

# ADVANCING WITH PURPOSE

Annual Report  
2024





Custodian of the Two Holy Mosques  
**KING SALMAN BIN ABDULAZIZ AL SAUD**



His Royal Highness  
**PRINCE MOHAMMED BIN SALMAN BIN ABDULAZIZ AL SAUD**  
Crown Prince and Prime Minister



# Table of contents

## 01

### Bank Profile

- 8-9 About Us
- 10-11 Our History
- 12-13 At a Glance
- 14-15 Awards & Honors 2024
- 16-17 Advancing with Purpose
- 18-19 Our Strategy
- 20-21 Investment Opportunity
- 22-25 Chairman's Foreword
- 26-29 CEO's Foreword
- 30-33 Vision 2030

## 02

### Strategic Review

- 36-37 Year In Review
- 38-39 Board of Directors Members
- 40-41 Executive Management Members
- 42-45 Business Model
- 46 Our Stakeholders
- 47-65 Investor Information
- 66-69 Market Picture

## 03

### Operational Review

- 72-81 Financial Review
- 82-85 Key Business Sectors and Activities
- 86-88 Micro, Small and Medium Enterprises
- 89-120 Transactions with Related Parties
- 121-129 Business Review
- 130-137 Subsidiaries
- 138-141 Digital Banking & Innovation
- 142-147 Customer Experience
- 148-152 Information Security
- 153-155 Shared Services
- 156-157 Business Continuity
- 158-167 Technology
- 168-171 HR – Our People
- 172-173 Employees' Share Program
- 174-179 Sustainability
- 180-187 Corporate Social Responsibility

## 04

### Corporate Governance

- 190-191 Governance
- 192-225 Board of Directors
- 226-242 Board Committees
- 243-251 Remuneration and Compensation
- 251 Mechanisms and means for evaluating the performance of the Board of Directors, its committees, and their respective members
- 252-253 Internal Audit
- 254 Internal Control System
- 255-256 Compliance & Anti-Financial Crimes
- 256 HR Policies
- 257-258 Penalties imposed on the bank and its subsidiaries
- 259 Principles and Code of Professional and Ethical Conduct
- 260-264 Current and Future Risks
- 265 Compliance with Corporate Governance Regulations
- 266 Board Acknowledgments

## 05

### Financial Statements

- 270-409 Financial Statements



# 01

## BANK PROFILE

8-9	About Us
10-11	Our History
12-13	At Glance
14-15	Award & Honors 2024
16-17	Advancing with Purpose
18-19	Our Strategy
20-21	Investment Opportunity
22-25	Chairman's Foreword
26-29	CEO's Foreword
30-33	Vision 2030
30-31	Our Contribution – Vision 2030
32-33	Bank Albilad & Vision 2030 Alignment





# About us



Bank Profile

Strategic Review

Operational Review

Corporate Governance

Financial Statements

Bank Albilad is a Saudi joint stock company, established by Royal Decree in 1425H (corresponding to 2004) with a current corporate capital of ﷲ 12,500,000,000. It is headquartered in Riyadh, Kingdom of Saudi Arabia, and listed (ALBILAD) on Tadawul, the Saudi Stock Exchange.

The Bank operates by 107 branches across the Kingdom of Saudi Arabia, The Bank provides Sharia-compliant services to personal, corporate, and SME clients, supporting the latter through specialized centers in a number of cities throughout the Kingdom.

The Bank operates by

**107** branches

across the Kingdom of Saudi Arabia

Capital of

**ﷲ 12.5** Billion

*The Bank provides  
Sharia-compliant services  
to personal, corporate,  
and SME clients.*

# Our History

Established in 2004, Bank Albilad was the Kingdom's 11<sup>th</sup> bank. The original shareholders to invest in the Bank were 8 of the country's leading money exchangers: Mohammad & Abdullah AlSubeaei Exchange Co., Heirs of Abdulaziz bin Sulaiman AlMugairin, AlRajhi Trading Exchange Est., AlRajhi Trading Est., Mohammad Salih Sayra Est., Abdulmohsen AlOmari Est., Yousef Abdulwahab Numatallah Co., and Ali Hazaa' & Partners for Trading & Exchange.

These shareholders contributed ₪ 1.5 billion towards Bank Albilad, while the public also paid ₪ 1.5 billion. The shareholders' experience and expertise have proven extremely beneficial for the Bank's progress.

Since listing, it has expanded substantially through deposits, financing, and remittances. Bank Albilad owns Albilad Investment Company, which undertakes investment and asset management activities. It also owns Albilad Real Estate Company Ltd, which provides real estate-related services for customers. In addition to Enjaz Payment Services Company, which is fully licensed by the Saudi Central Bank as a Major Electronic Money Institution.

The shareholders contributed

**₪1.5 Billion**

towards Bank Albilad

*Established in 2004,  
Bank Albilad was the  
Kingdom's 11<sup>th</sup> bank.*





# At a Glance

## Financial Highlights

Net Income after Zakat

2024	2023
ﷲ 2,807 Million ↗	ﷲ 2,369 Million

Total Equity

2024	2023
ﷲ 16,693 Million ↗	ﷲ 15,258 Million

Net Financing

2024	2023
ﷲ 109,304 Million ↗	ﷲ 102,080 Million

Customer Deposits

2024	2023
ﷲ 121,776 Million ↗	ﷲ 112,831 Million

ROAE

2024	2023
17.6 %	16.5 %

EPS

2024	2023
ﷲ 2.26 ↗	ﷲ 1.91

## Operational Highlights

Launched <b>Albilad Verse</b> Application & Albilad Verse Center	12% increase in Mobile Banking transactions volume	178% increase in digital personal finance sales
3,767 employees	107 branches across the Kingdom	91% Saudization Rate

## ESG Highlights

<b>ZERO</b> Security Incidents	50% of the Board of Directors were independent members	5,524 training opportunities
Recycling approximately over <b>8</b> tons of waste	<b>+31,000</b> Number of volunteers	Saving <b>+141</b> trees
Preserving <b>+57,855</b> gallons of water	Reducing CO <sub>2</sub> emissions by <b>+20.88</b> tons	Saving <b>+47,722</b> kilowatts of energy

# Awards & Honors 2024

Bank Albilad Tower awarded **"LEED"** certificate from US Green Building Council – May 2024



**Fastest Growing Apps** by World Business Outlook – September 2024

**Excellence Award in Community Banking Services** presented by "Saudi Banking Conference" – August 2024

Bank Albilad awarded CSR Gold Award – October 2024  
**Corporate Social Responsibility Award** presented by the Ministry of Human Resources & Social Development.

الموارد البشرية  
والتنمية الاجتماعية



## Forbes

One of the **top 10 private sector brands in the field of social responsibility** according to Forbes – September 2024

Bank Albilad awarded **ISO 37000 Governance Certification** as the first bank in the Kingdom – October 2024

Bank Albilad awarded **Labor Culture** – December 2024

Bank Albilad awarded **Customer Orientation** – November 2024

Bank Albilad receives the **Gold Category Harmonization Certificate** – November 2024



# Advancing with Purpose

As Bank Albilad embraces the year ahead, our theme “Advancing with Purpose” exemplifies our commitment to leadership and innovation in the financial sector. This guiding principle reflects our resolve to set new benchmarks in banking excellence and proactive response to industry shifts.

“Advancing with Purpose” underlines our focus on strategic growth, emphasizing the refinement of our operations to provide exceptional value. By optimizing our financial solutions to align with customer needs and Vision 2030, we enhance our competitiveness and service quality.

By integrating cutting-edge technologies, launching innovative financial products, and fostering a culture of excellence and inclusivity, we strive to provide our stakeholders with unparalleled banking experiences. This commitment to our customers, partners, and the community at large, ensures that every advancement enriches our customers’ journey and strengthens our market presence.

*With steadfast dedication to purposeful progress, Bank Albilad enhances community and customer financial well-being. Each strategic step is designed to contribute significantly to the socio-economic landscape of the Kingdom, paving the way for sustainable success and collective prosperity.*



# Our Strategy



## Vision

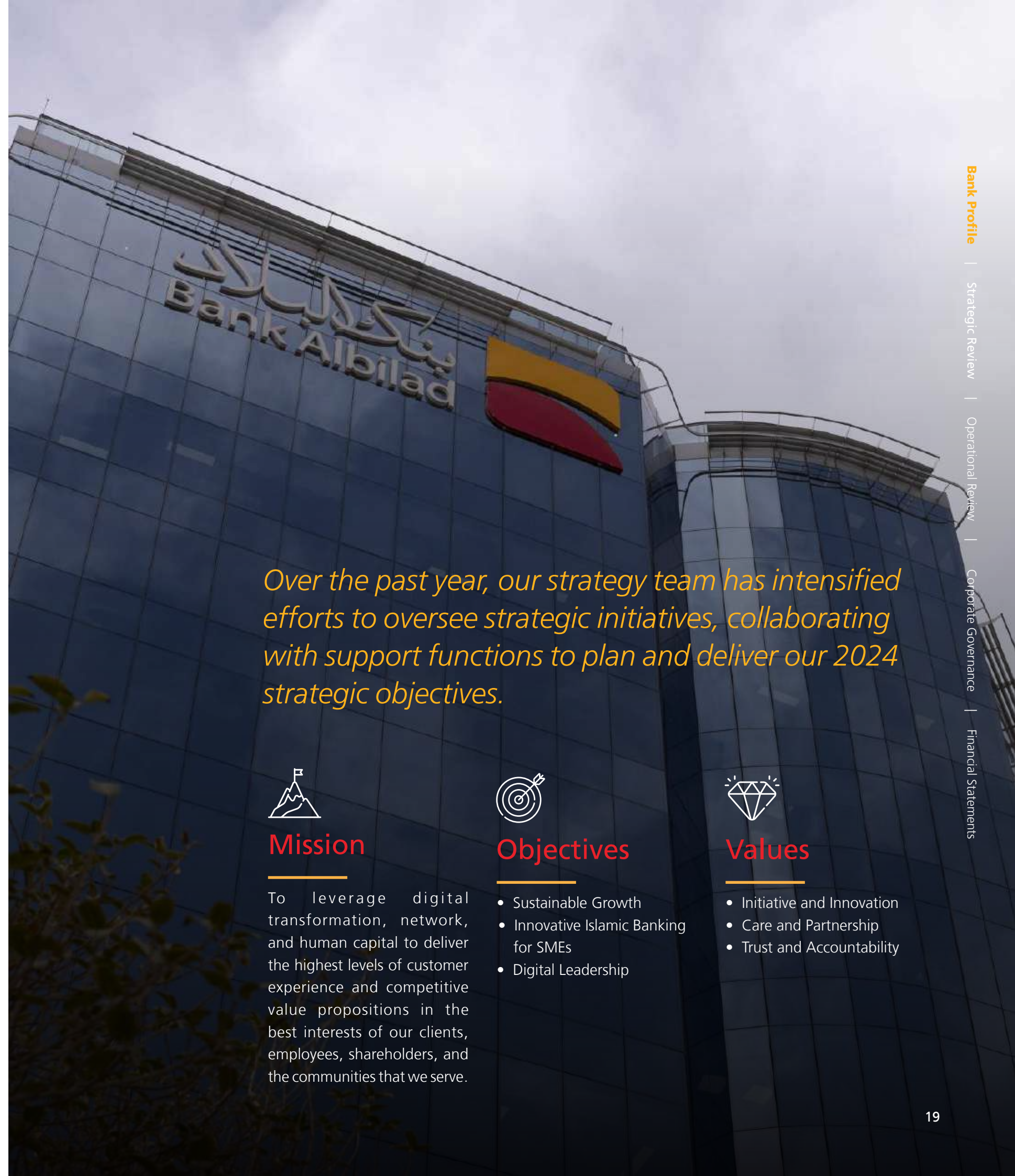
To be the preferred choice of innovative Islamic banking solutions.



## Strategy Review

Since our establishment in 2004, Bank Albilad has been at the forefront of modern Islamic financial solutions, guided by a steadfast commitment to innovation and excellence. Our strategic adaptability has enabled us to effectively respond to the changing needs of our stakeholders and the broader market, thereby maintaining our competitive advantage and fostering consistent growth.

Over the past year, our strategy team has intensified efforts to oversee strategic initiatives, collaborating with support functions to plan and deliver our 2024 strategic objectives. This collaborative approach supports management's decision-making processes by providing comprehensive research, insights, and analyses, enhancing the exceptional value and service we offer clients, employees, and shareholders.



*Over the past year, our strategy team has intensified efforts to oversee strategic initiatives, collaborating with support functions to plan and deliver our 2024 strategic objectives.*



## Mission

To leverage digital transformation, network, and human capital to deliver the highest levels of customer experience and competitive value propositions in the best interests of our clients, employees, shareholders, and the communities that we serve.



## Objectives

- Sustainable Growth
- Innovative Islamic Banking for SMEs
- Digital Leadership



## Values

- Initiative and Innovation
- Care and Partnership
- Trust and Accountability



# Investment Opportunity

## A Future Built on Strength and Innovation

### 1. Bank Albilad boasts a robust financial profile

With consistent profitability and growth over the past years as it currently presents the best investment opportunity around while it has managed to grow EPS continuously, and growing revenue by 7% compared to previous year to reach **SR** 5,672 million. Bank Albilad has a diversified revenue base, with income from a variety of sources, including retail banking, corporate banking, investment banking, and treasury services. This diversification helps to reduce the bank's risk exposure and makes it more resilient to economic downturns.

### 2. Proactively leading & co-creating innovative solutions

Bank Strategy is focused on embracing innovation as a core value. The bank launching a new Horizons Innovation Centre to promote cooperation with fintech companies and innovation partners as this will lead to the incubation of new innovative financial services in support of the Financial Sector Development Program under Vision 2030. Innovation will remain a core element of our future growth strategy, driving us forward to even greater achievements.

### 3. Attract a sizable customer base

Bank Albilad has been offering customized financial solutions to support business growth. This approach has helped the bank attract a sizable customer base and increase its long-term sustainable revenue. As the bank has exciting prospects, driven by its innovative approach and commitment to staying ahead in the digital era, with cutting-edge digital solutions and customer-centric service, and the strong track record of innovation is well-equipped to meet the needs of its customers.

### 4. Shariah-compliant products & services

Bank Albilad is a leading provider of Sharia-compliant banking products and services in Saudi Arabia as it offers a variety of Sharia-compliant products and services and is well-positioned to benefit from the continued growth of the Saudi economy. These factors make it an attractive investment for investors who are looking for a Sharia-compliant investment with strong potential for growth.

### 5. Incorporated multiple sustainable principles

Bank Albilad's Strategy has fundamentally incorporated multiple sustainable principles and continue to regularly review and enhance the governance system. The bank is committed to environmental, social, and governance (ESG) practices and their dedication to such initiatives reflects their commitment to making a positive impact. Overall, the bank has promoted sustainable banking practices, as well as offering its customers with a range of innovative solutions that continue to meet customer needs and preferences.

*Bank Albilad is a well-managed and financially sound bank with a strong track record of performance. With its strong financial performance, focus on digital banking solutions and expanding customer base Bank Albilad is a compelling investment opportunity that should be on the radar of any discerning investor.*



# Chairman's Foreword



In the name of Allah, the Most Gracious, the Most Merciful. Peace and blessings be upon Prophet Muhammad, his family, and all his companions.

Esteemed shareholders, dedicated partners,  
and valued stakeholders,  
Peace be upon you,

It is my honor, on my own behalf and on behalf of the Board of Directors, to present to you the Annual Report and the Financial Statements of Bank Albilad for the fiscal year ending on December 31, 2024, under the theme "Advancing with Purpose." This report highlights our financial results and achievements, showcasing how the bank has contributed to realizing its strategic objectives.

This year, the bank achieved notable financial growth: net income rose by 18.5% compared to the previous year, reaching  $\text{AED}$  2,807 million. This performance has been supported by the Kingdom's commitment to Vision 2030 and its major transformational projects, which played a crucial role in driving development and growth across diverse sectors, reflecting positively on the bank's performance and its expanding business.

Guided by a strategy that places our customers at the core of every development, Bank Albilad has continued exploring opportunities through innovative financial solutions and pioneering initiatives that cater to our clients' evolving needs. The bank introduced a fully digital journey for personal finance and credit cards, facilitating convenient and seamless access to services. We also maintained our leadership in real estate financing, becoming the first bank to launch the Discounted Housing Finance program in collaboration with the Real Estate Development Fund, thereby supporting national efforts to raise the rate of homeownership among citizens.

**Nasser Bin Muhammad AlSubeaei**  
Chairman of the Board of Directors

*In pursuit of operational efficiency, we harnessed modern technologies, particularly Robotic Process Automation (RPA), which accelerated banking processes and streamlined procedures, alongside further automation of various support functions.*

We also established model branches and developed an advanced Data Center to ensure top-tier services. Our commitment to effective governance in processes and decisions, benefiting customers, shareholders, employees, stakeholders, and the wider community, culminated in obtaining the ISO 37000 Governance Certification – making Bank Albilad the first bank in the Kingdom to receive this distinguished certification. This achievement underscores our continuous dedication to upholding the highest standards of governance and operational integrity.

Moreover, we remain steadfast in integrating environmental, social, and governance (ESG) principles by embedding social responsibility into our core strategy and sustainability approach. The bank rolled out multiple initiatives reflecting its commitment to sustainable development, including the "Pilgrims Gift," the "Zood" Savings Account in partnership with the Social Development Bank, and the

*This year, the bank achieved notable financial growth: net income rose by 18.5% compared to the previous year, reaching  $\text{AED}$  2,807 million.*



“Ekhaa Fund” for social responsibility to support orphans. We also inaugurated “Albilad Verse,” a center designed to promote financial literacy among younger generations. Environmentally, we introduced a recycling initiative targeting harmful waste, while “Albilad Ramadan Basket” provided support for those in need. These efforts placed the bank among the top 10 brands in CSR within the Kingdom and top 50 in the Middle East, as recognized by Forbes.

*Our strategic decisions are rooted in our core values of initiative and innovation, alongside fostering a culture of care, partnership, reliability, accountability, communication, and constructive collaboration.*

By investing in digital solutions and strengthening our social responsibility, we are diligently moving toward being the preferred provider of innovative Islamic banking solutions. We strive to achieve our vision for the year 2025, as we intensify our focus on digital transformation, modern technologies, simplifying operations, expanding our customer base, diversifying funding sources to bolster financial stability, and investing in distinguished talent to deliver high-quality services and enhance our customer satisfaction.

Finally, on behalf of the Board of Directors and all ambassadors of Bank Albilad, I extend my deepest gratitude to the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince—may Allah protect them—for their unwavering support and prudent leadership, continuously fueling development and prosperity. Our sincere thanks go as well to the Ministry of Finance, the Ministry of Commerce, the Saudi Central Bank, and the Capital Market Authority for their tireless endeavors to preserve the stability of the Kingdom’s financial sector. Moreover, I would like to convey my profound appreciation to our valued customers, shareholders, and partners for their ongoing trust and support, which inspire us to strive for further innovation and excellence.

*Together, we “Advance with Purpose” toward a bright future founded on innovation, collaboration, and success.*

Net income rose by

**18.5%**  
compared to the previous year reaching  
**ﷲ 2,807 MN**

**Nasser Bin Muhammad AlSubeaei**  
Chairman of the Board of Directors





# CEO's Foreword



Ladies and Gentlemen,  
esteemed shareholders  
of Bank Albilad,  
**Peace be upon you all.**

With great pride, I present the 2024 Annual Report for Bank Albilad, a brief success story that reflects our financial performance over the past year and embodies our overarching theme, "Advancing with Purpose." This theme is a clear manifestation of our relentless drive to innovate and excel, ensuring that we remain committed to realizing the Kingdom's goals and aspirations outlined in Vision 2030.

The year 2024 was marked by growth and achievements, as the Bank recorded robust financial performance. Our net income after Zakat rose by 18.5% to **ﷲ 2,807** million. Total assets increased by 8% to **ﷲ 154,965** million, while Customers' Deposits grew by 8% to **ﷲ 121,776** million. Equity also witnessed a remarkable 9% increase, reaching **ﷲ 16,693** million, and our financing portfolio grew by 7% to **ﷲ 109,304** million. While operating expenses decreased by 4%, the Bank maintained operational efficiency and enhanced returns for our shareholders.

Bank Albilad has long been at the forefront of technological innovation, always placing the customer first. We have built a strong organizational culture founded on collaboration and the adoption of modern technologies, digitizing operations and boosting productivity, which has given us a competitive edge in delivering a unique customer experience. Over the course of this year, we continued our steadfast quest to achieve operational excellence and innovation. This encompassed investing in and

**Abdulaziz M. Al-Onaizan**  
Chief Executive Officer

Our net income after Zakat  
rose by

**18.5%**  
to  
**ﷲ 2,807** Million

Total assets increased by

**8%**  
to  
**ﷲ 154,965** Million



adopting the latest technologies in infrastructure and digital transformation projects, in addition to establishing a series of standalone model branches for the Bank *and developing a data center with advanced international specifications, which comply Level 4 standards to maintain the highest levels of security and reliability, ensuring operational robustness and business continuity.*

Throughout 2024, the Bank also concentrated on sustainable development initiatives by introducing new and innovative financial programs and products, in line with the support programs provided to small, medium, and micro enterprises. The Bank also exerted efforts to support real estate financing, reflecting its vital role in promoting national growth and increasing homeownership in alignment with Vision 2030.

In parallel with this drive for growth and development, the Bank has never lost sight of its societal role and corporate social responsibility. We have supported numerous initiatives in the health and environmental sectors, alongside empowering those with special needs. In recognition of these activities, the Bank received the Gold Award for Corporate Social Responsibility from the Ministry of Human Resources and Social Development and was named among the top 10 CSR brands in the Kingdom by Forbes. We also adopted various environmental initiatives, most notably securing LEED certification from the U.S. Green Building Council. Projects such as the Saving Hackathon have reinforced a culture of saving. Our social inclusion efforts were evident in the "Our Summer Together" initiative in 'Asir, which provided public spaces adapted for people

with disabilities, reflecting our dedication to empowering all members of society.

*The launch of the "Albilad Verse" Center - Children's Bank - for financial education also marked a milestone in spreading financial literacy among the rising generations.*

*It represents a long-term investment in building a society aware of financial transactions and instilling savings and investment skills from an early age, as well as raising awareness of financial fraud and how to protect themselves and their families from it.*

As we move into 2025, "Advancing with Purpose" remains the guiding principle of our journey. We will work to update our strategy, enhance our digital capabilities, diversify our funding sources, and deliver exceptional customer experiences, seeking to achieve further progress and sustainable growth, ensuring the Bank continues its leadership in shaping the future of banking in the Kingdom.



*Finally, I extend my sincere gratitude to the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince—may Allah protect them—for their wise leadership and constant support in developing our financial sector.*

*I also thank the Ministry of Finance, the Ministry of Commerce, the Capital Market Authority, and the Saudi Central Bank for their tireless efforts to sustain the stability of the financial system.*

My deepest appreciation goes to our customers, partners, and shareholders for their ongoing trust and support in our mission. I also wish to thank the Board of Directors for their strategic guidance, which has been pivotal in driving our progress and innovation, and to the management team and all Bank Albilad's ambassadors, whose dedication and efforts have been essential to our success.

*Together, we look forward to sustainable growth and continuing to deliver exceptional value to all our partners, committed to our duty to "Advance with Purpose."*

**Abdulaziz M. Al-Onaizan,**  
Chief Executive Officer



# Vision 2030



## Our Contribution

*Vision 2030 is a bold and ambitious plan to diversify the Saudi Arabian economy to deliver prosperity and improved quality of life for everyone who lives and works in the Kingdom.*

As a significant contributor to the Saudi Arabian financial sector, Bank Albilad has an important role to play across the three themes of the Vision: a vibrant society, a thriving economy, and an ambitious nation.

