation	Country of establishment
Alistithmar for Financial Securities and Brokerage Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Saudi Investment Real Estate Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
SAIB Markets Limited Company	Kingdom of Saudi Arabia	Cayman Islands
Name of Associate	**Country of operation**	**Country of establishment**
Yanal Finance Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Saudi Orix Leasing Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Amlak International for Finance and Real Estate Development Co.	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

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