Our journey is fully aligned with Vision 2030. The Strategy team ensures that every strategic objective aligns seamlessly with the national vision, incorporating new initiatives and conducting thorough research to spearhead innovation within the bank.

Our Islamic banking services and products are providing support for individuals and businesses across the Kingdom. In particular, by focusing on the provision of leading-edge digital solutions we are engaging with younger people to give them access to banking products that meet modern needs.

*Bank Albilad's range of Shariah-compliant savings products is also contributing to the overarching Vision objective to increase household savings from 6% to 10% of total household income whilst our homeownership solutions are helping to meet the Kingdom's target to increase homeownership to 70% by 2030 from 60% in 2020.*

At the same time, our focused activities supporting the SME sector will strengthen a key engine of economic growth. The Kingdom's smaller businesses are a critical building block for the future economy of the nation. Supporting those businesses has been a major element of our strategy, working closely alongside MSMEs to ensure we are providing products and services that meet their changing needs.

*Our future as a Bank is closely tied to the future success of the Kingdom as a whole. We continued to deliver a robust strategy that is entirely aligned with the mission, aims, and objectives of Vision 2030.*



# VISION رؤية 2030

## Bank Albilad & Vision 2030 Alignment

### Vision 2030 Program

### Program Objectives

### BAB Strategic Objectives



#### Financial Sector Development Program

Enable Financial Institutions to Support Private Sector Growth.  
Promote and Enable Financial Planning.  
FinTech Strategy.

Sustainable Growth.  
Innovative Islamic Banking for SME's.  
Digital Leadership.



#### National Transformation Program

Grow SME Contribution to the Economy.

Sustainable Growth.  
Innovative Islamic Banking for SME's.



#### Quality of Life Program

Enable the Development of the Tourism Sector.

Innovative Islamic Banking for SME's.



#### Housing Program

Enable Suitable Home Ownership Among Saudi Families.

Sustainable Growth.



#### Human Capability Development Program

Enhance Family Involvement in Preparing for their Children's Future.  
Build a life-long Learning Journey.

Sustainable Growth.



# 02

## STRATEGIC REVIEW

36-37	Year In Review
38-39	Board of Directors Members
40-41	Executive management Members
42-45	Business Model
46	Our Stakeholders
47-65	Investor Information
66-69	Market Picture





# Year In Review

- Increasing the Bank's capital to ﷲ 12.5 billion (second box)
- Inauguration of "Albilad Verse" center to enhance children's financial literacy
- Launch of the Albilad Verse Application
- Inauguration of a World-Class Data Center (Tier 4)
- Adherence to implementing SAMA regulations and frameworks, with a key focus on maintaining the robustness of information systems and meeting required maturity levels
- Introduction of a range of savings and investment products (Investment Wakalah, Awaed Albilad, and the Zood Savings Account in partnership with the Social Development Bank)
- Launch of the Visitors Digital Account
- Launched HR Mobile app (BAB) for Albilad Ambassadors
- Collaboration with NEOM in a syndicated credit facility agreement valued at ﷲ 10 billion
- Implementing quality and operational efficiency improvement initiatives
- The Smart Decisions system for credit approvals
- The bank achieved the highest level of engagement on social media, exceeding 2.7 million.
- Forming additional alliances in open banking with fintech companies
- Expanding the customer base for the Tamkeen Plus card
- Introducing a Customer Relationship Management system for phone banking and Albilad branches

Collaboration with NEOM in a syndicated credit facility agreement valued at

ﷲ 10BN

Increasing the Bank's capital to

ﷲ 12.5BN

Distributed

ﷲ 500MN

of cash dividends to shareholders for 2023

- Active contribution to government financing programs such as Kafalah and the SME Bank
- Signing several cooperation agreements with an elite group of companies and government entities.
- Donated ﷲ 1 Million to Ehsan platform
- Distributed ﷲ 500 million of cash dividends to shareholders for 2023
- Distributed ﷲ 625 million of cash dividends to shareholders for H1 2024
- Awarded ISO 37000 in Governance as the First Bank in the Kingdom
- Awarded with Corporate Governance Excellence
- The 2023 Sustainability report was published
- Signing a cooperation agreement with Microsoft (AI)
- Sponsoring of Saudi Capital Market Forum 2024
- Sponsoring of Formula One for the third consecutive year

BANK ALBILAD METRO STATION, SITUATED ON RIYADH METRO BLUE LINE, SERVING AS A KEY TRANSIT POINT FOR COMMUTERS IN THE AREA.



# Board of Directors



**Mr. Nasser Mohammed AlSubeaei**  
CHAIRMAN - NON EXECUTIVE MEMBER



**Dr. Zeyad Othman Alhekail**  
INDEPENDENT MEMBER



**Mr. Adeeb Mohammed Abanumai**  
VICE CHAIRMAN - INDEPENDENT MEMBER



**Mr. Abdulaziz Mohammed AlOnaizan**  
EXECUTIVE MEMBER - CHIEF EXECUTIVE OFFICER



**Mr. Khalid Abdulrahman AlRajhi**  
NON EXECUTIVE MEMBER



**Mr. Mohammed Abdulrahman AlRajhi**  
NON EXECUTIVE MEMBER



**Mr. Muadh Abdulrahman Al-Husseini**  
INDEPENDENT MEMBER



**Mr. Nasser Bin Suleiman Al-Nasser**  
INDEPENDENT MEMBER



**Mr. Haitham Mohammed Al-Fayez**  
INDEPENDENT MEMBER



**Mr. Haytham Sulaiman AlSuhaimi**  
NON EXECUTIVE MEMBER



# Executive Management



**Mr. Abdulaziz Mohammed AlOnaizan**  
CHIEF EXECUTIVE OFFICER



**Mr. Bashaar Yahya AlQunaibit**  
SENIOR EXECUTIVE VICE PRESIDENT - BUSINESSES



**Mr. Saleh Suliman AlHabib**  
EXECUTIVE VICE PRESIDENT - SHARED SERVICES



**Mr. Abdullah Mohammed Alarifi**  
EXECUTIVE VICE PRESIDENT - RISK MANAGEMENT



**Mr. Hisham Ali AlAkil**  
EXECUTIVE VICE PRESIDENT - FINANCE



**Mr. Samer Mohammed Farhoud**  
EXECUTIVE VICE PRESIDENT - TREASURY



**Mr. Waleed Khaled Al-Dhubaib**  
EXECUTIVE VICE PRESIDENT - RETAIL BANKING



**Mr. Saad Ibrahim Aldrees**  
EXECUTIVE VICE PRESIDENT - CORPORATE BANKING



**Mr. Haitham Medainy AlMedainy**  
EXECUTIVE VICE PRESIDENT - HUMAN RESOURCES



**Mr. Abdulaziz Saleh Alghufaili**  
EXECUTIVE VICE PRESIDENT - TECHNOLOGY



# Business Model



## Bank Approach



Diligent and Risk-based Decision Making



Customer Centricity



Innovative products and services tailored to meet customer needs



Focus on quality and efficiency



Adopt a long-term view that generates returns that are sustainable over a longer period



Interest in working in a socially and environmentally sustainable manner



We use our expertise and judgement to make individual decisions that balance risk and return with customer needs



## Bank Differentiators

**Strong foothold in the KSA Islamic banking segment**

With a strong proposition around customized leading-edge digital solutions, we have solidified our position as a key institution providing innovative Islamic banking solutions.

**Diversification across business verticals, products and services**

Our continual efforts to stimulate growth and innovate has been a cornerstone of our success.

**Exceptional Customer Service**

Customer centricity is in our DNA. Our continuous investment in enhancing customer experience keeps.

**Our people**

Our most important asset are the people who make our growth path possible. Our training and development enable career progression and operational efficiency.

**Operational Efficiency**

Our strategy is weaved around optimum efficiency across the business and decisions.



Leveraged across our business verticals:



Retail Banking



Corporate Banking



Treasury

To facilitate products and services such as:

- |                         |                       |                       |                            |
|-------------------------|-----------------------|-----------------------|----------------------------|
| Cards                   | E-services            | Bank current Accounts | Corporate Account Services |
| Bank Savings Accounts   | Financing Solutions   | Foreign Exchange      | Auto Financing             |
| Cash Management         | Real estate Financing | Trade Finance         | Treasury Services          |
| Other Treasury Services | Direct Investment     | Debt Settlement       | Banking Agent              |

For our customers:



SMEs



Corporate



Retail




Financial institutions

Through direct and indirect channels:


- Strategic partnerships
- Intermediators
- Business partners

To create value:




**Shareholder Value**

We continue to deliver returns to shareholders and long-term value for investors.



**With Stakeholders**

Our ongoing commitment to customers has made us a part of their personal and professional journey.



**Employee Engagement**

We have been able to engage with employees and create a highly motivated and capable workforce.



# Our Stakeholders

Stakeholder	Modes of Engagement	Interests
Customers	<ul style="list-style-type: none"><li>Branches</li><li>Service centers</li><li>Call center</li><li>Online banking</li><li>Social media</li><li>Bank website</li><li>Public events</li></ul>	<ul style="list-style-type: none"><li>Friendly &amp; responsive customer service</li><li>Data Security</li><li>Data privacy</li><li>Innovative products &amp; services</li><li>Digital banking services</li></ul>
Business Partners & Suppliers	<ul style="list-style-type: none"><li>Regular engagement &amp; communications</li><li>Tendering process</li><li>Supplier Code of Conduct</li><li>Annual &amp; public reports</li><li>Bank website</li></ul>	<ul style="list-style-type: none"><li>Responsible &amp; sustainable procurement</li><li>Digital innovation &amp; transformation</li><li>Community investments</li><li>Anti-money laundering, bribery &amp; corruption</li><li>Financial stability &amp; systemic risk management</li></ul>
Investors & Shareholders	<ul style="list-style-type: none"><li>General Assemblies</li><li>Annual Reports</li><li>Investor conferences &amp; presentations</li><li>Investor relations</li><li>Press Releases</li><li>Bank website</li></ul>	<ul style="list-style-type: none"><li>Economic performance</li><li>Sustainable investments</li><li>Business ethics</li><li>Governance &amp; compliance</li><li>ESG ratings &amp; indices</li></ul>
Regulators & Government Authorities	<ul style="list-style-type: none"><li>Board of Directors</li><li>Engagement with government authorities</li><li>Compliance reports and associated activities</li><li>Annual &amp; public reports</li></ul>	<ul style="list-style-type: none"><li>Governance, business ethics &amp; compliance</li><li>Anti-money laundering, bribery &amp; corruption</li><li>Economic performance</li><li>Community investment &amp; socioeconomic development</li><li>Nationalization</li></ul>
Community	<ul style="list-style-type: none"><li>Volunteering &amp; donation programs</li><li>Education programs</li><li>Partnerships</li><li>Products &amp; services</li><li>Social media</li><li>Public events</li><li>Bank website</li></ul>	<ul style="list-style-type: none"><li>Financial literacy</li><li>Financial inclusion &amp; accessibility</li><li>Nationalization</li><li>Governance, business ethics &amp; compliance</li><li>Community investments</li></ul>
Employees	<ul style="list-style-type: none"><li>Training &amp; development programs</li><li>Performance appraisals</li><li>Rewards &amp; recognition programs</li><li>Bank events</li><li>Annual &amp; public reports</li><li>Bank website</li></ul>	<ul style="list-style-type: none"><li>Fair compensation</li><li>Talent development</li><li>Diversity &amp; inclusion</li><li>Employee wellbeing</li><li>Customer satisfaction</li></ul>

# Investor Information

## Share Overview

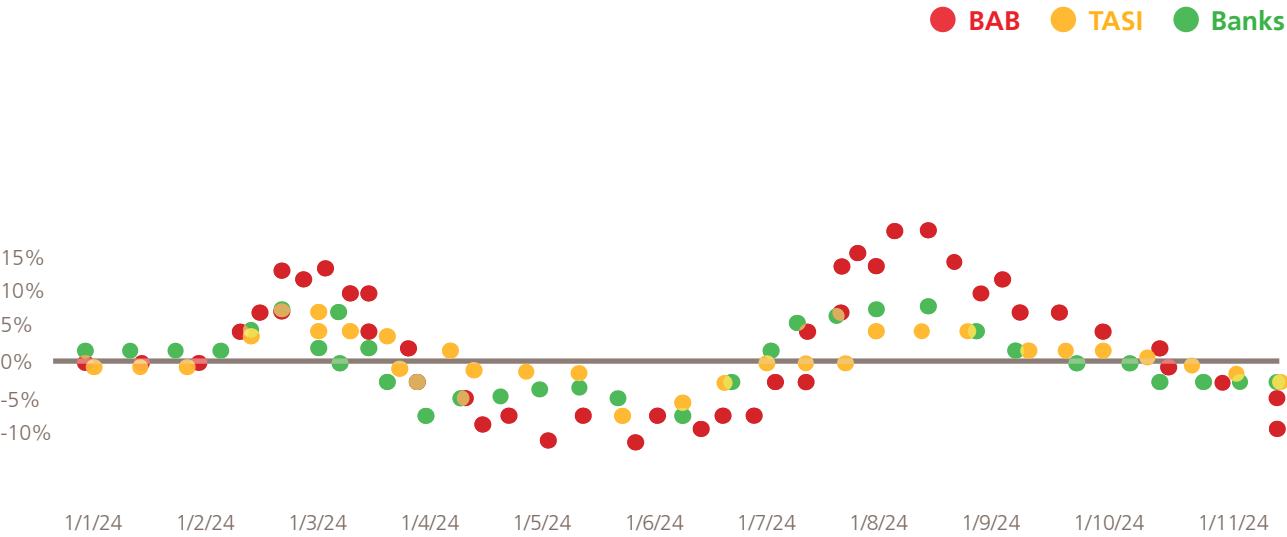
Listing date <b>2005</b>	Exchange <b>Tadawul</b>	Symbol <b>1140</b>	ISIN Code <b>SA000A0D9HK3</b>
Currency <b>ﷲ</b>	Industry <b>Banking</b>	Number of shares issued <b>1,250 million Shares</b>	Market Cap as of 31 December 2024 <b>ﷲ 48.81 billion</b>

## Shareholders by Nationality

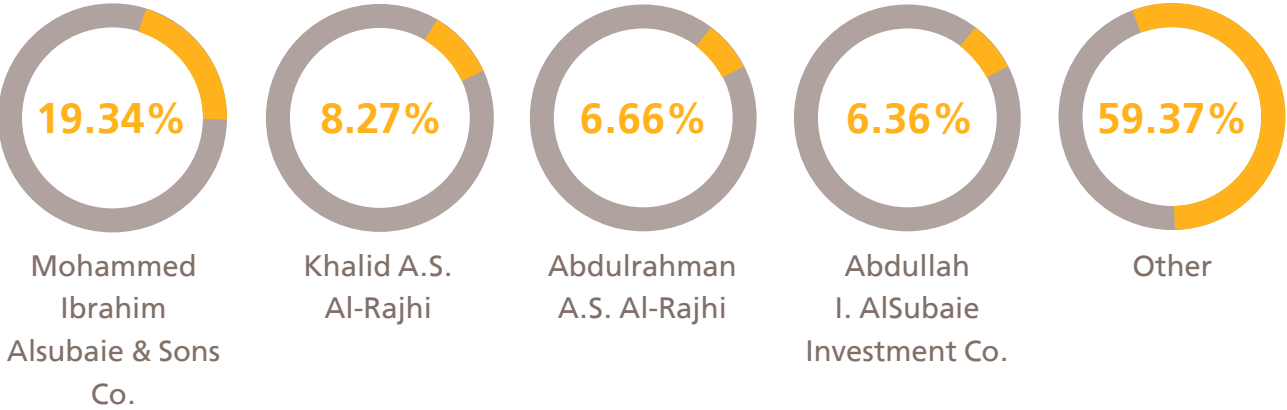




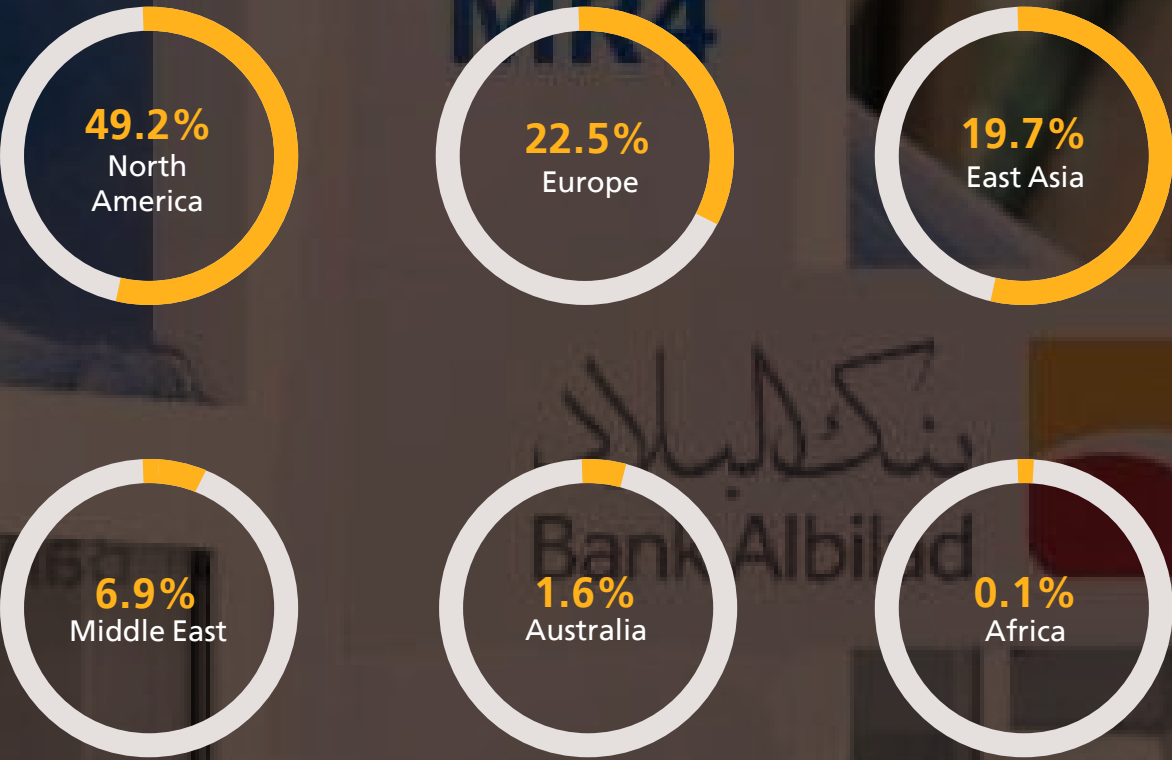
Share Performance 2024



Major Shareholders Share



Foreign Shareholders by Geography



Shareholders by Ownership

Type	Number of Shares	% of Ownership
1 – 50,000	144,699,263	11.58%
50,000 – 100,000	26,901,758	2.15%
100,000 – 500,000	72,570,184	5.81%
500,000 – 1,000,000	34,991,376	2.80%
1,000,000 – 5,000,000	169,542,588	13.56%
5,000,000 – 10,000,000	98,371,398	7.87%
10,000,000 Above	702,923,433	56.23%
Total	1,250,000,000	100%



## Communication with Shareholders

The bank is committed to strengthen its relationship with shareholders, all investors and customers, and believing in the principle of transparency and disclosure of information, the bank's board of directors works on an ongoing basis, in accordance with the principles of governance that work to ensure fair dealing for all shareholders and determine the responsibility of the board of directors towards the bank and its shareholders, and the bank follows in this the regulations, standards and guidelines of the Saudi Central Bank, the Capital Market Authority, the recommendations of the Basel Committee and others on corporate governance, as the bank provides comprehensive and adequate information on all its activities and business, which is guaranteed and published in the annual report and summary financial statements, and on the Saudi Exchange website, as well

as its participation in investor conferences inside and outside the Kingdom, as well as in the bank's website ([www.bankalbilad.com](http://www.bankalbilad.com)), which contains in addition to that additional information and news about the bank such as capital increases, as well as dividends of shares that have been distributed to shareholders, inquiries about unreceived profits and other tools, as well as responding to all inquiries raised by shareholders, and encouraging shareholders to participate in annual general assembly meetings.

*The bank continues focusing on developing the bank's website and the communication mechanisms with shareholders and investors.*

### Actions taken by the Board of Directors to inform its members of shareholders' feedback about the Bank and its performance

The bank is committed to protecting the rights of all stakeholders, particularly shareholders. This commitment is reflected in the bank's articles of association, relevant policies, manuals, and procedures. One of the key rights is the ability to attend ordinary and extraordinary general assembly meetings, participate in discussions on the agenda, ask questions to the board,

auditors, and executive management, and submit proposals and feedback on the bank's performance. The specific mechanisms for exercising these rights are communicated to the board of directors, and any proposals received from shareholders are presented during the first board meeting and included in the meeting minutes.





### Voting shares interests

There are no interest rights in the category of voting shares for individuals who informed the Bank of these rights (except for the Bank's Board Members, Senior Executives and their spouses and minor children)



### Waiver of the Interests rights of the Shareholders, Board Members or Senior Executives

- There are no arrangements or agreements with any one of the Board Members or the Senior Executives for the waiver of salaries, remunerations, or compensations.
- There are no arrangements of agreements with any of the shareholders for the waiver of profit rights.

### Number of Bank's requests for shareholders' registration with dates and reasons

#	Property File Date	Reasons for the request
1	02/01/2024	Corporate Procedures
2	04/02/2024	Corporate Procedures
3	04/03/2024	Corporate Procedures
4	04/02/2024	Corporate Procedures
5	28/04/2024	Other
6	29/04/2024	General Assembly
7	02/05/2024	Corporate Procedures
8	03/06/2024	Corporate Procedures
9	02/07/2024	Corporate Procedures
10	04/08/2024	Corporate Procedures
11	02/09/2024	Corporate Procedures
12	02/10/2024	Corporate Procedures
13	04/11/2024	Corporate Procedures
14	02/12/2024	Corporate Procedures
15	02/01/2025	Corporate Procedures



## Dividend Policy

The Bank distributes its net annual profits, as determined after deducting all general expenses, other costs, and establishing necessary reserves to address doubtful debts, investment losses, and contingent liabilities deemed necessary by the Board of Directors in accordance with the provisions of the Banking Supervision Law, the Companies Law, the bank's bylaws, and the directives of the Saudi Central Bank, as follows:

1. The Bank determines the necessary amounts to cover zakat imposed on shareholders and ensures timely payment to the competent authorities.
2. A minimum of twenty-five percent (25%) of the residual net profits, after the deduction of Zakat, is allocated to the statutory reserve. This allocation continues until the reserve equals at least the paid-up capital.
3. From the remaining profits, after accounting for the statutory reserve and zakat, a minimum of 5% of the paid-up capital is set aside for distribution to shareholders. This distribution is contingent upon the proposal by the Board of Directors and approval by the General Assembly. If the remaining profit portion allocated for shareholders is insufficient to cover this amount, shareholders are not entitled to demand its payment in subsequent years. Furthermore, the General Assembly is prohibited from approving a distribution exceeding the amount proposed by the Board of Directors.
4. Any remaining amounts after allocations in paragraphs 1, 2, and 3 are utilized as proposed by the Board of Directors and approved by the General Assembly.





## Primary Shareholders

The primary shareholders of the Bank are those who possess a minimum of 5% ownership of the bank’s shares at the end of December 31, 2024. The ownership distribution is as follows:

#	Shareholder Name	Percentage (%)
1	Mohammed Ibrahim AlSubeaei & Sons Company	19.34
2	Abdullah Ibrahim AlSubeaei Investment Company	6.36
3	Khalid Abdulrahman Saleh AlRajhi	8.27
4	Abdulrahman Abdulaziz Saleh AlRajhi	6.66

## General Assemblies held during the year 2024

The bank organized an extraordinary general assembly for its shareholders in the fiscal year 2024. This assembly marked the fourteenth extraordinary assembly on Shawwal 20, 1445 AH, corresponding to April 29, 2024.

### a) Attendance log for the Board of Directors members and committee chairs at the Extraordinary General Assembly meeting in 2024

The assembly's meeting was conducted using modern technologies, and the Board of Directors' members were in attendance as follows:

#	Name	Attendance Record
1	Mr. Nasser bin Mohammed AlSubeaei (Chairman)	✓
2	Mr. Adeeb Mohammed Abanumai (Vice Chairman)	✓
3	Dr. Zeyad Othman Alhekail	✓
4	Mr. Abdulaziz Mohammed AlOnaizan	✓
5	Mr. Khalid bin Abdulrahman bin Saleh AlRajhi	✓
6	Mr. Nasser bin Sulaiman Al-Nasser	✓
7	Mr. Mohammed Abdulrahman Abdulaziz AlRajhi	✓
8	Mr. Haitham Mohammed Al-Fayez	✓
9	Mr. Muadh Abdulrahman Al-Husseini	✓
10	Mr. Haitham Sulaiman AlSuhaimi	✓

## Names of the Chairmen of the Committees Present at the General Assembly's Meeting:

#	Name	Attendance Record
1	Mr. Nasser Mohammed AlSubeaei (Chairman of the Executive Committee)	✓
2	Dr. Abdullah Ibn Musa Al-Amar (Chairman of the Shariah Committee)	✓
3	Dr. Zeyad Othman Alhekail (Chairman of the Compliance and Governance Committee)	✓
4	Mr. Adeeb Mohammed Abanumai (Chairman of the Audit Committee)	✓
5	Mr. Haitham Mohammed Alfayez (Chairman of the Nomination & Remuneration Committee)	✓
6	Mr. Muath Abdulrahman AlHussaini (Chairman of the Risk Committee)	✓





**b) Following a vote on the General Assembly's clauses, the following outcomes were obtained**

- 1

The Board of Directors’ report for the fiscal year ending on 31 December 2023 was viewed and discussed.
- 2

Approved the external auditor’s report for the fiscal year ending on 31 December 2023 after discussed.
- 3

The Financial Statements for the fiscal year ending on 31 December 2023 were viewed and discussed.
- 4

Approved on reappointment of Ernst & Young (EY) with the amount of 1,950,000 excluding VAT and Price Water House Coopers (PwC) with the amount of 1,950,000 excluding VAT (as the Bank external auditors among the candidates based on the Audit Committee’s recommendation, to examine, review and audit the (second, third) quarter and annual financial statements of the fiscal year 2024, and the first quarter of the fiscal year 2025, and approved their fees.
- 5

Approved on releasing the members of the Board of Directors from their liabilities for the fiscal year ending on 31 December 2023.

- 6

Approved on the Board of Directors recommendation to increase the capital by way of issuing bonus shares as follows:

—

Total amount of increase

1,250 Million

—

Capital before increase

10,000 Million

Capital after increase

11,250 Million

Increase percentage

25%

—

Number of shares before increase

1,000 Million shares

—

Number of shares after increase

1,250 Million shares



- 6
  - This recommendation aims to enhance the Bank's financial solvency and retain its resources in operational activities.
  - The capital increase will be made through the capitalization of ₪ 2,500 Million from the retained earnings by granting one share for every four shares.
  - In the event of stock fractures, the fractions will be grouped into a single portfolio for all shareholders and sold at the market price and then distributed to the shareholders entitled to the grant each according to their share within 30 days of the date of the determination of the shares due to each shareholder.
  - In case the Bank's shareholders approved in the extraordinary general assembly on the increase of the capital, the shareholders registered in the Bank's shareholders' register with the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Extraordinary General Assembly meeting, will be eligible for the bonus shares.
  - Voting to amend Article No. 7 relating to Capital, of the Articles of Association of the Bank.
- 7 Approved on delegating the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2024.
- 8 Approved on paying an amount of (₪ 3,200,000) as remuneration to the Board members by (320) thousand riyals for each member for the fiscal year ending on 31 December 2023.
- 9 Approved on the recommendation of the Board of Directors to distribute cash dividends to shareholders for 2023 with ₪ (0.5) per share representing (5%) of the nominal value of the share, with a total amount of ₪ (500) million, noting that the eligibility of dividend shall be for the bank's shareholders who own shares at the end of the trading day of the general assembly meeting and who are registered in the bank's shareholders register at Securities Depository Center Company (Edaa) at the end of the second trading day following the general assembly meeting noting that the dividends distribution commences on 16 May 2024.
- 10 Approved on delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (1) of Article 27 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

- 11 Approved on delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (2) of Article 27 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
- 12 Approved on the amendment of the remuneration policy for members of the Board of Directors, its committees, and senior management.
- 13 Approved to amend Article No. (10) of the bank's Articles of Association related to share trading.
- 14 Approved to amend Article No. (13) of the bank's Articles of Association related to increasing the capital.
- 15 Approved to amend Article No. (14) of the bank's Articles of Association related to decreasing the capital.
- 16 Approved to amend Article No. (16) of the bank's Articles of Association related to member of the board of directors.
- 17 Approved to amend Article No. (17) of the bank's Articles of Association related to termination of membership and replacement.
- 18 Approved to amend Article No. (18) of the bank's Articles of Association related to powers and specialty of the board of directors.
- 19 Approved to amend Article No. (19) of the bank's Articles of Association related to Board Committees and Audit Committee.
- 20 Approved to amend Article No. (20) of the bank's Articles of Association related to rewards.



21

Approved to amend Article No. (21) of the bank's Articles of Association related to board chairman, vice chairman, managing director, chief executive officer and secretary.

22

Approved to amend Article No. (23) of the bank's Articles of Association related to quorum of meetings.

23

Approved to amend Article No. (26) of the bank's Articles of Association related to the constituent assembly and its terms of reference.

24

Approved to amend Article No. (29) of the bank's Articles of Association related to general assemblies of shareholders.

25

Approved to amend Article No. (34) of the bank's Articles of Association related to resolutions.

26

Approved to amend Article No. (35) of the bank's Articles of Association related to agenda.

27

Approved to amend Article No. (36) of the bank's Articles of Association related to presiding over assemblies.

28

Approved to amend Article No. (37) of the bank's Articles of Association related to appointment.

29

Approved to amend Article No. (38) of the bank's Articles of Association related to powers and responsibilities of the auditor.

30

Approved to amend Article No. (40) of the bank's Articles of Association related to financial documents.

31

Approved to amend Article No. (44) of the bank's Articles of Association related to losses of the company.

32

Approved to amend Article No. (46) of the bank's Articles of Association related to Companies Law and related regulations.

33

Approved to amend the bank's Articles of Association to comply with the new Companies Law, and rearranging the articles and numbering them to be compatible with the proposed amendments.



Investors Calendar

04-Feb-2024

Announcement of the Board’s recommendation to increase capital through the issuance of bonus shares

07-Feb-2024

Release of the year-end financial results for 2023

18-Feb-2024

Sponsorship of the Saudi Capital Market Forum F24

27-Mar-2024

The 2023 Annual Report was published

14-Mar-2024

Announcement of results of Purchase for its Shares (Multiple phases)

05-Mar-2024

Participation in the EFG Hermes One on One Investor Conference in Dubai

29-Apr-2024

- Announcement of the Q1 2024 interim financial results
- Conveying of the Extraordinary General Assembly Meeting

11-Jun-2024

Announcement regarding the deposit of proceeds from the sale of fractional shares resulting from the capital increase into shareholders’ portfolios

05-Aug-2024

Release of the Q2 2024 interim financial results

09-Sep-2024

Participation in the EFG Hermes One on One Investor Conference in London

08-Sep-2024

Participation in the Goldman Sachs Annual CEEMEA Financials Symposium

05-Sep-2024

The board of director’s resolution to distribute Interim cash dividends for the first Half of 2024 announcement

23-Oct-2024

Release of the Q3 2024 interim financial results

15-Dec-2024

- Announcement of the opening of the Nomination for Membership of the Board of Directors for the upcoming term
- The 2023 Sustainability Report was published



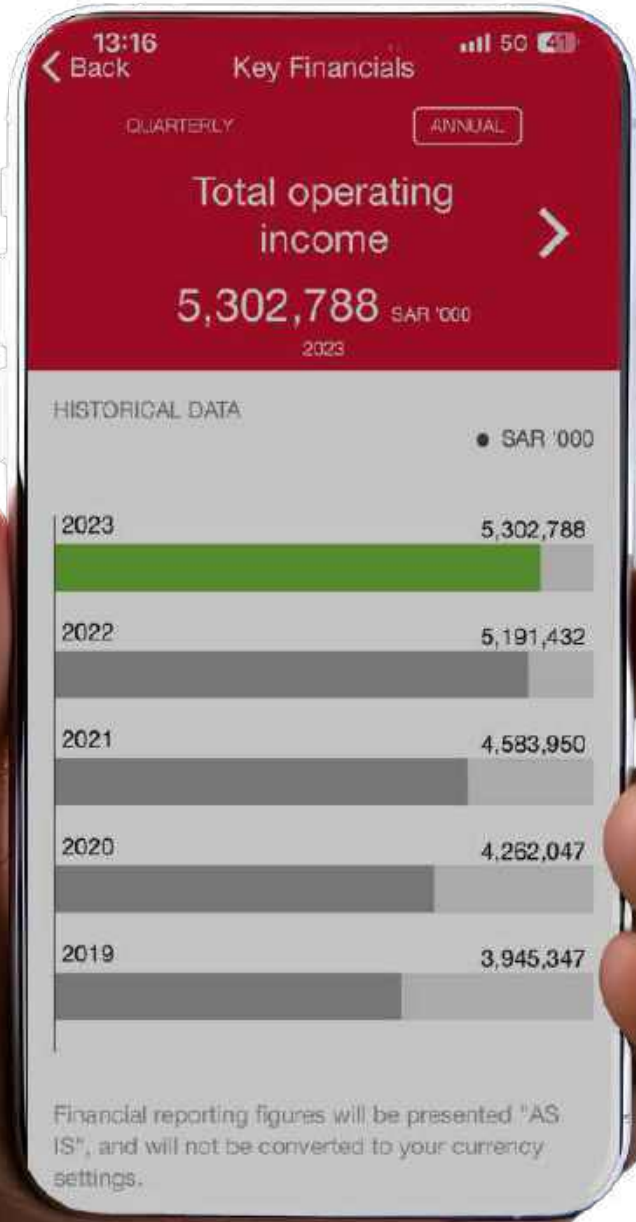
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# Market Picture

## Embracing a Digitalized Kingdom Kingdom's Economy Overview

In 2024, Saudi Arabia sustained its robust economic performance, reflecting through a year-on-year real GDP growth of approximately 2.8% by the third quarter<sup>1</sup>. This growth was underpinned by ongoing structural reforms under Vision 2030, aimed at reducing dependence on oil revenues, expanding the non-oil private sector, and fostering a more business-friendly environment. Non-oil sectors particularly shone, growing by about 4.3% in Q3 2024<sup>2</sup>, and illustrating a significant shift towards a more diversified economic base. Strategic initiatives, as outlined in the Ministry of Finance's 2024 Budget, channeled investments into crucial areas such as infrastructure, workforce development, and capacity building, enhancing the nation's resilience against external economic shocks<sup>3</sup>.

Mega-projects like NEOM and The Red Sea Project moved significantly forward, driving infrastructure developments, which in turn attracted substantial foreign investment, topping USD 20 billion (¥ 75 billion) by mid-year, up from around USD 17 billion (¥ 63.7 billion) the previous year<sup>3</sup>. This influx of capital, coupled with a diversifying economic landscape, underscored the Kingdom's emergence as a global investment destination poised for sustained, long-term growth.

The data shows that Saudi Arabia's economic reforms, prudent fiscal policies, and strategic investments in landmark projects delivered measurable results in 2024. The country's steady GDP expansion and increasing role of non-oil sectors signaled an economic structure that was more resilient, outward-facing, and ready to compete effectively in the global marketplace.

foreign investment, topping  
**USD 20 BILLION**  
by mid-year, up from around  
**USD 17 BILLION**  
the previous year

<sup>1</sup> General Authority for Statistics (GASTAT)

<sup>2</sup> UNCTAD 2024

<sup>3</sup> Ministry of Finance

## Sectorial Contributions to the GDP

By the third quarter of 2024, non-oil sectors collectively contributed approximately 52% of Saudi Arabia's GDP<sup>4</sup>, a notable rise from the roughly 48% observed a year earlier, citing the successful diversification efforts away from hydrocarbon dependency. While the oil and gas sector remained a major economic component, accounting for about 30% of the GDP, strategic management under OPEC+ agreements helped stabilize market prices and secure revenue streams<sup>5</sup>.

The tourism sector saw significant growth, fueled by enhanced e-visa processes and vigorous international marketing campaigns. By mid-2024, international arrivals reached approximately 23 million, a 20% rise over the same period in 2023, stimulating revenue in hospitality, entertainment, and retail<sup>6</sup>. Real estate transaction volumes in Riyadh and Jeddah climbed by about 12% year-on-year, driven by confidence in the Kingdom's urban development initiatives<sup>7</sup>. The financial services sector grew by nearly 8%, propelled by Saudi Central Bank's regulatory reforms that encouraged innovation and competition in banking, insurance, and capital markets<sup>8</sup>.

The manufacturing sector also recorded around 6% growth, as modernized industrial zones and free economic areas lured foreign manufacturers<sup>9</sup>. Agriculture advanced by about 4%, bolstered by precision irrigation, soil management technologies, and vertical farming practices, reducing import dependency by enhancing local production capabilities<sup>10</sup>.

The sectorial data paints a picture of an increasingly balanced Saudi economy. The

non-oil sectors' majority share of GDP highlights the success of diversification strategies. Tourism, real estate, finance, manufacturing, and agriculture all posted commendable growth, demonstrating that reforms and investment policies are steadily broadening the economic base. This structural change helps insulate the Kingdom from commodity price swings, ensuring a more stable and inclusive growth trajectory.

By mid-2024, international arrivals reached approximately

**23** MILLION

making a

**20%**

rise over the same period in 2023

The manufacturing sector also recorded around

**6%**  
growth

<sup>4</sup> KPMG Saudi Arabia Budget Report 2025

<sup>5</sup> Ministry of Energy OPEC+ Compliance Report

<sup>6</sup> Saudi Tourism Authority

<sup>7</sup> JLL

<sup>8</sup> SAMA

<sup>9</sup> KPMG Saudi Arabia Industrial Sector Update

<sup>10</sup> Mordor Intelligence



## Focus on Technology and Digital Transformation

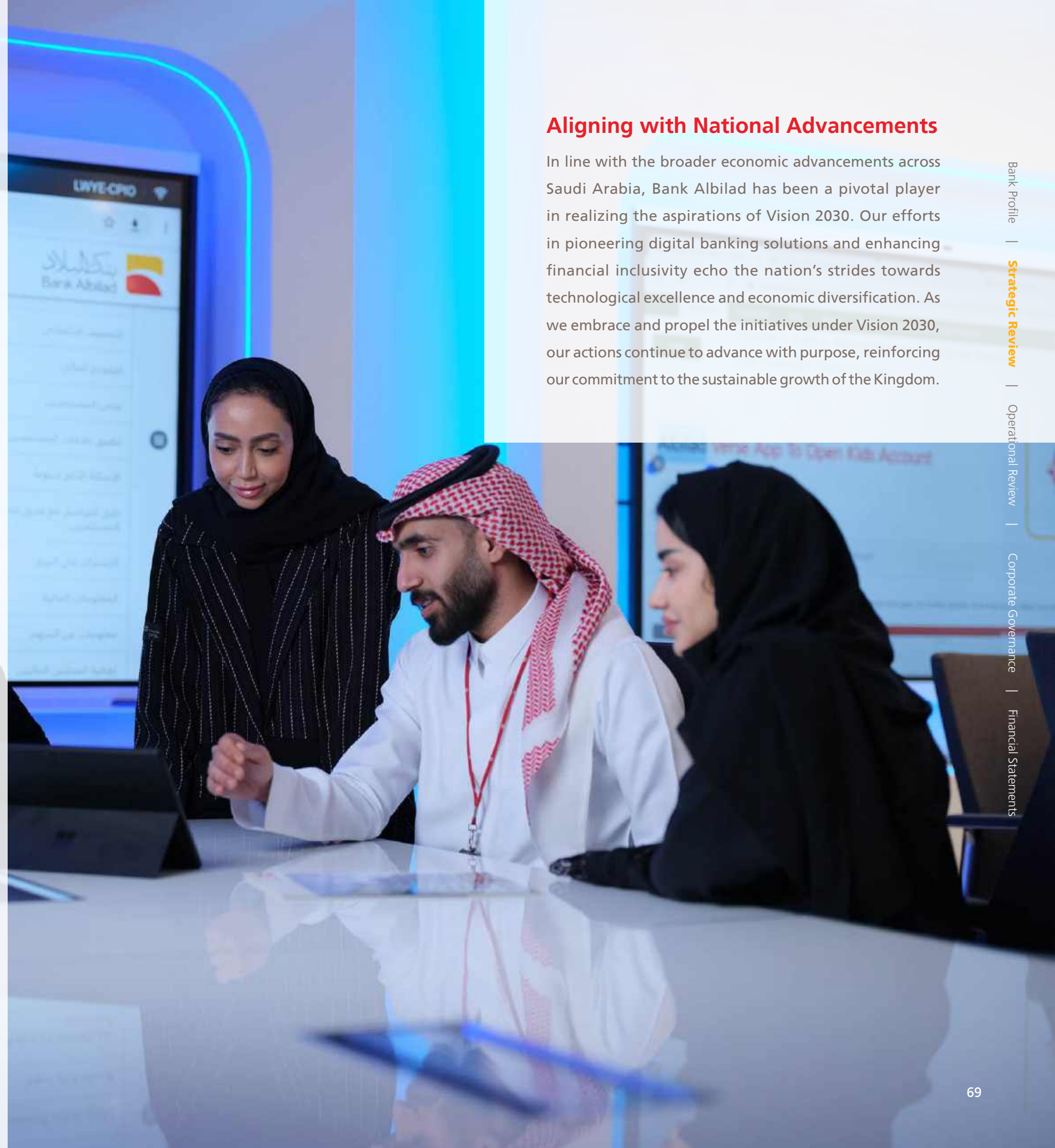
Saudi Arabia's commitment to technology and digital transformation in 2024 acted as a catalyst for economic growth across various sectors. Annual investments exceeding USD 5.5 billion (¥20.6 billion) were directed towards AI, big data, fintech, and advanced telecommunications,<sup>11</sup> enhancing connectivity and digital commerce capabilities. By mid-year, over 90% of the population had access to 5G networks, fostering greater connectivity and propelling digital commerce. The financial technology sector, in particular, benefited from regulatory sandboxes and accelerator programs, which facilitated a 30% increase in licensed fintech firms, thereby expanding the range of digital financial services available to consumers and SMEs<sup>12</sup>.

E-commerce revenues saw an 18% rise year-on-year, supported by robust payment gateways and expanded logistics networks, and rising consumer confidence in online transactions<sup>12</sup>. The Saudi Data & AI Authority (SDAIA) played a crucial role in advancing national data governance frameworks and cybersecurity standards, reinforcing trust in digital platforms. These technological advancements also extended to healthcare, logistics, and smart city initiatives, notably in NEOM, which spurred improvements in service delivery and operational efficiencies.

The Kingdom's prioritization of digital transformation in 2024 supported rapid innovation and enhanced productivity across the economic spectrum. By embedding advanced technologies into both established and emerging industries, Saudi Arabia accelerated its transition toward a knowledge-intensive, technology-led economy. Such systemic digital integration strengthens the foundation for future competitive advantages, aligning closely with Vision 2030's objective to create a more innovative, diversified, and sustainable growth model.

<sup>11</sup> MCIT

<sup>12</sup> SAMA Fintech Progress Report



## Aligning with National Advancements

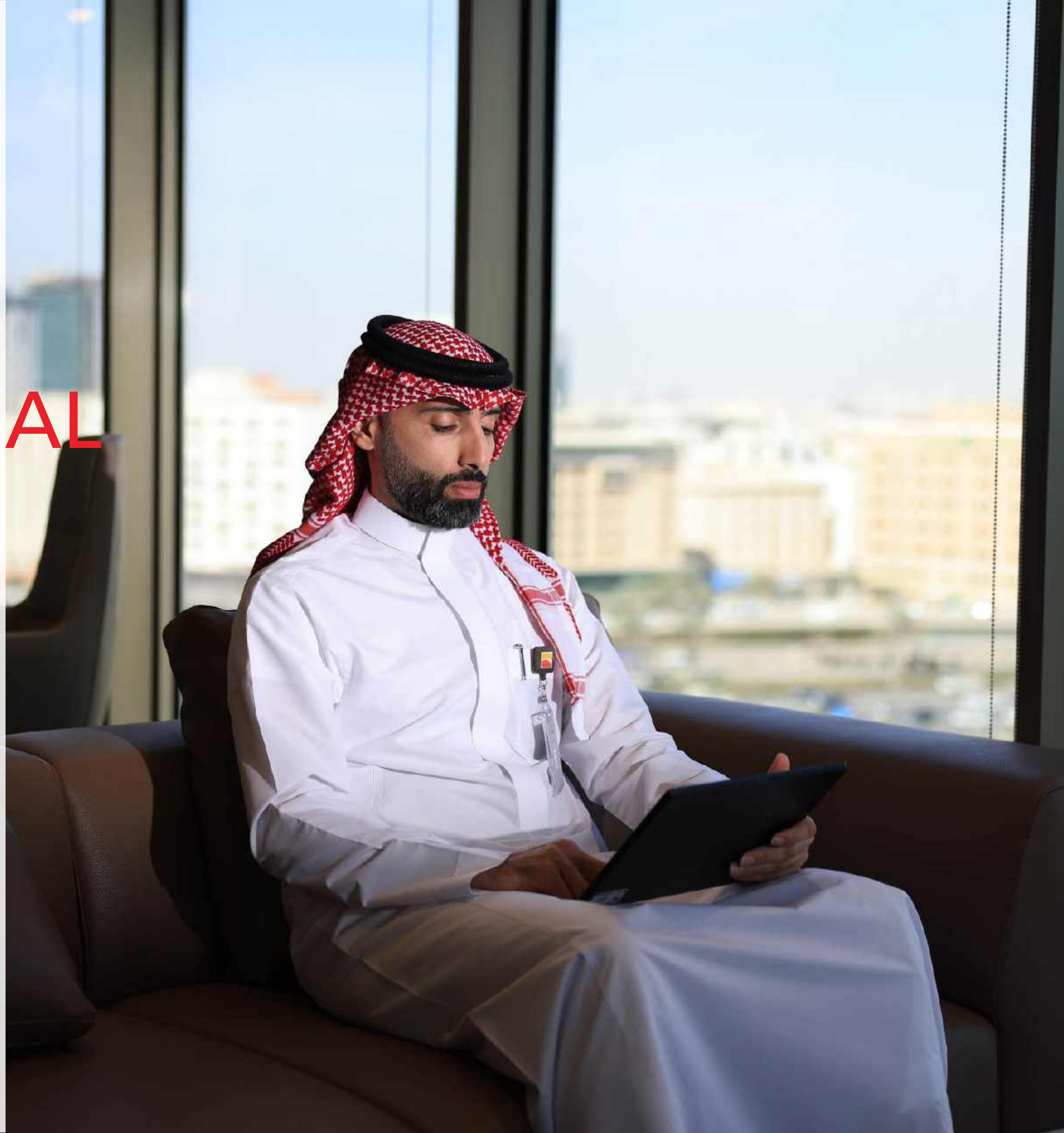
In line with the broader economic advancements across Saudi Arabia, Bank Albilad has been a pivotal player in realizing the aspirations of Vision 2030. Our efforts in pioneering digital banking solutions and enhancing financial inclusivity echo the nation's strides towards technological excellence and economic diversification. As we embrace and propel the initiatives under Vision 2030, our actions continue to advance with purpose, reinforcing our commitment to the sustainable growth of the Kingdom.



# 03

## OPERATIONAL REVIEW

72-81	Financial Review
82-85	Key Business Sectors and Activities
86-88	Micro, Small and Medium Enterprises
89-120	Transactions with Related Parties
121-129	Business Review
130-137	Subsidiaries
138-141	Digital Banking & Innovation
142-147	Customer Experience
148-152	Information Security
153-155	Shared Services
156-157	Business Continuity
158-167	Technology
168-171	HR – Our People
172-173	Employees' Share Program
174-179	Sustainability
180-187	Corporate Social Responsibility





# Financial Review

## Financial Performance

The annual financial results of Bank Albilad, as of year-end December 31<sup>st</sup>, 2024, demonstrated continuous profit growth stemming from advances across all banking activities. The Bank's net income, after Zakat, reached ₪ 2,807 million, compared to ₪ 2,369 million in 2023, marking an increase of 18.5%.

This significant growth primarily resulted from a 7% increase in total operating income, driven by a surge in the net income from investment and financing assets, which escalated to ₪ 4,434 million. Concurrently, total operating expenses diminished by 4%, totaling ₪ 2,543 million, due to reductions in impairment charges for expected credit losses, depreciation and amortization and other general and administrative expenses.

The Bank's net income, after Zakat, reached

**₪ 2,807** Million

compared to

**₪ 2,369** Million

in 2023

## Financial Position



### Assets

By the end of 2024, Bank Albilad's total assets had grown to ₪ 154,965 million, up from ₪ 143,106 million in 2023, marking an increase of ₪ 11,859 million or 8%. This growth in assets primarily resulted from expansions in the bank's financing and investments.



### Net Financing and Investments

The net financing portfolio saw an increase of ₪ 7,224 million or 7%, culminating in ₪ 109,304 million as of December 2024. The investment portfolio also expanded, reaching ₪ 25,032 million, marking an increase of ₪ 2,952 million or 13% over the previous year.

Net financing portfolio saw an increase of

**₪ 7,224** Million

culminating in

**₪ 109,304** Million

as of December 2024



### Liabilities

Deposits climbed to ₪ 121,776 million, reflecting an increase of ₪ 8,945 million or 8% over the past year.

Total liabilities similarly rose to ₪ 138,271 million, up by ₪ 10,424 million or 8% compared to the previous year.



### Owners' Equity

Total equity surged by ₪ 1,435 million, or 9%, ending the year at ₪ 16,693 million compared to ₪ 15,258 million at the end of 2023. This increase is primarily attributed to the bank's enhanced net income. The number of issued common shares increased to 1,250 million. The capital adequacy ratio stood at 14.55% by year-end 2024. Post-Zakat, the bank's return on average assets reached 1.88%, while the return on average equity was 17.57%, and earnings per share reached ₪ 2.26.

Deposits increased by

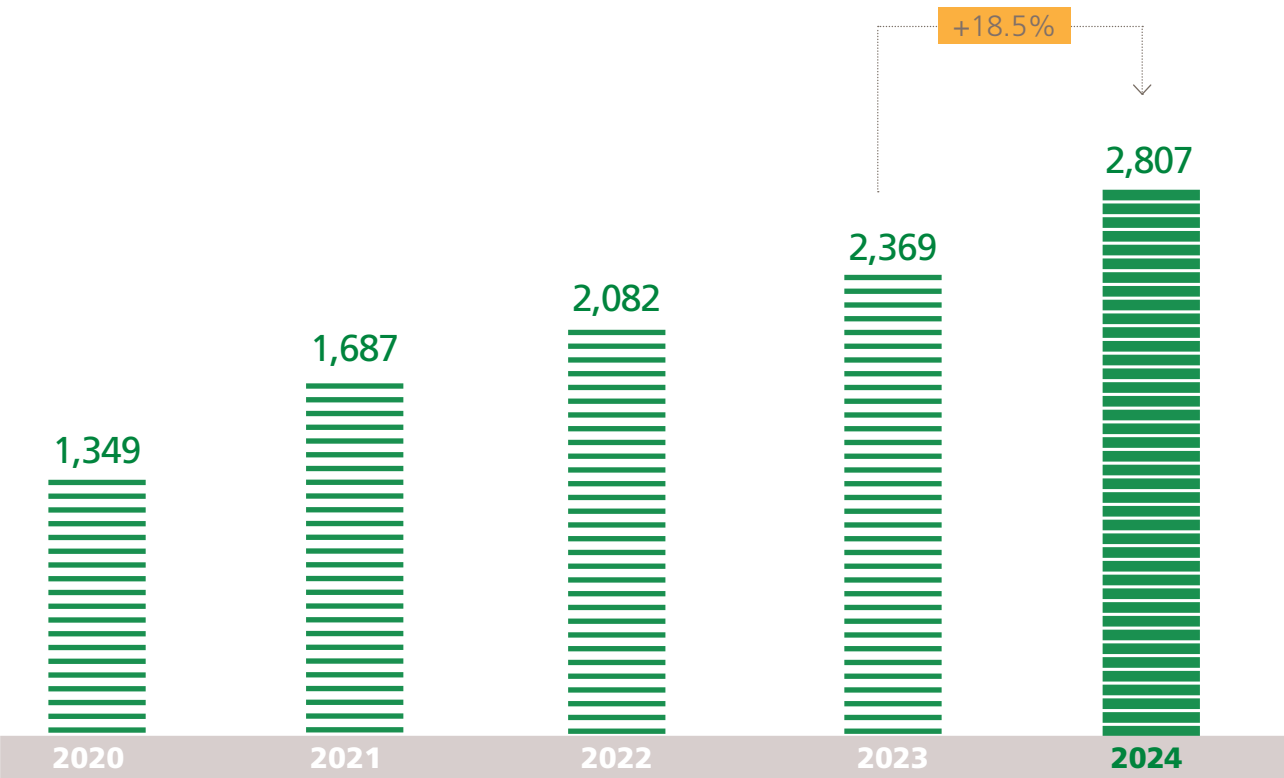
**8%**

to reach

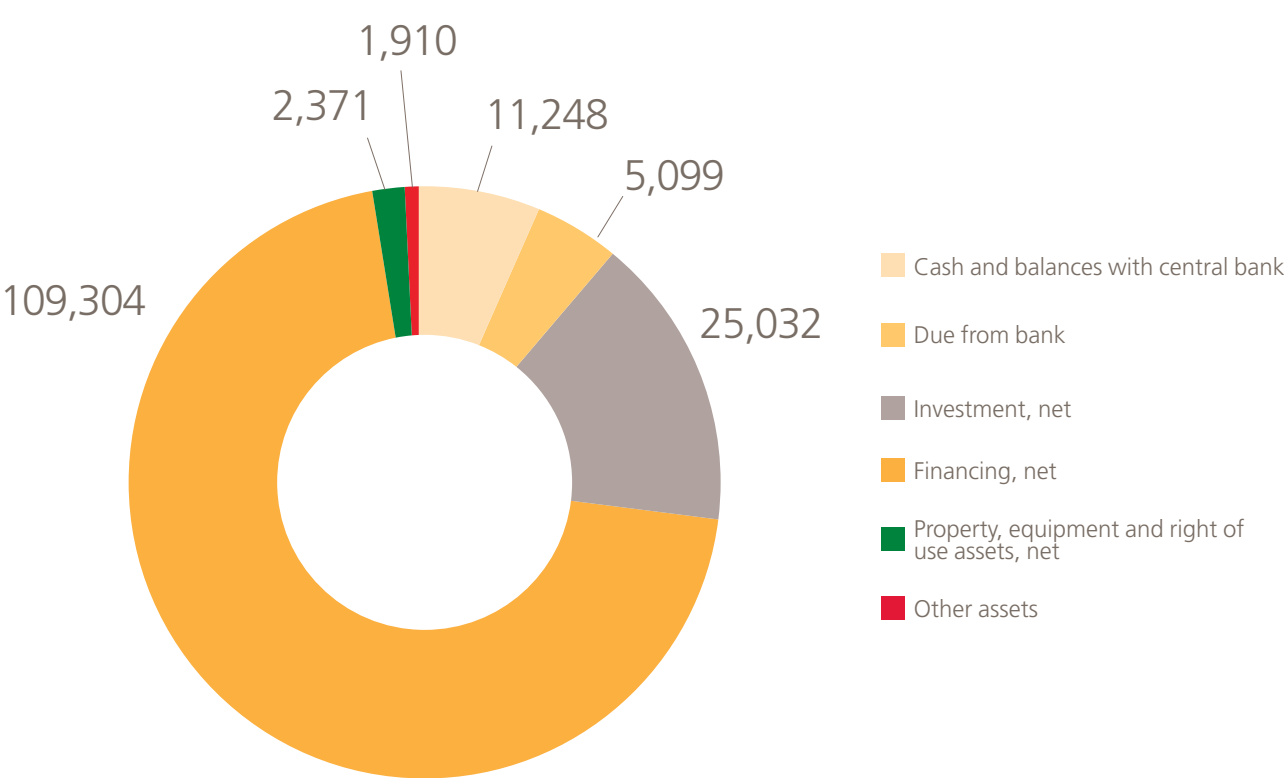
**₪ 121,776** Million



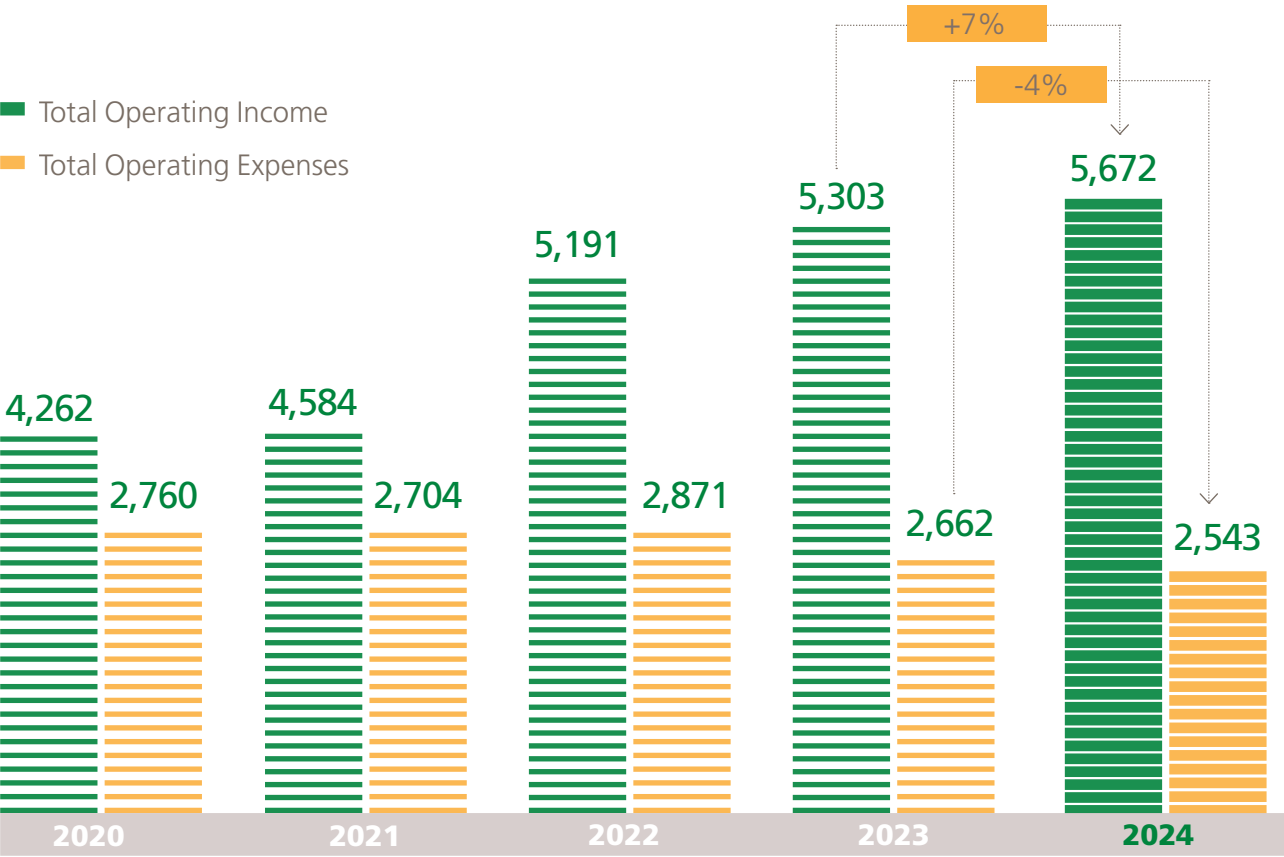
Net Income After Zakat in the Past Five Years  
(ﷲ Mn)



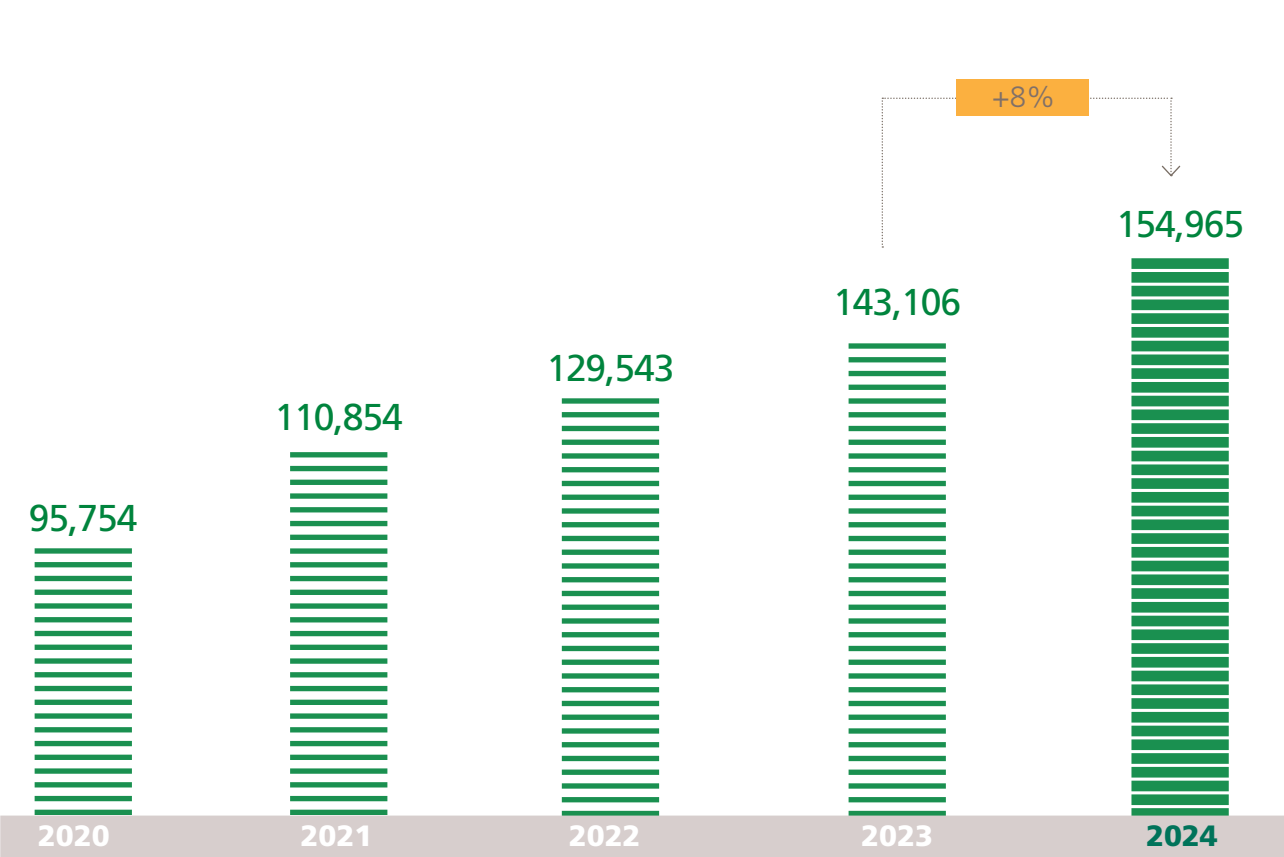
Composition of Assets  
(ﷲ Mn)



Operating Income vs Operating Expenses In The Past Five Year  
(ﷲ Mn)

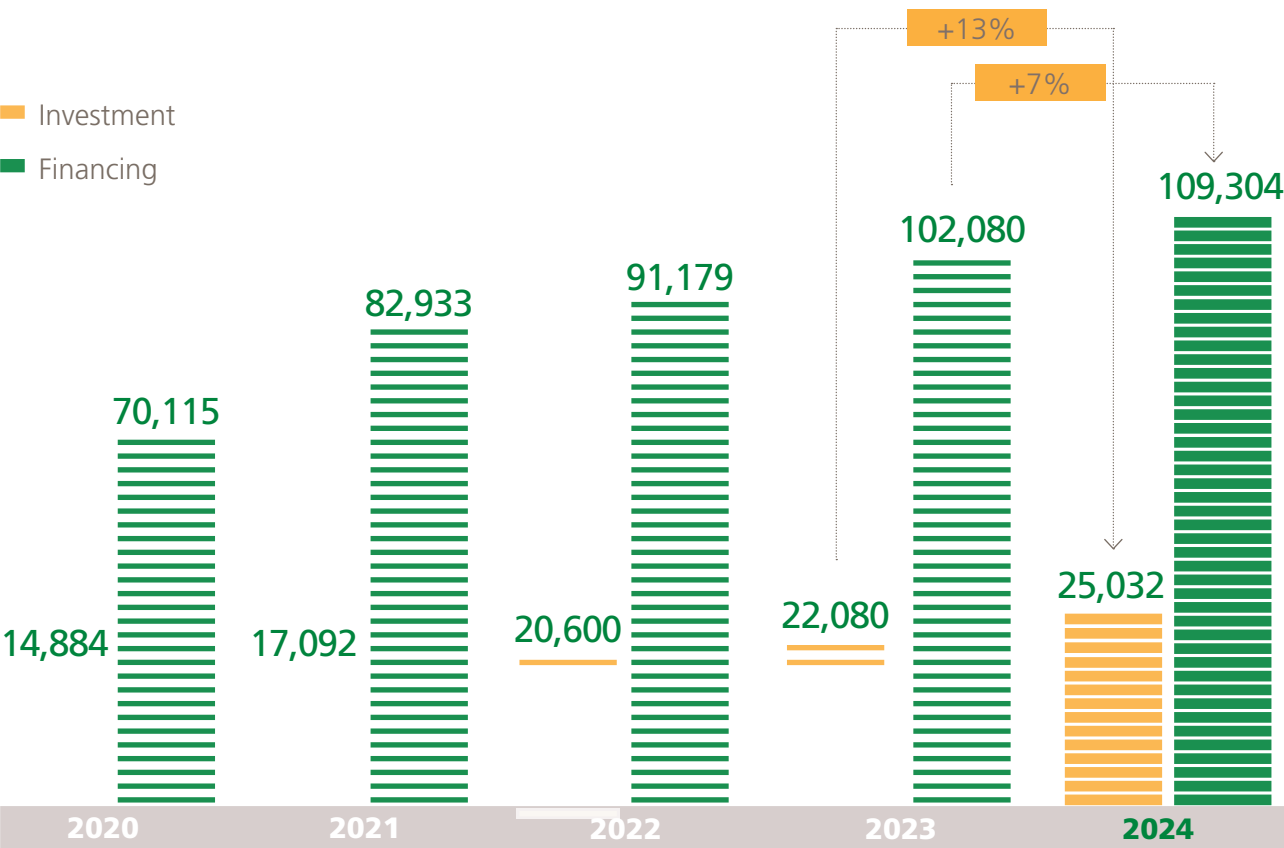


Total Assets In The Past Five Years  
(ﷲ Mn)

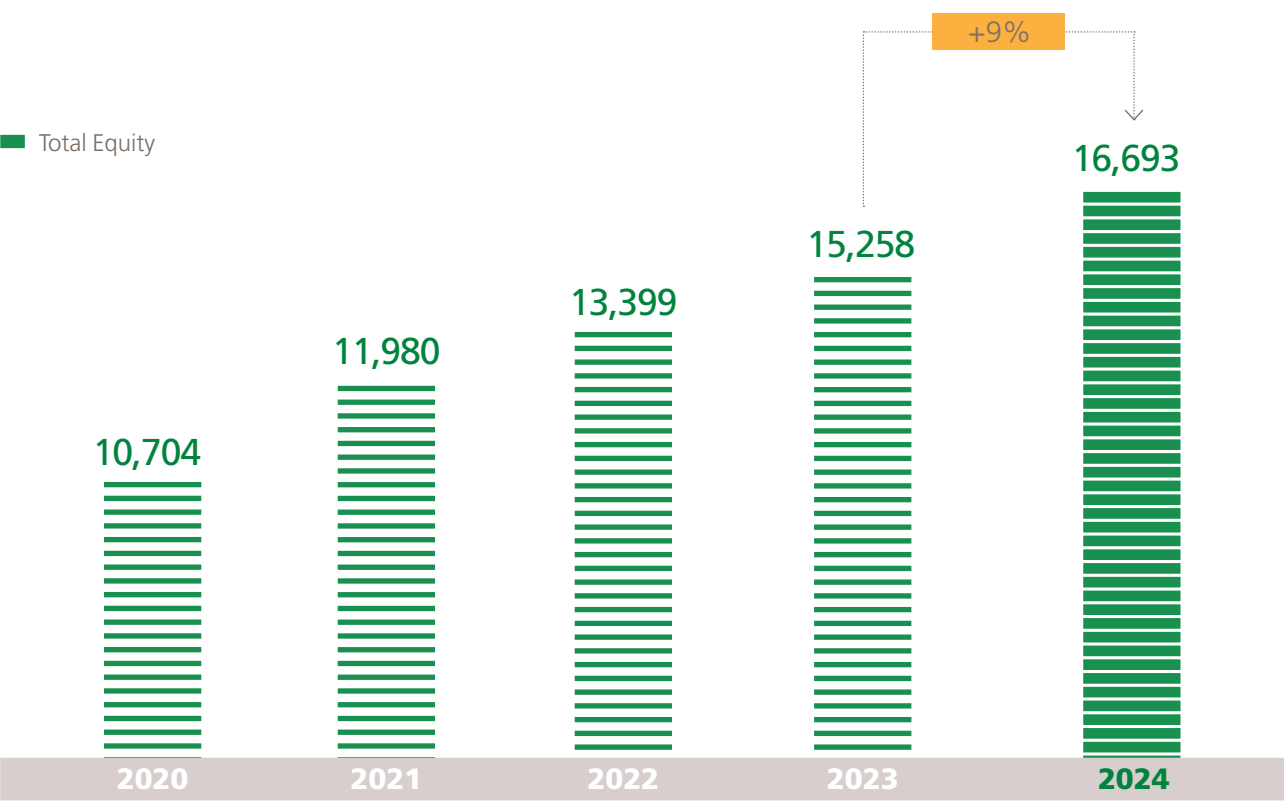




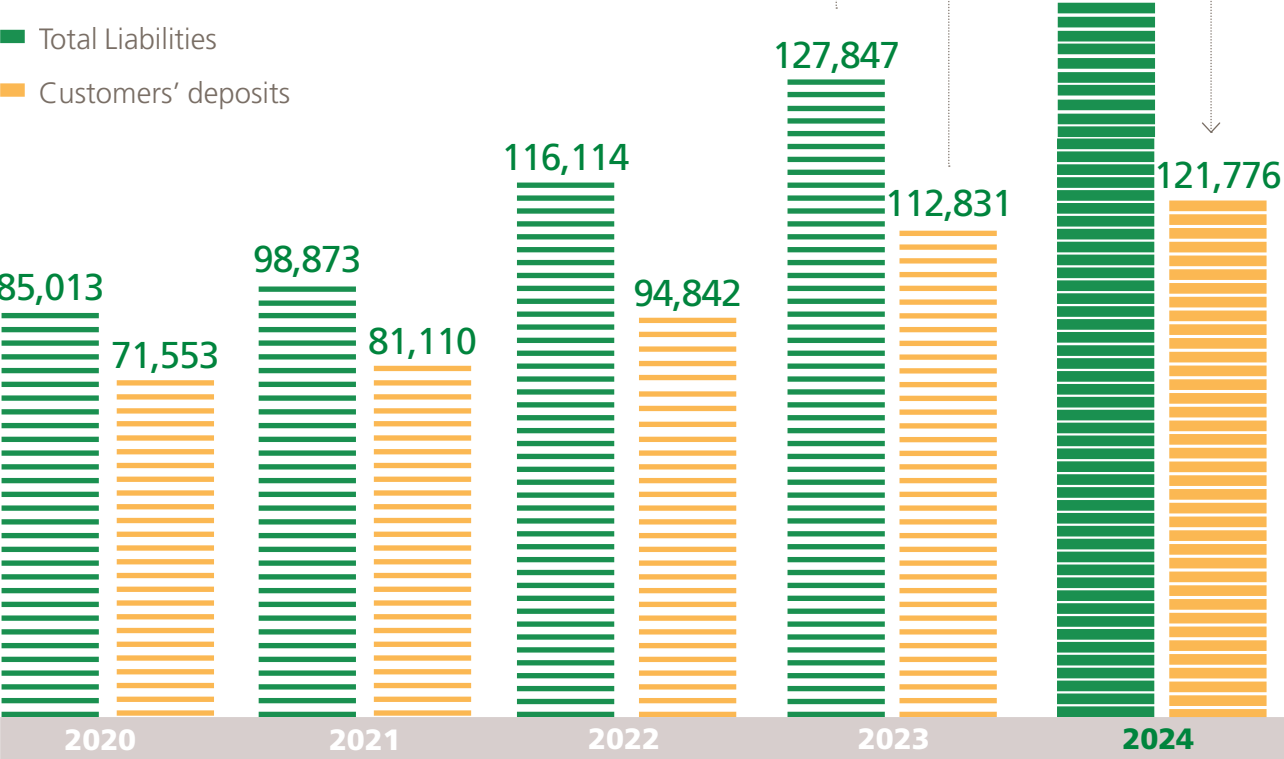
Investment & Financing In The Past Five Years  
(ﷲ Mn)



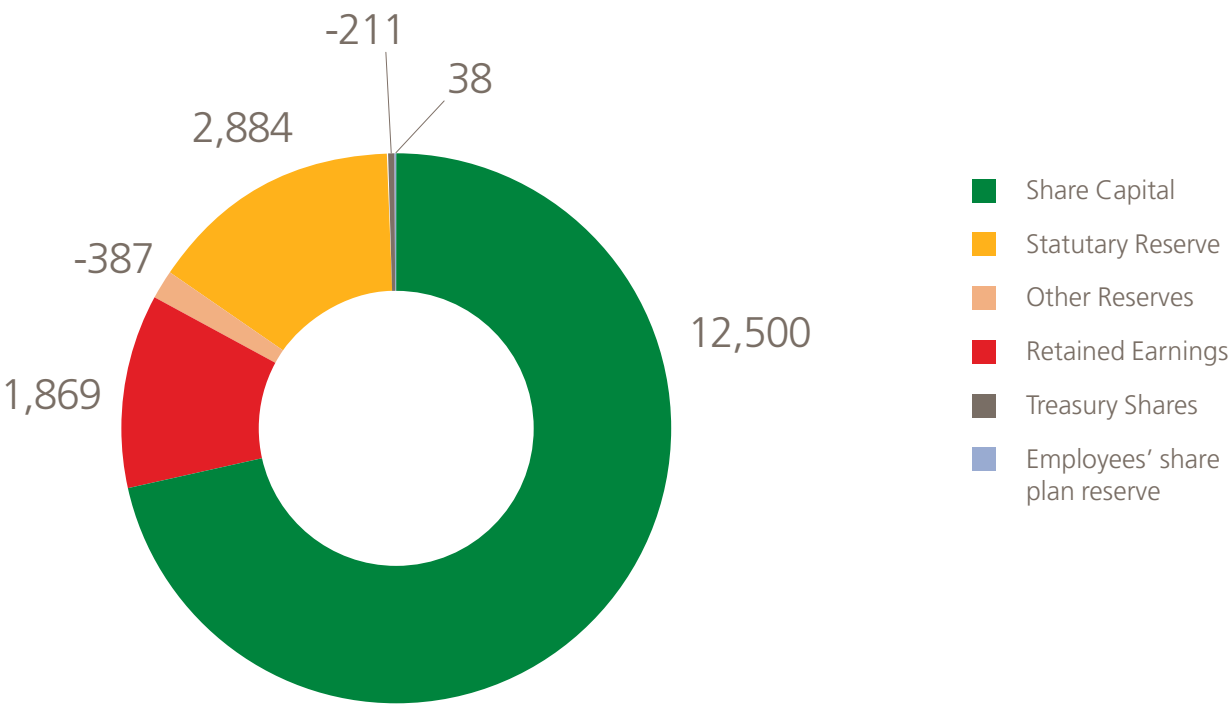
Total Equity Over the Past Five Years  
(ﷲ Mn)



Total Liabilities & Customer' Deposits In The Past Five Years  
(ﷲ Mn)



Composition of Shareholders' Equity  
(ﷲ Mn)





Summary of Bank Albilad’s Operations and Financial Position

The following presents a breakdown of the key components of Bank Albilad’s consolidated statement of financial position for the year 2024.

(SAR million)	2024	2023	Change %	2022	2021	2020
Investments, net	25,032	22,080	13%	20,600	17,092	14,884
Financing, net	109,304	102,080	7%	91,179	82,933	70,115
Total assets	154,965	143,106	8%	129,543	110,854	95,754
Customers’ deposits	121,776	112,831	8%	94,843	81,110	71,553
Total liabilities	138,271	127,848	8%	116,144	98,874	85,013
Total owners’ equity to the Bank’s shareholders	16,693	15,258	9%	13,399	11,980	10,741

The following presents a breakdown of the key components of Bank Albilad’s consolidated statement of income for the year 2024.

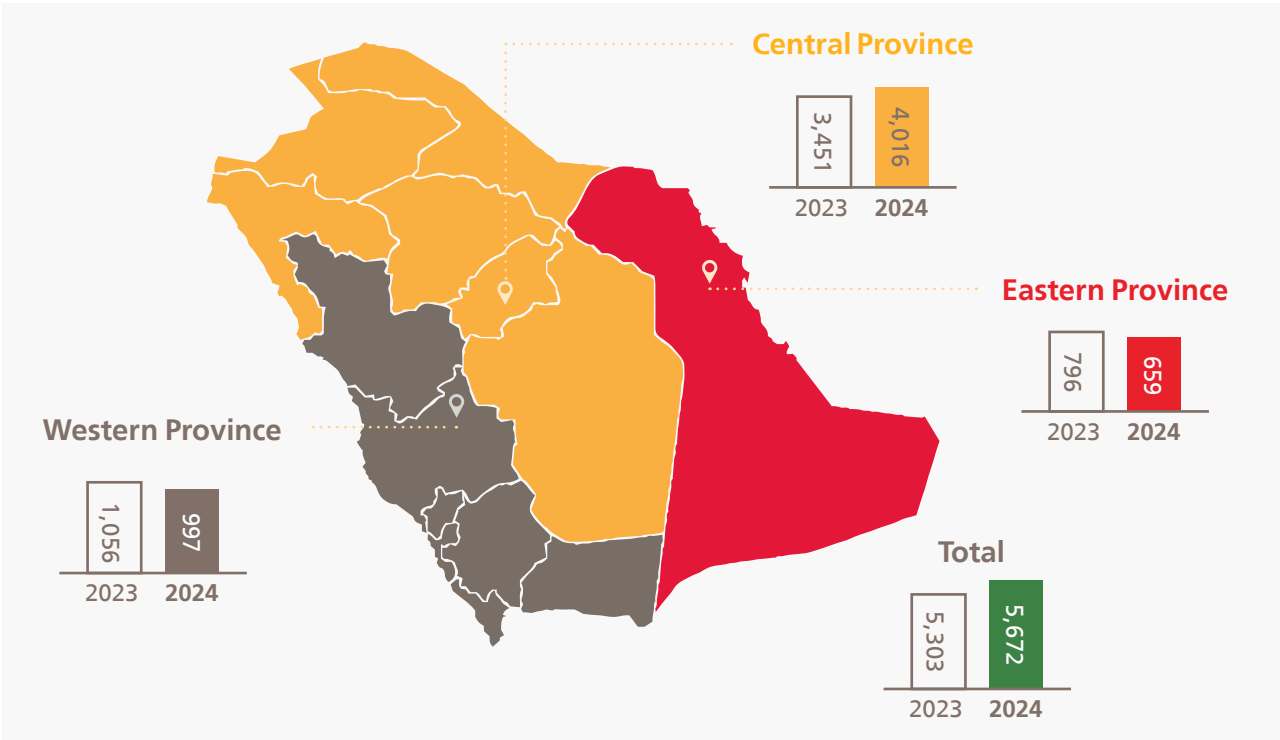
(SAR million)	2024	2023	Change %	2022	2021	2020
Income from investing and financing assets, net	4,434	4,110	8%	3,887	3,489	3,293
Fee and commission, net	701	621	13%	669	731	627
Exchange income, net	316	348	-9%	398	313	362
Total operating income	5,672	5,303	7%	5,191	4,584	4,262
Impairment charge for expected credit losses, net	130	324	-60%	551	570	695
Total operating expenses	2,543	2,662	-4%	2,871	2,704	2,760
Net income for the year before zakat	3,129	2,641	18%	2,321	1,880	1,502
Zakat for the year	322	272	18%	239	194	153

Net income for the year after zakat	2,807	2,369	18%	2,082	1,687	1,349
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Geographical Breakdown of Operating Income for Bank Albilad and Its Subsidiaries

Analysis of the total operating income by region:

(SAR Million)	Central	Western	Eastern	Total
Total Income for the Year 2024	4,016	997	659	5,672



Bank Albilad and its subsidiaries predominantly generate their revenue within the Kingdom of Saudi Arabia, with no branches or companies operating internationally.

The impact of key activities on Bank Albilad’s business operations and total revenues is detailed below:

2024 (SAR million)	Activity Revenues	%
Retail banking	2,240	39%
Corporate banking	1,860	33%
Treasury	1,167	21%
Investment banking and brokerage	405	7%
Total	5,672	100%



Consolidated Financial Summary for Bank Albilad and its Subsidiaries as of December 31, 2024:

2024 (SAR thousand)	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
Total assets	66,558,282	56,795,551	30,421,573	1,189,281	154,964,687
Total liabilities	68,458,285	31,149,431	38,433,793	229,948	138,271,457
Net income from investment and financing assets	1,754,100	1,663,828	852,890	162,785	4,433,603
Fee, commission and other income, net	486,365	195,989	313,768	242,154	1,238,276
Total operating income	2,240,465	1,859,817	1,166,658	404,939	5,671,879
Impairment charge for expected credit losses, net	183,550	(70,865)	7,502	9,501	129,688
Depreciation and amortization	228,517	34,923	7,034	2,908	273,382
Total operating expenses	1,926,421	292,505	122,683	201,473	2,543,082
Net income for the year before zakat	314,044	1,567,312	1,043,975	203,466	3,128,797

These consolidated financial statements include the accounts of Bank Albilad and its subsidiaries: Albilad Investment Company, Albilad Real Estate Company, and Enjaz Payment Services Company.

The Bank was able to achieve positive financial and operational results and growth during the year 2024, as it achieved growth rates that exceeded the goals set, as a result to the bank’s policies and business strategies that were implemented during the year.



Bank Albilad Branches

2020

111 branches

2021

106 branches

2022

105 branches

2023

108 branches

2024

107 branches



Key Business Sectors and Activities of the Bank and Its Subsidiaries

The Bank and its subsidiaries practice the following activities:

Retail banking	Services and products to individuals, including deposits, financing, remittances and currency exchange.
Corporate banking	Services and products to corporate customers including deposits, financing and trade services.
Treasury	Money market and treasury services.
Investment banking and brokerage	Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities.

Bank’s Subsidiaries

The Bank owns three subsidiaries, as detailed below:

Company Name	Date of Establishment	Main activity	Capital	Main Area of Operations	Area of Establishment	Percentage of Ownership
Albilad Investment Company (Albilad Capital)	November 20, 2007	Carrying out investment services and asset management activities represented in dealing, arranging, managing, providing advice and custody of securities	ﷲ 500 million	Riyadh, Saudi Arabia	Saudi Arabia	100%
Albilad Real Estate Company	September 17, 2006	Carry out registration procedures related to real estate guarantees obtained by the bank from its customers	ﷲ 500 thousand	Riyadh, Saudi Arabia	Saudi Arabia	100%
Enjaz Payment Services Company <sup>13</sup>	October 8, 2022	Payments & Remittances Services	ﷲ 200 million	Riyadh, Saudi Arabia	Saudi Arabia	100%

<sup>13</sup> Enjaz Payment Services Company was founded as a closed joint stock company with majority ownership by Bank Albilad. The Bank owns 99% of the company's shares, equivalent to 19.8 million (nineteen million eight hundred thousand) shares, which are valued at 198 (one hundred and ninety-eight) million Saudi riyals. The remaining 1% of shares, equivalent to 200 (two hundred) shares, worth 2 (two) million Saudi riyals, is owned by the Financial Solutions Investment Company, a subsidiary of Albilad Real Estate Company, which is entirely owned by the bank.



Strategic Investments

Company Name	Establishment Date	Main activity	Authorized capital	Paid capital	Country of operations	Country of establishment	Ownership (%)
Bayan Credit Information Company	30 November 2015	The Company provides credit information services, valuation services, credit valuation and consultation for companies and businesses.	ﷲ 100 Million	ﷲ 75 Million	Riyadh, Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	18.75%
Saudi Financial Lease Registration Company “Sajil”	14 December 2017	Registration of financial lease contracts	ﷲ 38,392,850	ﷲ 38,392,850	Riyadh, Saudi Arabia	Saudi Arabia	2.30%
Saudi Financial Support Services Company “Sanid”	9 July 1984	Installation and maintenance of banking and cash machinery and equipment, Management and operation of cash centers, Providing payment services for points of sale and secure and smart electronic outlets ATMs, automatic deposits, wholesale of banking and cash machinery devices and equipment, Transportation of cash, precious metals and documents of value	ﷲ 25 Million	ﷲ 25 Million	Riyadh, Saudi Arabia	Saudi Arabia	5.00%
Kinan International Real Estate Development Company	13 April 2004	Development and management of residential communities and commercial centers in various cities of the Kingdom	ﷲ 1.7 Billion	ﷲ 1.7 Billion	Riyadh, Saudi Arabia	Saudi Arabia	6.78%





# Micro, Small and Medium Enterprises

## Qualitative Disclosure

In 2024, Bank Albilad maintained its continuous efforts towards small, medium, and micro enterprises, focusing on growth in this sector and continuing its participation in achieving the pillars of Saudi Arabia’s Vision 2030 by supporting various economic activities of these enterprises. These efforts were made to sustain momentum in terms of asset growth and customer portfolio through several key initiatives, which can be summarized as follows:

**1** Increasing the bank’s market share by attracting more customers through the provision of direct financing from the bank, with a focus on small and medium enterprises.

**2** Entering the field of e-commerce financing, starting with the signing of an agreement with “Maysir” during 2024 in this regard.

**3** Offering additional financing programs covering various industries and economic activities primarily aimed at small, medium, and micro enterprises.

**4** Maintaining a successful relationship with both the Kafalah Program and the Small and Medium Enterprises Bank (joint financing agreement) aimed at supporting these enterprises. This is evidenced by the bank receiving awards from the Kafalah Program in recognition of its efforts in financing clients in the technology and entertainment sectors.

As a result of these efforts, Bank Albilad continued to attract a large number of new clients from this sector, especially through the Kafalah Program and the joint financing relationship with the Small and Medium Enterprises Bank. Additionally, trade finance operations contributed to achieving the desired objectives.

*Bank Albilad continued to attract a large number of new clients from this sector, especially through the Kafalah Program and the joint financing relationship with the Small and Medium Enterprises Bank.*

## Quantitative Disclosure

(Amounts in millions of Saudi Riyals – 2024)

Details	Micro	Small	Medium	Total
Direct facilities for micro, small, and medium enterprises	176	1,948	10,391	12,515
Indirect facilities for micro, small, and medium enterprises (nominal value)	607	1,010	1,974	3,591
Direct facilities for micro, small, and medium enterprises relative to the total direct facilities	1%	16%	83%	100%
Indirect facilities for micro, small, and medium enterprises relative to the total indirect facilities	17%	28%	55%	100%

### Number of direct and indirect facilities

Number of customers for direct and indirect facilities	965	856	230	2051
Number of direct and indirect facilities customers in cooperation with Monsha’at Bank	137	120	12	269
Total direct and indirect facilities in cooperation with Monsha’at Bank (amounts represent the bank’s share in financing “20%”)	4	28	7	48
Number of customers of direct, indirect, and guaranteed facilities through Kafalah program	137	190	61	388
Total direct, indirect, and guaranteed facilities through Kafalah program	42	754	818	1,613

Quantitative Disclosure (Continue)

(Amounts in millions of Saudi riyals – 2023)

Details	Micro	Small	Medium	Total
Direct facilities for micro, small, and medium enterprises	281	2,240	11,397	13,918
Indirect facilities for micro, small, and medium enterprises (nominal value)	775	892	2,170	3,838
Direct facilities for micro, small, and medium enterprises relative to the total direct facilities	0.5%	4.4%	22%	26.9%
Indirect facilities for micro, small, and medium enterprises relative to the total indirect facilities	6%	6.3%	15.4%	27.7%

Number of direct and indirect facilities

Number of customers for direct and indirect facilities	1,099	864	226	2,189
Number of direct and indirect facilities customers in cooperation with Monsha'at Bank	116	96	9	221
Total direct and indirect facilities in cooperation with Monsha'at Bank (amounts represent the bank's share in financing "20%")	6	33	4	44
Number of customers of direct, indirect, and guaranteed facilities through Kafalah program	184	251	71	506
Total direct, indirect, and guaranteed facilities through Kafalah program	65	532	525	1,121

Transactions with Related Parties

In the normal course of operations, the Group engages in transactions with related parties. These transactions are conducted in compliance with the Banking Control Law and are regulated by the Saudi Central Bank. The following details the nature and balances of transactions with related parties for the year ended December 31:

A) Directors, key management personnel, other major shareholders, their affiliates balances and others

Details	2024
	SAR '000
Finance*	2,358,334
Finance**	3,575,976
Commitments and contingencies	132,192
Deposits	87,998

\*The amounts of credit facilities used according to the definition of the related parties according to the international financial reporting standards.

\*\* The values of the amounts of the credit facilities used according to the definition of the related parties in accordance with the international standards for financial reports and the Saudi Central Bank.



B) Group’s mutual funds:

Below are the outstanding balances with Group’s mutual funds as of December 31:

Details	2024
	SAR ‘000
Customers deposits	46,371
Investments – units	413,461

C) Income and expense:

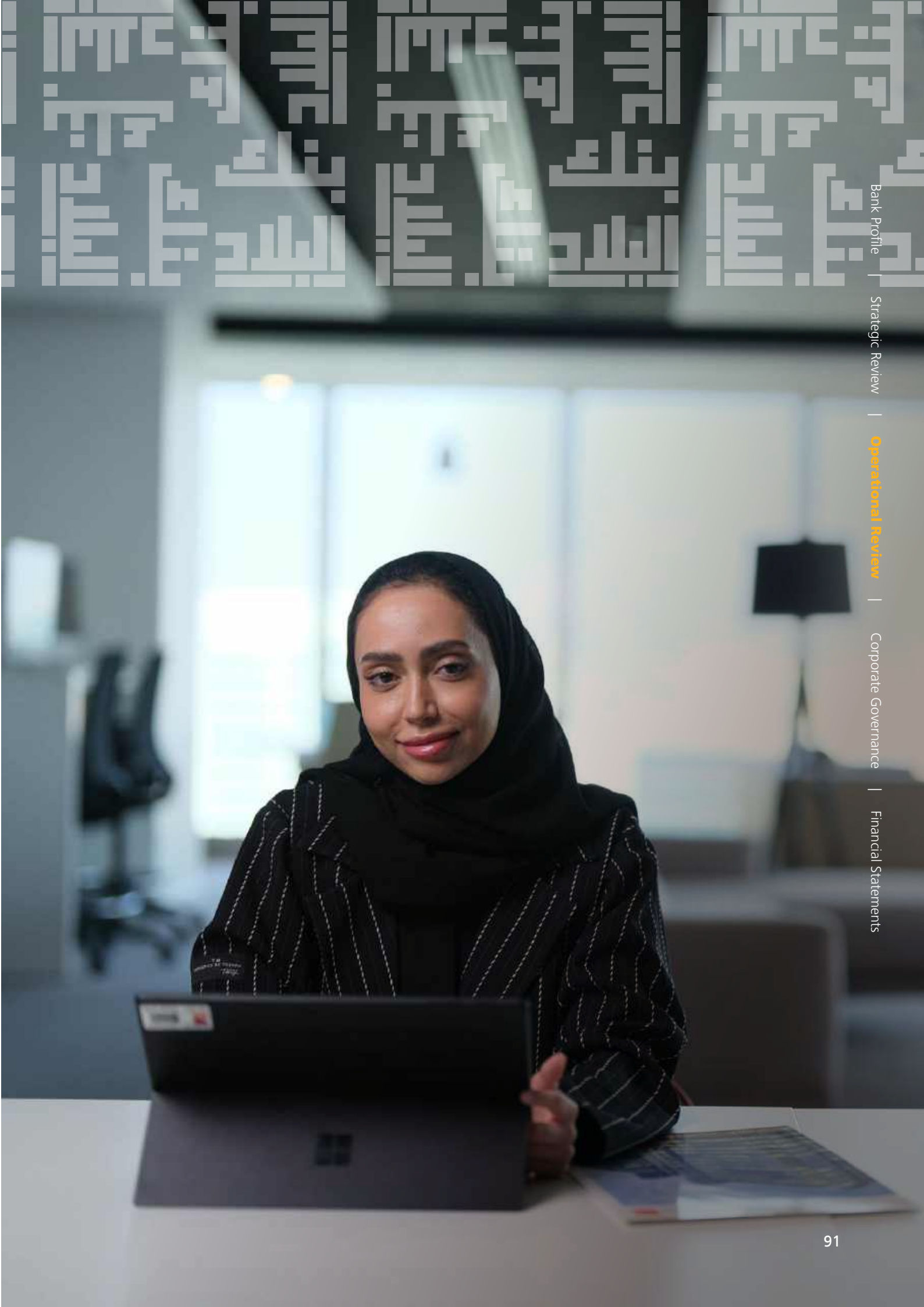
Directors, key management personnel, other major shareholders and their affiliates and mutual funds managed by the Group:

Details	2024
	SAR ‘000
Income	254,354
Expenses	14,836

D) The following is a statement of the total compensation paid to senior management employees during the year:

Details	2024
	SAR ‘000
Employee Benefits	163,611

Major shareholders are those who own 5% or more of the bank’s capital. Senior executives mean those persons who have the authority and responsibility to carry out the planning, direction and supervision of the Bank’s direct and indirect activities.



E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024.

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
1	Mr. Abdulrahman Saleh AlRajhi	Mr. Khalid bin Abdulrahman AlRajhi	(Father) Member of the Board of Directors of Bank Albilad	Lease contract for Enjaz Center 302 – Al Khafji Governorate, owned by Mr. Abdulrahman bin Saleh AlRajhi.	150,000	11-Apr-10	10-Apr-24
2	Mr. Abdulrahman Abdulaziz AlRajhi	Mr. Abdulrahman Abdulaziz AlRajhi	Major shareholders of Bank Albilad	Lease contract for Branch 217 – Yanbu City, owned by Mr. Abdulrahman bin Abdulaziz bin Saleh AlRajhi.	180,000	9-Aug-10	8-Aug-25
		Mr. Mohammad Abdulrahman AlRajhi	Relationship (son) and member of the bank's board of directors				
3	Procure Riaya Hospital	Mr. Khalid bin Abdulrahman AlRajhi	Member of the Board of Directors of Bank Albilad	Lease contract for an ATM location – Riyadh City.	20,000	1-Jun-20	31-May-25
4	Mr. Abdulrahman Abdulaziz AlRajhi	Mr. Abdulrahman Abdulaziz AlRajhi	Major shareholders of Bank Albilad	Lease contract for Branch 561 – Buraidah City, owned by Mr. Abdulrahman bin Abdulaziz bin Saleh AlRajhi.	400,000	1-Jun-05	31-May-25
		Mr. Mohammad Abdulrahman AlRajhi	Relationship (son) and member of the bank's board of directors				
5	Riyadh Development Company	Mr. Nasser Mohammed AlSubeaei	Chairman of the Board of Directors of Bank Albilad	Lease contract for Enjaz Al Haraj Branch 174.	96,900	2-Jul-18	4-Dec-23
			Kinship (father) - Kinship (father) with Mr. Majid bin Nasser AlSubeaei, member of the Board of Directors of Riyadh Development Company				
6	MASIC Logistics Company	Mr. Nasser Mohammed AlSubeaei	Chairman of the Board of Directors of Bank Albilad	Lease contract for an ATM location – Riyadh City, with investment returns to Mask Logistics Company.	60,000	18-Mar-18	17-Mar-28
			Member of the Board of Directors of MASIC Company				
7	Abdullah Ibrahim AlSubeaei Real Estate Company	Abdullah Ibrahim AlSubeaei Investment Company (One Person Company)	Major shareholders of Bank Albilad	Lease contract for a branch of Bank Albilad – Al Aqrabiyah Branch 921, owned by Abdullah bin Ibrahim AlSubeaei Real Estate Company.	2,590,600	3-Jan-05	12-Nov-24
8	ALARGAN Homes Company	Mr. Nasser Mohammed AlSubeaei	Chairman of the Board of Directors of Bank Albilad	Lease contract for an ATM location – Jubail City, owned by ALARGAN Homes Company.	90,000	5-Aug-18	4-Aug-25
			Member of the board -Member of the Board of Directors of Alargan Homes Company				



E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
9	ALARGAN Homes Company	Mr. Nasser Mohammed AlSubeaei	Chairman of the Board of Directors of Bank Albilad Member of the board -Member of the Board of Directors of Alargan Homes Company	Lease contract for an ATM location – Yanbu City, owned by ALARGAN Homes Company.	80,000	1-Sep-18	31-Aug-25
10	ALARGAN Homes Company	Mr. Nasser Mohammed AlSubeaei	Chairman of the Board of Directors of Bank Albilad Member of the board -Member of the Board of Directors of Alargan Homes Company	Lease contract for an ATM location – Yanbu City, owned by ALARGAN Homes Company.	80,000	1-Sep-18	31-Aug-25
11	Mohammed Ibrahim AlSubeaei & Sons MASIC	Mr. Nasser Mohammed AlSubeaei	Chairman of Bank Albilad Member of the Board of directors of Masic	Lease contract for Enjaz Industrial Second Center – Riyadh City, owned by Mohammed bin Ibrahim AlSubeaei & Sons Company.	519,200	15-Nov-16	14-Nov-26
		Mohammed Ibrahim AlSubeaei& Sons MASIC	Major shareholders of Bank Albilad				
12	Kinan International Real Estate Development Company	Mr. Khalid Bin Saleh Al-Hathal	Member of the Board of Directors of Albilad Capital Member of the Board of Directors of MASIC Company	Lease contract for Albilad Branch at Al Dana Mall 729:  First three years: 133,504  Second three years: 146,020  Last four years: 158,536	133,504	1-Jan-19	31-Dec-28
		Mr. Abdullah Mohammed Alarifi	Member of the Board of directors of Kinan International company - Representative of Bank Albilad				
			Senior executives at Bank Albilad				
13	Al Riyadh Development Company	Mr. Nasser Mohammed AlSubeaei	- Chairman of Bank Albilad  Kinship (father) with Mr. Majid bin Nasser AlSubeaei, member of the Board of Directors of Riyadh Development Company	Car Auction Agreement	Individual prices	5-Apr-22	4-Apr-24

E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value ﷵ	Contract Date	
						FROM	TO
14	Al Riyadh Development Company	Mr. Nasser Mohammed AlSubeaei	Chairman of Bank Albilad Kinship (father) with Mr. Majid bin Nasser AlSubeaei, member of the Board of Directors of Riyadh Development Company	Cash Transport Services and Count Agreement	Individual prices	28-Dec-22	27-Dec-24
15	Saudi Automotive Services Co. (SASCO)	Mr. Nasser Mohammed AlSubeaei	Chairman of Bank Albilad Kinship (father) with Mr. Majid bin Nasser AlSubeaei, member of the Board of Directors of SASCO	Lease contract for an ATM location – Makkah City, owned by SASCO.	80,000	22-Nov-22	21-Aug-27
16	Saudi Automotive Services Co. (SASCO)	Mr. Nasser Mohammed AlSubeaei	Chairman of Bank Albilad Kinship (father) with Mr. Majid bin Nasser AlSubeaei, member of the Board of Directors of SASCO	Lease contract for an ATM location – Makkah City, owned by SASCO.	280,000	22-Nov-22	21-Aug-27
17	Saudi Automotive Services Co. (SASCO)	Mr. Nasser Mohammed AlSubeaei	Chairman of Bank Albilad Kinship (father) with Mr. Majid bin Nasser AlSubeaei, member of the Board of Directors of SASCO	Lease contract for an ATM location – Taif City, owned by SASCO.	65,000	1-Jan-21	31-Dec-25
18	Saudi Company for Leasing Contract Registration	Raed Muhammad AL Abdulkarim	Board member at the Saudi Company for Leasing Contract Registration. Senior Executives at Bank Albilad	Landlords Agreement	375,000	17-Mar-23	16-Mar-26
		Mr. Abdullah Saad AlRuweis	Board member at the Saudi Company for Leasing Contract Registration. Senior Executives at Bank Albilad				
19	Bayan Credit Bureau	Yusuf bin Mohammed Al-Khiliwi	Chief Corporate Governance Officer & Corporate Secretary of Bank Albilad Representative of Bank Albilad at Bayan Credit Bureau	Membership Agreement	Individual prices	25-Sep-21	24-Sep-26
		Mr. Abdulaziz Mohammed AlOnaizan	Chairman of the Board and Chairman of the Executive Committee of the Company Bank Albilad CEO	Membership Agreement	Individual prices	22-Mar-21	21-Mar-26



E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
20	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Muhammadiyah Land Contract – Regional Administration	50,000	1-Jul-22	30-Jun-55
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
21	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Munsiyah Land Contract	50,000	1-Sep-22	31-Aug-55
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
22	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Wurud Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
23	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Rawdah Branch Land Contract	50,000	25-Sep-18	31-Dec-50
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				

E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
24	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Naseem Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
25	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Hamra Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
26	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Safraa Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
27	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Safa Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
28	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	South Al-Aziziyah Makkah Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				



E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value S	Contract Date	
						FROM	TO
29	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Saddad Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
30	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Rawdah Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
31	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Rabwa Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
32	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Dhahran Al-Janoub Land Contract	50,000	1-May-21	30-Apr-54
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
33	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Hizam Road Land Contract	50,000	1-May-21	30-Apr-54
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				

E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
34	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Khobar Corniche Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
35	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Khalidiyah Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
36	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Mirqab Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
37	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Faisaliyah Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
38	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Tahlia Land Contract	50,000	1-Jan-21	31-Dec-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				



E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
39	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Hittin Land Contract	50,000	25-Dec-22	24-Dec-55
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
40	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Hada Al-Khobar Land Contract	50,000	22-Jan-23	21-Jan-56
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
41	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Takhassusi Road Land Contract	50,000	22-Jan-23	21-Jan-56
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
42	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Unaizah Land Contract	50,000	22-Jan-23	21-Jan-56
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
43	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Rass Land Contract	50,000	1-Nov-22	31-Oct-56
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
44	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Nozha District Land Contract	50,000	1-Nov-22	31-Oct-53
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				

E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
45	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Shifa District, Riyadh Land Contract	50,000	15-Nov-22	14-Nov-24
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
46	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Naqrah District, Hail Land Contract	50,000	5-Feb-23	4-Feb-25
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
47	Riyadh holding company	Mr. Haitham Mohammed Al-Fayez	Board member of Bank Albilad	Contract for four ATM locations at Haraj Bin Qasim, valued at 30,000 each	120,000	1-Jun-23	31-May-26
			Member of the Executive Committee at Riyadh Holding Company				
			Member of the Executive Committee at Riyadh Holding Company				
			Board member of Bank Albilad, Chairman of the Rewards and Nominations Committee, and Member of the Risk Committee.				
48	Riyadh holding company	Mr. Haitham Mohammed Al-Fayez	Board member of Bank Albilad, Chairman of the Rewards and Nominations Committee, and Member of the Risk Committee.	Bank Albilad Branch Al-Deira District 427 Contract	329,100	1-Aug-23	31-Jul-26
			Member of the Executive Committee at Riyadh Holding Company				



E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
49	Shafa Association for Sustainable Health Development	Abdulrahman Abdulaziz Saleh AlRajhi	Major shareholders of Bank Albilad Chairman of the Board of the Association	Enjaz Al-Bukayriyah Branch Contract	70,000	14-Jun-23	13-Jun-25
		Mr. Mohammed Abdulrahman AlRajhi	Board member of Bank Albilad Vice Chairman of the Board of the Association				
50	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board Senior executives at Bank Albilad	Al-Shiraa, Al-Amwaj District, Jeddah Land Contract	50,000	11-Jun-23	10-Jun-25
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board Senior executives at Bank Albilad				
51	Sa'i Solutions for Logistics Services Company	Mr. Haitham Sulaiman AlSuhaimi	Board member of Bank Albilad and Member of the Executive Committee.  Partner at Saeer Logistics Solutions Company.	Customer Card Delivery Contract	UNIT PRICE	26-Mar-23	25-Mar-24
52	Real Estate Development Fund	Mr. Abdulaziz Mohammed AlOnaizan	CEO of Bank Albilad.  Board member and Chairman of the Compliance and Cybersecurity Committee.	Real Estate Developers Enablement Contract	UNIT PRICE	1-Apr-24	30-Mar-25
53	Kadana Development and Construction Company	Mr. Haitham Mohammed Al-Fayez	Board member – Chairman of the Nominations and Remunerations Committee – Member of the Risk Committee at Bank Albilad.  Board member and Member of the Rewards and Nominations Committee at Kadana Development and Construction Company.	Lease contract for an ATM location – Makkah City, owned by a Development and Construction Company.	88,000	19-May-24	19-Feb-25
54	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board Senior executives at Bank Albilad	Al-Suli Contract – Archives	50,000	05-Feb-24	04-Feb-29
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board Senior executives at Bank Albilad				

E) The following table lists information of the activities and contracts to which the Bank was a party and in which any of the Board Members or Senior Executive or any person related to any of them has interest in, during 2024. (Continued)

#	Related Party	Member/Person with a direct or indirect interest	Reason	Type/nature of relationship or conflict	Contract value SAR	Contract Date	
						FROM	TO
55	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Parking Contract – Conferences	50,000	29-Dec-24	28-Dec-34
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
56	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Hofuf, Al-Ahsa Contract	50,000	1-May-24	30-Apr-57
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
57	Albilad Real Estate	Mr. Saleh Suliman AlHabib	Chairman of Albilad Real Estate Board	Al-Kharj Land Contract	50,000	5-May-24	4-May-57
			Senior executives at Bank Albilad				
		Raed Muhammad AL Abdulkarim	Vice Chairman of Albilad Real Estate Board				
			Senior executives at Bank Albilad				
58	Albilad Investment one person	Abdulaziz Mohammed AlOnaizan	Vice Chairman of Albilad Investment	Albilad Capital branch 422	50,675	1-Jan-24	31-Dec-29
		Haitham Sulaiman AlSuhaimi	Senior executive in Albilad investment				
		Abdullah Mohammed Alarifi	Member of the Board of Directors in Albilad Investment and a senior executive at Bank Albilad				
		Haitham Medainy AlMedainy	Senior Executive at Bank Albilad and a committee member at Albilad Investment				
59	Albilad Investment one person	Abdulaziz Mohammed AlOnaizan	Vice Chairman of Albilad Investment	Albilad Capital branch 425	168,327	1-Jan-24	31-Dec-29
		Haitham Sulaiman AlSuhaimi	Senior executive in Albilad investment				
		Abdullah Mohammed Alarifi	Member of the Board of Directors in Albilad Investment and a senior executive at Bank Albilad				
		Haitham Medainy AlMedainy	Senior Executive at Bank Albilad and a committee member at Albilad Investment				



General clarifications and rules:

- 1. The cases included in the register were compiled and recorded based on the data and forms received from the competent administrative units in each case, and that the data monitored for the purpose of approving the register, and the detailed information for each transaction or case is mentioned or referred to in detail in the annexes to the decision or the minutes of the meeting in which it was discussed, and in accordance with the Companies Law, the Corporate Governance Regulations, the instructions of the regulatory and supervisory authorities, and from It includes the abstention of the stakeholder member from discussing or recommending.
- 2. The register is approved by the Compliance and Governance Committee on a semi-annual basis or when needed and presented to the Board of Directors on an annual basis and when needed.

Outstanding Statutory Payments

(SAR million)

Details	2024	2023
Legal Zakat <sup>1</sup>	322	272
General Organization for Social Insurance (GOSI) <sup>2</sup>	9.5	9.1

- 1. Legal Zakat – As per the Zakat Acknowledgement to be submitted for 2024, the Bank estimated the outstanding Zakat for 2024 with ﷲ 322 million (2023: ﷲ 272 million).
- 2. The Bank estimated the outstanding amount due to the General Organization for Social Insurance (GOSI) for 2024 with ﷲ 9.5 million (2023: ﷲ 9.1 million) paid during January 2024.

Value of statutory paid and accrued payments for the period ending on 31 December 2024:

(SAR thousand)

Item	Paid	Accrued until the end of the annual fiscal year and not paid	Brief	Reasons
Zakat	335,153	-	Annual Zakat for 2023	Zakat for 2024 is still under process and will be paid in April 2025
Withholding tax for non-residents	6,046	162	Withholding tax for non-residents	December 2024 tax which was paid in Jan 2025
VAT	97,167	11,027	VAT	December 2024 tax which was paid in Jan 2025
General Organization for Social (GOSI)	93,507	7,876	Social insurance payments paid during 2024	Social insurance payments for December 2024 which was paid in Jan 2025
Visa and passport costs	2,307	-	Renewal of residency fees, exit and return fees, and sponsorship	Renewal of foreign employee residency, exit and return fees, and sponsorship
Capital Market Authority	1,340	-	Fees for Capital Market Authority	Fees of the Capital Market Authority in addition to fees for registering employees with it
Municipality fees	5,922	-	Annual Municipality fees	Annual Municipality fees

Albilad Investment Company  
(SAR thousand)

Item	Paid	Accrued until the end of the annual fiscal year and not paid	Brief	Reasons
Zakat	14,509	20,768	Zakat due for 2023	Annual zakat for 2024
Withholding tax for non-residents	1,291	50	Tax for non-residents 2024	Tax for non-residents due for Dec 2024
VAT	30,439	2,806	VAT paid during 2024	VAT due for Dec 2024
General Organization for Social (GOSI)	8,640	784	Social insurance payments paid during 2024	Social insurance payments for December 2024
Visa and passport costs	40	-	Renewal of residency fees, exit and return fees, and sponsorship transfer	Renewal of foreign employee residency, exit and return fees, and sponsorship transfer
Labor office fees	201	-	Work permit fees for foreign employees	Work permit fees for foreign employees
Capital Market Authority	546	-	Fees for Capital Market Authority	Fees of the Capital Market Authority in addition to fees for registering employees with it
Municipality fees	9	-	Annual Municipality fee	Annual Municipality fee

Enjaz Payment Services Company  
(SAR thousand)

Item	Paid	Accrued until the end of the annual fiscal year and not paid	Brief	Reasons
Zakat	21,574	10,722	Annual Zakat for 2023	The Zakat is calculated as 10.3% of income
Withholding tax for non-residents	292	-	A percentage of 5-15% of amounts paid abroad is subject to withholding tax	2024 tax
VAT	27,035	2,382	The amount due to the Zatca from VAT	Vat Dec-2024
General Organization for Social (GOSI)	14,986	1,246	Social insurance payments paid during 2024	December 2024 GOSI which was paid in Jan 2025
Visa and passport costs	105	-	Renewal of residence fees, exit and return fees, and transfer of sponsorship	Renewing residencies of foreign employees, exit and return fees, and transferring sponsorship
Labor office fees	916,350	-	Work permit fees for foreign employees	Work permit fees for foreign employees
Municipality fees	837	-	Issuance and renewal of municipal licenses and other municipality related fees	Annual municipality fees



Capital Adequacy

The Group’s capital management objectives aim to comply with the capital requirements set by the Saudi Central Bank (SAMA), ensure the Group’s ongoing viability as a going concern, and maintain a robust capital base. The management regularly monitors capital adequacy and the use of regulatory capital.

SAMA mandates that banks hold a minimum regulatory capital level and maintain a ratio of total regulatory capital to risk-weighted assets at or above the minimum threshold of 8%. The Group assesses its capital adequacy using ratios prescribed by SAMA, which involve comparing the Group’s eligible capital against its consolidated financial position assets and commitments, adjusted for risk weighting.

According to SAMA Circular Number 391000029731, dated 15 Rabi Al-Awwal 1439H (3 December 2017), banks are required to transition the initial impact on capital adequacy due to the implementation of IFRS 9 over five years. Furthermore, under the latest SAMA guidance regarding the Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures, banks are permitted to add back up to 100% of the transitional adjustment amount to Common Equity Tier 1 (CET1) for the full two-year period of 2021 and 2022, starting from the 31 March 2021 financial statements. This add-back must then be phased out on a straight-line basis over the subsequent three years.

The following table summarizes the Group’s Pillar-I Risk Weighted Assets, Tier I and Tier II Capital and Capital Adequacy Ratios.

Details	2024 (SAR ‘000)
Credit Risk RWA	106,050,880
Operational Risk RWA	6,479,677
Market Risk RWA	2,176,515
Total Pillar-I RWA	114,707,072
Tier I Capital	16,693,230
Tier II Capital	4,324,648
Total Tier I & II Capital	21,017,878
Capital Adequacy Ratio %	
Common Equity Tier I ratio	14.55%
Tier I ratio	14.55%
Tier I + Tier II ratio	18.32%

Basel Notes – Third Pillar

These notes have been prepared by virtue of SAMA’s requirement of quantitative and qualitative notes related to Basel Third Pillar. For reviewing these notes, please visit the Bank’s website: [www.bankalbilad.com](http://www.bankalbilad.com).

Independent Auditors

In the General Assembly meeting held on 20 Shawwal 1445H, corresponding to 29 April 2024, Ernst & Young Professional Services and PricewaterhouseCoopers have been appointed as external auditors of the Bank for the fiscal year 2024. As for the year 2025, the auditors will be appointed at the meeting of the General Assembly expected to be held in the early second quarter 2025.

Independent Auditors’ Report

The auditors submitted unqualified audit report on the Bank’s consolidated financial statements for the current fiscal year.

Credit Rating

The below table illustrates the credit rating for the Bank:

Rating Agency	Long-term	Short-term	Future overview
Moody’s	A2	P-1	Stable
Fitch	A-	F2	Stable



Business Review

Strategic Integration Across Divisions

At Bank Albilad, the strategic integration of our core banking functions – Retail, Corporate, and Treasury – remains pivotal in achieving operational excellence. Established in 2004, this foundational strategy continues to elevate our status among premier Saudi banks by ensuring cohesive and efficient service delivery across all customer touchpoints.

*Our business success is deeply rooted in the expertise and dedication of our team.*

Team Excellence and Development

Our business success is deeply rooted in the expertise and dedication of our team. Throughout 2024, We have maintained our unwavering commitment to cultivating a workforce that possesses the requisite expertise to effectively navigate the intricate challenges of the contemporary financial environment. In response to the evolving labor market dynamics, we enhanced our focus on attracting, training, and retaining top talent. Innovative recruitment strategies and continuous professional development programs have been instrumental in maintaining a workforce that is both skilled and motivated, ensuring we remain at the forefront of the industry.





## Partnerships and Collaborative Success

Bank Albilad's achievements are greatly enhanced by our robust partnerships. In 2024, we deepened our collaborations with key governmental bodies and expanded into new sectors such as digital commerce and green finance. These partnerships not only enhance our business offerings but also reinforce our dedication to supporting initiatives that have significant social and economic impacts. As we align our operations with Vision 2030, these relationships are crucial for driving progress in sectors vital to the Kingdom's transformative agenda.

## A Focused and Forward-Looking Strategy

Our strategic endeavors in 2024 were guided by a clear and purposeful vision. We continued to innovate within our Sharia-compliant product offerings and digital services, ensuring alignment with Saudi Arabia's Vision 2030. This strategic alignment aims to achieve significant economic and social outcomes, as well as to secure sustainable value for our stakeholders over the long term.

## Outlook for Continued Growth

As we move forward, Bank Albilad is well-positioned to capitalize on the opportunities presented by a dynamic economic environment. Our robust foundation and strategic initiatives are set to drive sustained growth, delivering substantial benefits to our shareholders, customers, and the broader Saudi economy. Our ongoing commitment to innovation and excellence ensures that we continue to contribute meaningfully to the nation's ambitious economic goals.

## Retail Banking

In 2024, the Retail Banking Group at Bank Albilad sharpened its focus on enhancing customer engagement through digital enablement and enriching the value proposition offered to customers.

Our strategic efforts were aimed at delivering an unparalleled customer experience to boost market share and expand our customer base, alongside improvements in our asset and liability portfolio to drive profitability. This strategy supported our goal to position Bank Albilad as the preferred choice for innovative Islamic banking solutions, catering to a diverse clientele including private banking, affluent, and mass market segments, as well as SMEs and government entities.

*The year was marked by significant milestones that underscored our leadership in the financial sector.*

We launched innovative products such as the Awaed Albilad Account and Zood Savings Account, tailored to meet the diverse needs of our customers. We were pioneers in introducing the REDF installment equal subsidy program and the REDF advance subsidy for self-construction, directly supporting the Kingdom's housing goals.

Additionally, our digital initiatives included digital sales journeys for Personal Finance and Credit Card products, being the first bank to launch SADAD service through Points of Sale and to implement Saudi Payment Gateway, enhancing transactional ease for our customers.

Our commitment to customer service excellence was further demonstrated by the significant growth in our Wakalah customer base and portfolio balance. The successful revamp of our Credit Card Loyalty program facilitated a doubling in card sales and spend volume, reflecting our strategic focus on enhancing customer value propositions.

Our dedication to corporate social responsibility was evident in our active participation in initiatives like Ehsan and the establishment of environmentally sustainable branches.

*Our efforts to reduce paper usage and the digital drive to minimize customer visits to branches underscore our commitment to reducing our carbon footprint.*

These initiatives not only support our corporate social responsibility goals but also contribute positively to our balance sheet growth and shareholder value.

*In 2024, we continued to lead the charge in integrating technology to enhance service delivery and customer satisfaction.*

We introduced comprehensive digital solutions for personal finance and credit cards. Notable technological advancements included the launch of the CRMS (BAB 360), which revolutionized our customer relationship management, and the improvement of our loyalty cashback process allowing for instant redemption.

Our strategic partnerships with entities like the Social Development Bank to launch the Zood Savings Account and collaborations with major organizations such as Saudi Electricity Company (SEC) through Al-Bilad Swift (SwiftNet) and Saudi Real Estate Refinance Company (SRC) to strengthen secondary mortgage market, have been pivotal to our service offerings.

Our activities throughout the year supported the strategic objectives of Vision 2030 by increasing homeownership through alignment with REDF initiatives, cultivating a savings culture with our innovative product offerings, and leading the digital transformation in the financial sector to enhance financial inclusion. These efforts were integral to our strategy, aligning Bank Albilad's operations with the national agenda to foster economic growth and sustainability.

Our financial achievements this year were notable with a significant increase in Time Deposits, driven by offering fully digital options and innovative product variants.

The success of our Retail Banking Group is also attributed to our focused employee development programs. Comprehensive training across all levels ensured that our staff possessed the necessary skills to perform efficiently and enhance service delivery. Workshops, surveys, and feedback mechanisms fostered a highly engaged and motivated workforce, which is essential for delivering exceptional customer service.

Looking ahead, we are committed to providing best-in-class customer experiences, growing our market share in targeted segments, and optimizing costs to enhance our financial performance. We will continue to focus on employee development, leveraging workshops, and feedback mechanisms to ensure our team is well-equipped to meet the challenges and opportunities ahead.





## Corporate Banking

In 2024, the Corporate Banking Group at Bank Albilad continued to strengthen its role as a pivotal connector between the bank and its diverse corporate clientele. The Group has diligently fostered relationships across various sectors including large corporates, MSMEs, Funds and REITs, and governmental bodies, ensuring that all operations are fully compliant with Sharia principles while driving forward the bank's innovative financial solutions.

This year, the group focused on achieving strategic advancements in its financial product portfolio, which significantly contributed to enhancing the bank's market position. The group also succeeded in forming strategic alliances with "Moyasar" to provide financing solutions for e-commerce gateway transactions, initiatives that helped establish new benchmarks in efficiency and compliance.

The Vision Realization Unit succeeded in attracting several strategic and sovereign relationships associated with Vision 2030 initiatives. In addition, the group successfully launched the guarantee letters program of the Saudi Electricity Company.

In alignment with the objectives of Vision 2030, the Corporate Banking Group has played a pivotal role in supporting major national projects, including the signing of medium-term

The Corporate Banking Group contributed with

**ﷲ 9,000** MN

Syndicated Medium Term Credit Facility Agreements with ROSHN Group.

syndicated credit facility agreements valued at ﷲ 9 billion with ROSHN Group, thereby contributing to the Kingdom's goal of increasing citizens' homeownership to 70% by 2030. In addition, the group continued to strengthen its collaboration with the SME Bank and the Kafalah program to expand the financing base dedicated to this vital sector, while also providing the necessary support and financing for residential and real estate projects.

Technological advancements, through partnerships with internal departments like DBI and IT, we've streamlined operations and improved our digital interfaces. We also worked with the Contact Center to enhance the Chatbot system, all of which have significantly improved service delivery and client satisfaction.

Financially, 2024 has been a robust year, marked by notable increases in revenue driven by our strategic market positioning and innovative banking solutions. Our division's success is reflected in the enhancement of the quality of the financing portfolio.

Our group remains deeply committed to employee development, with numerous training programs and initiatives designed to enhance skillsets and foster a motivated workforce. We have participated in several in-house, domestic, and international professional training courses

and conferences, ensuring our team is well-prepared to meet the challenges and leverage opportunities in the coming years.

Looking forward, the Corporate Banking Group is set to launch ambitious projects such as, implementation of fully automated Bai Ajel processes (paperless), the Fleet Financing Program, a fully automated Supply Chain Finance product, and an E2E lending functionality using an AI Loan Origination System. These initiatives reflect our ongoing commitment to providing comprehensive, technologically advanced financial services that meet the evolving needs of our clients.

*As we continue to advance our capabilities and expand our reach, the Corporate Banking Group at Bank Albilad is poised to play an even more integral role in the financial landscape of Saudi Arabia, driving forward the objectives of Vision 2030 and delivering exceptional value to our shareholders and customers alike.*

*This year, the group focused on pivotal advancements in financial product offerings, which have significantly enhanced our market presence.*

## Treasury

Bank Albilad Treasury is principally responsible for managing the bank's liquidity & market risk, building multi-asset class investment portfolio, complying with balance sheet level regulatory guidelines and supporting various businesses in achieving their business targets. Treasury manages the bank's balance sheet funding requirements proactively and adapt accordingly to evolving market conditions.

During 2024, Treasury carried out a significant organizational restructuring exercise for better customer experience, operational excellence, and revenue optimization. Treasury team is confident that this initiative will be a building block for future business growth and capturing market share. Beside this, major focus remained on deployment of funds into Sukuk investments, which provides a steady income.

### Key highlights for FY2024 were:

- **Increase in Net Revenue:** by 31%.
- **Increase in Investment Portfolio:** by 13%.
- **Funding Diversification:** Bank increased term deposit and structured deposit customer base, which provided diversified funding source. Treasury executed bilateral USD repo with international bank and have substantially increased counterparty base.
- **Digitalization & Automation:** Treasury kept on investing time and money for building a futuristic infrastructure. Treasury started ALM automation project, corporate term deposit digitalization along with existing Treasury Management System (TMS) enhancement.
- **Hedging & Trading Activity:** Treasury team was focusing on hedging and trading activities for better risk management and benefiting from new revenue stream.

Treasury has maintained a strong focus on employee development and engagement. We have implemented various training programs, nominated staff for functional training, and provided access to an online learning platform. Regular social gatherings and recognition of exceptional talent are some of the ways we foster a motivated and satisfied workforce.

Treasury management plans to carry forward this positive momentum in 2025 and beyond by undertaking following:

- Increase operating income by growing investment book size, increasing trading activity, capturing FX and derivative market share.
- Digitalization and operational excellence by digitalizing customer focused products, offering more hedging solutions and further strengthening ALM and liquidity management infrastructure.
- Customer Engagement & Experience by better and more frequent customer engagement initiatives and improving customer service delivery.

We aim to continue growing our market share and retaining a highly qualified team to navigate future challenges and leverage opportunities. As we move into the future, Treasury at Bank Albilad is well-positioned to support the bank's growth and strategic objectives, delivering value to our customers and shareholders while supporting the broader goals of Vision 2030.





# Subsidiaries



## Albilad Capital

In 2024, Albilad Capital continued to distinguish itself as a premier provider of innovative financial products and services such as being the biggest industry leader in Exchange Traded Funds (ETFs) locally and regionally, catering to a diverse clientele including institutional investors and individuals.

As a licensed Capital Market Institute, Albilad Capital specializes in Investment Services and Solutions, including Dealing, Managing, Arranging, and Custody services.

## Strategic Focus and Achievements

This year, Albilad Capital set ambitious goals to accelerate seamless digital investment solutions and lead the market in Multi-Asset Strategies, Real Estate Fund Management Solutions, and Security Services. Our commitment to innovation and leadership in the Saudi ETF industry is evident, as we continue our trajectory to become a global Shariah ETF Manager and the first-choice partner for A-class Real estate developers.

### Our significant milestones this year include:

- 161% Growth in Money Market Assets Under Management compared to 2023.
- 33% Growth in Real Estate Assets Under Management compared to 2023.
- 20% Growth in Assets Under Custody (AUC) compared to 2023.
- Acting as a Distribution Primary Dealer for Saudi Government Sukuk, from the Ministry of Finance on behalf of the Government of Saudi Arabia, through NDMC.
- The financial advisor, lead manager, and underwriter for Al Sagr Co-operative Insurance Co. with a total amount of ₪ 160 Million.
- Bookrunner for Saudi Aramco USD international Sukuk issuance with a size of a USD 3 Billion.
- Issuance of a multiple tranche sukuk in Saudi Riyals with a total amount of ₪ 2,269 Million in 2024.
- A Partial exit for the investors in one of our managed real estate funds, achieving a total return of 67% on for exited investors.
- Full exit from the assets of Safa Najd Fund, with total sales exceeding ₪ 1.4 Billion and total returns of 40% on the investment for 2 years and 8 months.
- Launching (4) new private real estate funds with a total asset of ₪ 4.1 Billion.
- The successful listing of Albilad CSOP MSCI Hong Kong China Equity ETF, with a total

size of ₪ 4.49 Billion, being the largest offering and listing in the history of ETF in the MENA region.

- The successful listing of Albilad MSCI Saudi Growth ETF.
- 25% growth in the margin financing portfolio value compared to 2023.
- Launching Global Trading service.
- Launching the Institutional Trading services which aims to serve Asset Managers, Institutions, and Government entities.
- Launching the new trading platform and mobile app to enhance customer experience with addition to new features.
- Increased the paid capital from (200,000,000) to (500,000,000) Saudi Riyal.

## Alignment with Vision 2030 and Shareholder Value

Albilad Capital's activities align seamlessly with the goals of Vision 2030, particularly through our efforts to open savings and investment solutions to a broader section of the population. By introducing innovative products and supporting the Saudi capital market's transformation into a regional hub for global investment, we contribute to continue in enhancing the financial wellbeing and social prosperity across Saudi Arabia.

Our initiatives have significantly impacted our financial performance, evidenced by substantial increases in Assets Under Management (AUM) and Assets Under Custody (AUC), which have driven additional business flow and increased the bank's sources of funds.

## Innovation and Technological Advancements

In 2024, Albilad Capital emphasized developing its technological infrastructure to enhance service delivery and user experience.

### Notable advancements include:

- Rollout of an upgraded web trading platform
- Launching a new mobile app, featuring new functionalities and margin lending
- Introducing unified services under a single platform with single sign-on, enhancing the overall user experience and optimizing existing platforms.

*These efforts have been supported by key partnerships with technology providers like Inspire for Solutions Development, enabling us to leverage cutting-edge technologies effectively.*

## Financial Overview

Albilad Capital in comparison with previous year, achieved 35% increase in gross revenue and 43% increase in net profits, historical milestones reflecting our effective strategy and operational excellence. 2024 also witnessed an increase in share capital from ₪ 200 million to ₪ 500 million, significant decrease in the cost income ratio, and an increase in return on equity. Our financial performance demonstrates our ability to deliver stable and diversified income streams, significantly enhancing shareholder value.

Albilad Capital achieved a remarkable

**35%**  
increase in gross revenue



## Employee Development and Engagement

Employee development is a cornerstone of our strategy. We have implemented comprehensive training programs, personalized development plans, and robust mentorship and coaching initiatives to ensure our team is well-equipped to meet current and future challenges. Regular feedback mechanisms and strategic resource deployment ensure continuous learning and improvement.

**In 2024, we focused on implementing:**

- Recognition and reward initiatives such as performance bonuses and public acknowledgments.
- Flexible work arrangements to improve work-life balance.
- Open communication channels including regular meetings, surveys, and discussions to foster a collaborative workplace.

## Customer Feedback and Market Positioning

Albilad Capital actively gathers and utilizes customer feedback to refine our services. This year, enhancements based on customer input included improved response times and customer support efficiencies, particularly through digital channels like WhatsApp and social media platforms.

**These initiatives have significantly contributed to achieving the following:**

- Enhanced response times and customer support efficiency, particularly through WhatsApp.
- New features and services developed based on social media feedback.
- A redesigned website and upgraded mobile applications to enhance user experience and accessibility.



## Governance and Compliance

Our governance and compliance frameworks have been strengthened with new policies and procedures, and an updated Authority Matrix. Regular workshops and enhanced mentoring tools have been crucial in minimizing operational risks and ensuring compliance with regulatory requirements.

## Future Outlook and Challenges

Looking ahead, Albilad Capital is poised to continue its growth trajectory, with plans to expand our product offerings and market reach. We aim to continue leading the ETF market, enhance our real estate investment solutions, and further develop our security services.

*As Albilad Capital moves into 2025, we remain committed to delivering innovative investment solutions that meet the evolving needs of our clients and contribute to the economic growth and prosperity of Saudi Arabia.*





## Enjaz Payment Services

Enjaz Payment Services Company stands as a dynamic and innovative financial technology entity within the Bank Albilad family. As a fully licensed Electronic Money Institute by the Saudi Central Bank, Enjaz has expanded its range of financial products and services, particularly in payment solutions and digital wallets. The company is committed to delivering a unique and contemporary customer experience in payments, leveraging advanced technologies and strategic flexibility to enhance customer satisfaction and broaden its service offerings in the Saudi market, thereby promoting financial inclusion.

*Over the past year, Enjaz has set ambitious goals to reposition itself as a leading and comprehensive provider of digital wallet services, while expanding its remittance market share, improving customer acquisition, and introducing new fintech products and services.*

By identifying four key strategic business pillars (enhancing service development and quality, digital transformation, and improving operational efficiency), Enjaz succeeded in streamlining its operational processes, achieving revenue growth, and boosting overall performance. Furthermore, the company focused on refining its internal operations, which had a positive impact on customer experience and contributed to increased operational efficiency..

*In its pursuit of excellence, Enjaz focused on enhancing its digital channels and*

*incorporating innovative capabilities. By integrating Musaned services to streamline household payment transactions via the Enjaz wallet and launching new solutions and channels for funds transfers through its partners, operations increased significantly.*

Furthermore, Enjaz worked to enable transfers between accounts and wallets through its correspondent bank partners and transfer service providers, and to develop technical integration with international correspondent banks to facilitate transfers and achieve instant international transfers. Moreover, advanced point-of-sale transfer technology was adopted, making it easier for a wide range of customers to access services. These initiatives, along with enhanced operational efficiencies, have significantly boosted the company's effectiveness and increased its agility in the rapidly evolving fintech market.

### Key Milestones:

Enhanced digital channels, forging alliances with new financial transfer operators, and implementing the Musaned system.

Implemented full integration with the API and connecting with international correspondent banks to facilitate instant transactions and ensure immediate delivery to the beneficiary.

Enhanced operational efficiencies to achieve optimal performance and agility.



*Enjaz's initiatives align closely with Vision 2030, focusing on increased digital adoption, financial inclusion, and the transition towards a cashless society.*

These strategic moves not only support the broader national objectives but also add tangible value to shareholders by reducing operational costs, increasing transaction margins, and strengthening the company's brand. The adoption of API management and the extension of remittance services to third parties as part of an "Enjaz-as-a-Service" solution highlight the company's innovative edge and its commitment to continuous technological enhancement.

Additionally, the company made significant investments in upgrading its technology infrastructure and in transforming numerous internal processes to leverage artificial intelligence technologies. This shift has accelerated process handling and reduced reliance on paper-based services in branches, ensuring an improved customer experience and enhanced security in financial transactions. These technological efforts have contributed to better service delivery and higher customer satisfaction.

By prioritizing employee development and engagement through structured leadership programs, flexible work options, and recognition initiatives, programs such as the Objective-Setting Program, Branch Manager Preparation Program, and Leadership Development Program have contributed to nurturing talent and preparing employees for future leadership roles, enabling Enjaz to create a stimulating environment for its employees.

On the market positioning front, Enjaz enhanced its presence by actively collecting and leveraging customer feedback using various techniques. By monitoring social media platforms, conducting regular surveys, and analyzing transaction data, Enjaz was able to tailor its services more effectively to meet customer needs. For example, the company launched a quick-access feature for paying domestic workers' salaries through its mobile application in response to customer feedback, directly enhancing the overall user experience.

In terms of governance and compliance, Enjaz automated numerous procedures, thereby boosting operational efficiency and regulatory adherence.

*The company remains deeply committed to corporate social responsibility and environmental sustainability.*

By reducing paper usage through digital processes, educating customers on fraud prevention, and actively participating in community volunteering, Enjaz ensures that its growth is aligned with ethical practices and community values.

## CSR and Sustainability Highlights:

Providing diverse services and channels to boost financial inclusion.

Reducing paper usage in conducting financial transactions at branches through digital transformation.

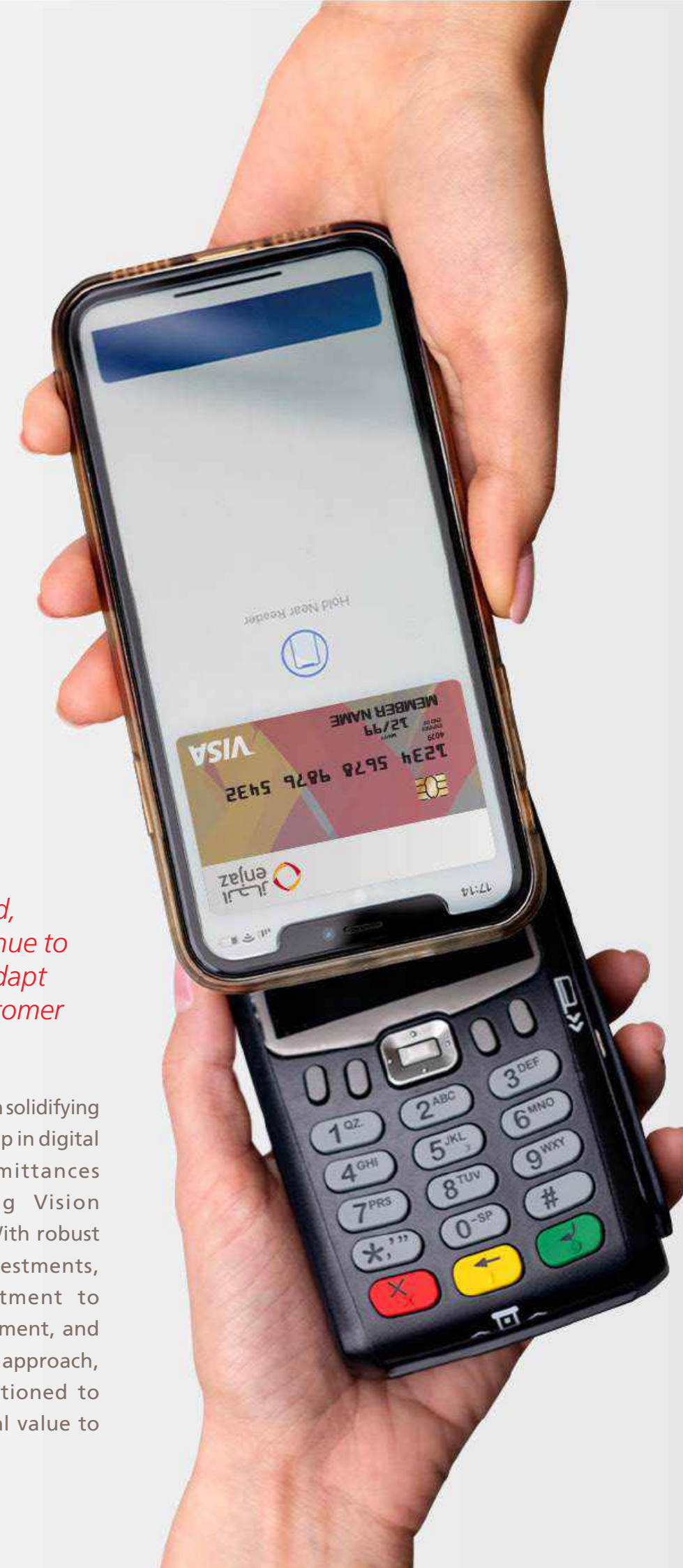
Launching fraud awareness campaigns and various educational programs to ensure customer protection.

Participating in community volunteering and environmental initiatives, including offering extensive support and services to pilgrims during the Hajj season.

Sponsoring numerous initiatives and events aimed at low-income and high-need groups, particularly those targeted by financial inclusion and digital transformation programs.

*Moving forward, Enjaz will continue to innovate and adapt to evolving customer needs.*

The focus remains on solidifying its market leadership in digital wallets and remittances while supporting Vision 2030 objectives. With robust technological investments, a strong commitment to employee development, and a customer-centric approach, Enjaz is well-positioned to deliver exceptional value to its customers.





# Digital Banking & Innovation

## 2024 Highlights

Launched Albilad Verse Application

Initiated Open Banking for Corporate Customers

Onboarded Digital Visitors

Established 5 new Fintech Partnerships

Awarded "Fastest Growing Mobile Application"

*In 2024, the Digital Banking & Innovation division continued to strengthen its position as a leader in Islamic digital banking.*

Our focus this year has been on major strategic pillars: enhancing customer acquisition and retention, optimizing costs, and ultimately boosting profitability while improving the customer experience.

We achieved these goals through significant initiatives such as the launch of Albilad Verse, a groundbreaking application incorporating Metaverse components. Our commitment to innovation underscores our core value of embracing digital transformation as we lead the way in offering comprehensive and user-friendly digital banking solutions.

## Pioneering Digital Excellence

Our division's efforts this year align seamlessly with the Bank's strategic objectives of increasing profits, optimizing costs, and enhancing customer experiences. By introducing digital onboarding for visitors and pioneering open banking services for corporate clients, we've not only expanded our customer base but also reinforced our market position as an innovative leader. These initiatives contribute directly to "A Thriving Economy," one of the primary goals of Saudi Arabia's Vision 2030, by promoting financial inclusion and enhancing the digital banking ecosystem.

Additionally, our collaboration with fintechs and third-party providers (TPPs) has fostered a dynamic environment for continuous digital innovation, further enhancing our service offerings and customer engagement.

In line with Bank Albilad's commitment to sustainability, our digital initiatives have significantly reduced the need for paper-based transactions, supporting environmental conservation efforts.

Through usability testing and direct customer interactions, we gather valuable insights that inform the continuous improvement of our digital platforms. This feedback-driven approach has been crucial in the continuous enhancements across digital channels.

*The Digital Banking & Innovation division's efforts in 2024 have been quantifiably successful, showing remarkable growth across various digital channels.*

We've seen a 12% increase in mobile app users and a 12% increase in Business Internet Banking users, demonstrating enhanced user engagement and the growing preference for our digital platforms. Our Banking as a Service (BaaS) transactions have surged by 24%, reflecting our effective expansion in service offerings.

Moreover, a striking 680% increase in Open Banking transactions underscores our leadership in this innovative area, significantly broadening our ecosystem's reach and functionality. The 178% increase in digital personal finance sales highlights our effectiveness in leveraging digital solutions to enhance financial product accessibility and customer engagement. These metrics not only illustrate a robust enhancement in our existing offerings but also showcase growing customer trust and reliance on our digital services, reinforcing our strategic goals and commitment to excellence in the digital banking sector.

We've seen a

**12%**

increase in mobile app users and a

**12%**

increase in Business Internet Banking users

**178%**

increase in digital personal finance sales



## Leading a Strategy of Success

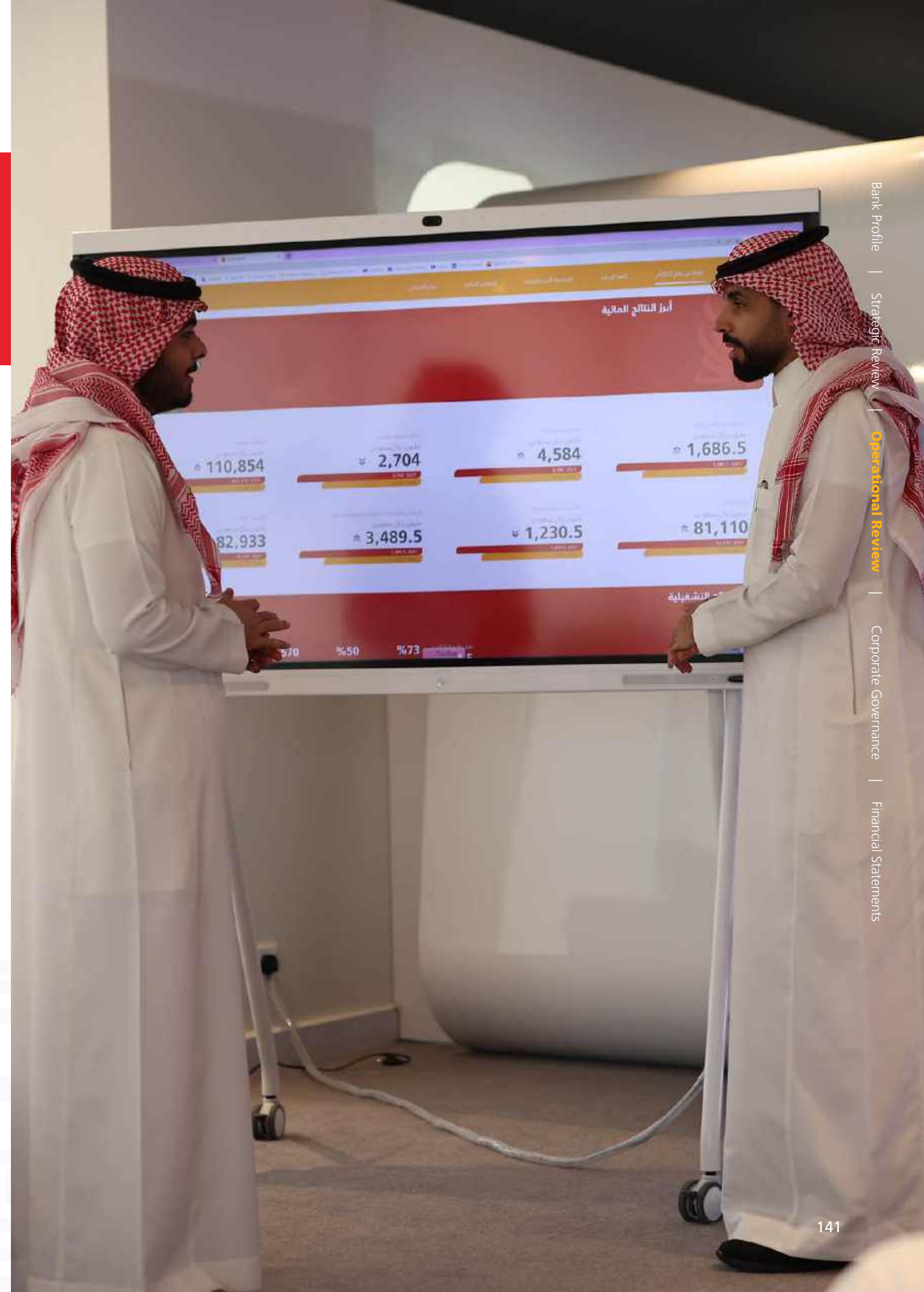
*The Digital Banking and Innovation places a strong emphasis on employee development and engagement.*

Through comprehensive training programs tailored by HR, we enhance the skill sets of our team, fostering a culture of continuous learning and professional growth. Our open communication policies and regular division-wide meetings ensure that all team members are informed, engaged, and motivated to contribute to our division's success.

Our division adheres to bank-wide governance and compliance policies, ensuring that all our innovations meet the highest standards of regulatory compliance and operational excellence. This commitment to governance has been fundamental in maintaining the integrity and security of our digital banking solutions. In 2024, our commitment to innovation and

customer-centricity was recognized as we received the award for the Fastest Growing Mobile Application in Saudi Arabia from Global Business Outlook. This accolade not only celebrates our achievements but also motivates us to continue pushing the boundaries of digital banking.

Looking ahead to 2025, the Digital Banking & Innovation division is poised to further advance our digital maturity strategy. We aim to leverage data and AI to deliver personalized services, enhance customer experiences across all digital and physical touchpoints, and embrace cloud technology and open banking to foster innovation through fintech partnerships.





# Customer Experience

*In 2024, the Customer Experience & Quality department at Bank Albilad has reaffirmed its commitment to elevating the banking experience, reflecting our dedication to service excellence and customer satisfaction.*

We focused on enhancing digital interactions, adhering to regulatory compliance with SAMA's service level agreements, and aiming for a 90% customer satisfaction target. Our strategic advancements, including the seamless migration to a new CRM system, have streamlined complaint handling processes and reinforced our proactive customer care approach, achieving a remarkable 95% satisfaction rate for resolved complaints.

We achieved a remarkable

95%

satisfaction rate for resolved complaints.

## 2024 Highlights

95% Customer Satisfaction Rate

Successful CRM Transition

Comprehensive Regulatory Compliance

96% On-Time Complaint Resolution

Digitized Customer Feedback Mechanism





## Committed to Creating Value

In 2024, our department's dedication to enhancing service quality and promoting digital transformation has closely aligned with the objectives of Saudi Arabia's Vision 2030.

By focusing on improving the digital customer experience, we've supported the Vision's goal to cultivate a thriving digital economy and enhance the global competitiveness of Saudi services. These improvements in service delivery

have not only boosted customer satisfaction but have also played a critical role in expanding the bank's market share, providing tangible benefits to our shareholders.

## Innovation at the Core

*In 2024, the Customer Experience & Quality department at Bank Albilad significantly advanced our technological capabilities to enhance service delivery and customer interaction.*

We introduced advanced digital feedback mechanisms for detailed customer feedback analysis and improved our digital platforms to provide seamless and user-friendly service experiences. This technological push enabled customers to submit requests and feedback directly through digital channels, which simplified interactions and boosted overall service efficiency.

*Our strategic implementation of technology included interactive platforms tailored to individual needs, comprehensive electronic platforms for faster transactions, and innovative banking solutions like mobile financial services.*

We adopted key performance indicators such as the Net Promoter Score (NPS) and Customer Satisfaction Score (CSAT) to monitor and enhance service delivery. The integration of Voice of Customer (VOC) programs allowed for continuous feedback collection and immediate action on customer insights.

This focus on digital innovation and customer feedback management has led to significant improvements in service quality and customer satisfaction. For example, our proactive approach to resolving issues through monthly surveys and close collaboration with internal teams resulted in a substantial increase in satisfaction rates among different customer segments. Through these efforts, the Customer Experience & Quality department is setting new standards in banking excellence, aligning with strategic goals and contributing to the broader objectives of Vision 2030.



## Employees as Assets

*Employee development remains a cornerstone of our strategy, with a focus on fostering a workplace culture that values continuous learning and improvement.*

In 2024, the Customer Experience & Quality department implemented several initiatives to enhance employee skills and effectiveness in customer interactions. These efforts included offering specialized training programs and professional certifications such as the Retail Banking Foundations Certification, which enhances understanding of customer needs, and the Credit Advisor Professional Certification, which equips employees to provide accurate and effective credit solutions.

These certifications have empowered our team with the tools and knowledge necessary to resolve customer complaints efficiently and professionally, leading to improved service quality and increased customer satisfaction. The initiatives have also contributed to strengthening trust between the bank and its clients, reinforcing Bank Albilad's reputation for service excellence.

By equipping employees with specialized skills and fostering professional growth, we have enhanced their ability to address complex customer needs effectively. This commitment to development ensures our workforce remains agile, motivated, and well-prepared to meet the evolving demands of the banking industry while directly contributing to the overall success of Bank Albilad.



## Advancing to 2025

*As we look to the future, our department is set to continue its trajectory of innovation and excellence. We plan to fully integrate our new CRM system to enhance our complaint management processes further and achieve our customer satisfaction goals. Continuing to work closely with third-party analysts, we aim to explore more deeply the customer feedback and sales effectiveness, ensuring that Bank Albilad remains at the cutting edge of customer experience.*



# Information Security

## 2024 Highlights

Successful Implementation of Advanced Security Measures

Robust Incident Management

Comprehensive Compliance with regulatory frameworks

Innovative Technology Adoption such as Privileged Access Management (PAM) and Identity Governance (IAM)

Enhance the Security Operation Center

**ZERO** Security Incidents with Harmful Consequences

*In 2024, the Information Security division at Bank Albilad focused intensively on safeguarding the bank's digital and informational assets amidst an increasingly complex cyber threat landscape.*

Strategic initiatives this year included fortifying our security infrastructure, enhancing data protection measures, and rigorous compliance with regulatory and international standards.

Notable achievements including enhancing the security operation center and the cybersecurity threat management capabilities, alongside achieving crucial PCI-DSS Certifications.

*These efforts have been pivotal in maintaining operational stability and building customer trust, which are crucial for achieving the bank's strategic goals of service reliability and regulatory compliance.*



## Fortifying Our Assets

By enhancing our cybersecurity controls and adopting advanced technological solutions, we support the national agenda to foster a secure and resilient digital economy. Our proactive approach in managing security risks and compliance contributes to sustainable business growth and supports the Kingdom's ambition to become a global investment hub. Our strategic emphasis on security and risk management not only optimizes operational efficiency but also instills investor confidence by safeguarding shareholder values through stringent compliance and ethical governance practices.

Throughout the year, we've integrated state-of-the-art cybersecurity technologies and systems to stay ahead of potential security threats and ensure a seamless and secure banking experience for all users. Notable technological advancements included the adoption of Endpoint Detection and Response (EDR) tools, Database Activity Monitoring (DAM), and API Security enhancements for Open Banking compliance. We also implemented an enhanced Governance, Risk, and Compliance (GRC) solution and deployed Cisco WebEx for secure collaboration.

These tools have not only strengthened our cybersecurity controls but have also improved our operational efficiency and communication. Our partnerships with leading technology providers like Cisco and various Open Banking service providers have been instrumental in leveraging these technologies, ensuring optimal configuration and integration.

*The Information Security division's commitment extends beyond mere security measures; we actively promote environmental sustainability and community engagement.*

This commitment is reflected in our daily operations and strategic initiatives which include promoting secure electronic transactions to reduce the bank's reliance on paper-based processes and participating in various community-focused cybersecurity awareness programs.

*These programs educate both our employees and the broader community about the importance of online safety and data protection, further aligning with our corporate social responsibility goals.*





## Future in Focus

*As we advance into 2025, the Information Security division is prepared to continue its trajectory of innovation and excellence.*

Our strategic goals for the upcoming year involve strengthening our security controls, enhancing tool capabilities through automation, maintaining strict regulatory compliance, and integrating sophisticated reporting tools for seamless insights and reports. These initiatives are aimed at ensuring robust security, operational excellence, and alignment with evolving compliance requirements, thereby supporting Bank Albilad's ongoing growth and its alignment with Vision 2030's objectives.

*This forward-thinking approach ensures that Bank Albilad remains a secure and trustworthy institution, ready to face the challenges of a rapidly evolving digital landscape while adopting confidence and trust among all stakeholders.*

## Shared Services

*In 2024, the Shared Services Division at Bank Albilad has been instrumental in enhancing operational efficiency and supporting the bank's infrastructure through automation and optimization of business operations.*

Our main focus has been on the delivery of key infrastructure projects, including standalone branches and a new data center, alongside optimizing the cost of operations and ensuring robust business continuity practices. These efforts have streamlined operations and contributed to the achievement of the bank's strategic objectives of innovation and competitiveness.

This year, we have particularly focused on driving innovation through the deployment of Robotic Process Automation (RPA) and optimizing operational efficiencies. By automating key back-office functions, we have enhanced the overall customer experience and streamlined service delivery, allowing for more focused and effective customer interactions.

*The completion of standalone branches and the new data center directly support the bank's growth and service capabilities, enabling us to handle increased transaction volumes and expand our reach.*

### 2024 Highlights

**Deployed Robotic Process Automation (RPA) within bank operations**

**Successfully Operationalized Standalone Branches**

**Developed a New Data Center**

**Enhanced Legal and Business Continuity Awareness Among Employees**

**Established a Ladies' Gym**



## A Comprehensive Vision for Excellence

Our commitment to Vision 2030 is reflected in our efforts to adopt more sustainable and environmentally friendly practices, such as reducing the usage of plastics and paper and optimizing utility usage through advanced technologies. These initiatives are set to contribute to a greener footprint, as well as improve the work environment for Bank Albilad employees, aligning with the national goal of creating a thriving economy and vibrant society.

From a shareholder perspective, our division has played a crucial role in driving revenue growth through operational simplifications and automations, enhancing the bank's profitability through better management controls, and increasing capital efficiency. This, in turn, has delivered substantial value to our shareholders by ensuring that Bank Albilad remains a competitive and innovative institution in the financial sector.

Moreover, employee satisfaction is at the core of our operations. We strive to foster a motivating and inclusive work environment through various initiatives, including enhancing workplace facilities and offering programs like ladies' gym. By investing in our people and their work environment, we ensure that our team is well-equipped to perform their roles and feels valued and engaged in their daily activities. This approach boosts employee morale and aligns with our broader goals of enhancing productivity and service excellence across the bank.

As we look forward, our strategic goals for 2025 include continuing our automation projects, further enhancing customer experiences, and investing in our people to ensure continuous improvement in service quality.

*The Shared Services Division remains committed to making Bank Albilad the best place to work by enhancing the working environment, fostering a positive and engaging workplace.*

# Business Continuity



*The Bank is dedicated to thoroughly reviewing, updating, and developing the concept of business continuity to assess the bank's readiness in the unfortunate event of crises, God forbid.*

In 2024, two comprehensive tests were conducted (Business Continuity Test – Cybersecurity Test) to ensure the effectiveness of the business continuity plan in accordance with the instructions of the Saudi Central Bank.

Furthermore, comprehensive disaster recovery plan tests were conducted, spanning seven days and encompassing all critical operations and IT systems. These tests involved transferring these systems to the Bank's secondary data center for safekeeping.

In response to a request from the Saudi Central Bank, the Bank also conducted an unannounced disaster recovery test. This test, which spanned one week, entailed transferring all customer-facing operations and IT systems to the backup data center. The test was successfully completed.

The Bank provides comprehensive training to all employees and its subsidiaries on business continuity, ensuring widespread awareness among staff.

*By fostering employee knowledge, the Bank enhances the resilience of business continuity plans and procedures, aligning with the directives of the Saudi Central Bank.*



# Technology

*The Technology Group at Bank Albilad is a multifaceted division comprising IT Operations, IT Solutions and Delivery, the Data Management Office, and IT Governance.*

Throughout the past year, the group has focused on enhancing technological infrastructure to align with the bank’s digital transformation goals, improving customer experience through innovative banking solutions, and optimizing operational efficiency via automation and process improvements.

Additional key objectives have included strict budget control for both CAPEX and OPEX, robust compliance with regulatory frameworks (notably SAMA ITGF and PDPL), and strategic alignment of IT services with the overall business strategy.

## 2024 Highlights

PDPL Implementation

Trade Finance System Enhancement

Investment Wakalah (Zakat Non-Exempt) Product Launch

Achieved **100%** Compliance with SAMA ITGF

Inaugurated a Tier 4 Data Center

Automated Compliance & Risk Management





# A World-Class Data Center

*In a significant move underscoring the Bank's commitment to keeping pace with rapid technological developments, 2024 witnessed the inauguration of a new Tier 4 data center featuring advanced global specifications.*

This state-of-the-art facility ranks among the most cutting-edge and sophisticated in the financial services sector, bolstering the Bank's digital capabilities and playing a pivotal role in driving forward its digital transformation projects, whether by expanding internet banking services, providing integrated digital payment solutions, or ensuring the infrastructure is equipped to handle the latest financial technologies.

*Distinguished by its high reliability and uninterrupted service delivery, the center employs advanced duplication and backup systems that enable swift recovery of banking operations in any unforeseen circumstances.*

Its design is grounded in stringent security and cybersecurity standards, safeguarding customers' data confidentiality and supporting the continuous efficiency of the Bank's core systems around the clock. Future expansion and flexibility were also prioritized in its design, enabling the Bank to keep pace with the accelerating demand for digital services. Aligned with the Bank's commitment to environmental sustainability, the center incorporates highly efficient power and cooling management mechanisms that reduce resource consumption and minimize environmental impact.

This center is set to herald a significant leap forward in the Bank's digital transformation journey. It enables enhanced support for artificial intelligence technologies and big data analytics, equipping the Bank with greater capacity for informed strategic decision-making and personalized customer services. Furthermore, it accelerates the development of internal systems and applications, while creating a collaborative space for partners in both the financial and technological domains, thus fostering innovation and delivering agile, secure services.

*Through this initiative, the Bank affirms its ambitious drive toward comprehensive digital transformation, setting new standards in the financial services industry that respond to customers' aspirations and future requirements.*





# Key Achievements and Milestones

## Driving Business Efficiency and Innovation

Over the last 12 months, the Technology Group has delivered a 34% increase in Change Requests (CRs), significantly streamlining processes across various departments. Crucial projects such as the Personal Data Protection Law (PDPL) implementation and enhancements to the Trade Finance System have bolstered regulatory compliance and operational effectiveness. The launch of the Investment Wakalah product (Zakat Non-Exempt) has opened avenues for retail, SME, and corporate customers to invest seamlessly through the bank's digital channels, aligning with the broader aim of delivering innovative banking solutions.

## Strategic Data Management and Governance

*With the establishment of the Data Management Office, the bank has reinforced its commitment to data governance, ensuring accuracy, security, and compliance.*

This office focuses on implementing robust frameworks in line with PDPL and the National Data Management Office (NDMO) guidelines to elevate customer trust and drive business growth.

## Operational and Risk Management Enhancements

The Technology Group conducted comprehensive risk assessments for all critical applications, major CRs, and projects. These measures identified and mitigated potential threats, thereby protecting the bank's reputation and customers. Achieving 100% compliance with SAMA ITGF has not only improved service availability but also strengthened Bank Albilad's standing with regulatory authorities. Furthermore, detailed risk and control self-assessments of technology functions led to enhanced stability, timely audit observation closure, and notable cost savings.

## Vision 2030 and Shareholder Value

*The Technology Group actively contributes to Vision 2030 by supporting initiatives that promote digitalization, automation, and Saudization.*

Key achievements include facilitating REDF (Real Estate Development Fund) initiatives for diverse customer segments, focusing on regulatory compliance to reduce breaches, and innovating product launches on digital channels.

By automating processes, reducing operational costs, and improving overall service delivery, the Technology Group has directly bolstered the bank's performance. Through increased compliance and data privacy measures (PDPL), the bank has avoided substantial penalties—protecting shareholder interests and enhancing brand reputation. Additional measures such as establishing clear policies and procedures, optimizing resource allocation, and driving organizational resilience have further strengthened Bank Albilad's maturity, productivity, and value proposition.

✓  
SAMA IT Governance Framework

✓  
SAMA ANTI-FARUD Framework

✓  
Business continuity

✓  
SAMA Cybersecurity





## CSR and Sustainability Initiatives

Contributing to Bank Albilad's CSR goals, the Technology Group has taken tangible steps to minimize its carbon footprint, including promoting digital channels to reduce card and paper waste. The introduction of QR codes for accessing privacy policies has achieved 100% coverage across branches, reducing paper consumption while improving customer convenience.

*Nearly all work and communication within the department are handled digitally.*

The inauguration of a Tier 4 Data Center designed with smart energy management principles further underscores the bank's commitment to environmental sustainability.

The group's adoption of DevOps, automation, and RPA (Robotic Process Automation) not only drives operational efficiency but also limits resource consumption. Budget control measures, weekly progress reviews, and continuous upskilling initiatives ensure that the department's sustainability goals remain integral to daily operations and long-term planning.

By carefully monitoring IT expenditures, optimizing resource utilization, and maintaining regulatory compliance, the Technology Group has directly contributed to the bank's profitability and financial stability.



## Building Technical Expertise

Recognizing the importance of skills development, the Technology Group launched a technical career path initiative supported by 365 training courses, certification programs for AI technologies, and agile methodology workshops. Data privacy training and awareness were also prioritized, ensuring the team comprehends essential regulatory standards.

Cross-functional collaboration and open lines of communication promote a cohesive working environment. Regular town halls, acknowledgment of strong performance, and fair appraisals help maintain high levels of motivation and morale.

*This people-focused approach has led to a vibrant, supportive culture that aligns with Bank Albilad's overall strategic objectives.*

The Technology Group launched a technical career path initiative supported by

**365** training courses

## Elevating Governance Maturity

A major focus this year has been attaining a maturity level of 3 in the IT Governance (ITG) framework. Regular improvements in reporting, policy and procedure updates, and consistent refinement of incident, change, problem, and release management processes underscore the department's progress.

Future areas of improvement include IT Asset and Configuration Management, software license management, and identity and access management. By continually enhancing governance structures, Bank Albilad fortifies its technology environment against risks, maintains operational excellence, and reinforces stakeholder trust.

*With this approach, the technology division at Albilad Bank continues its leadership in digital transformation, enhancing innovation, and ensuring the provision of advanced technology solutions that support sustainable growth and are in line with Vision 2030.*

# HR- Our People

## Empowering Success through Human Resources

Bank Albilad’s accomplishments are made possible by a skilled, dedicated workforce. The Human Resources has been central to fostering a culture of productivity, commitment, and innovation. By focusing on creating an environment where individuals and teams can succeed, HR drives motivation, morale, and continuous development, aligning every initiative with the bank’s strategic goals and Vision 2030.

## Our People by Numbers in 2024

Number of staff

3,767

Number of training  
opportunities

5,524

Number of new  
hires

394

Retention rate

86.53%

Saudization  
rate

92.55%

Number of different  
courses conducted

354





Strategic Goals and Milestones

Over the past year, the HR division concentrated on establishing an environment that encourages success for both individuals and teams. This focus fostered a culture marked by productivity, commitment, and innovation, while promoting continuous development and progression for all employees.

In pursuit of these objectives, HR successfully placed a strong emphasis on employee retention and performance-based rewards. By launching high-potential leadership development programs, the team worked diligently to enhance engagement levels, improve training quality, and cultivate a caring, open culture across the organization

These efforts not only supported the bank’s growth ambitions and innovative strategies but also built the necessary capabilities to execute the bank’s strategic objectives, enhancing both customer experience and employee productivity.

Empowering Growth and Shareholder Value

Aligned with Vision 2030, HR has promoted initiatives like the Hafez Saving Program and made significant strides in Saudization plans. HR has invested heavily in developing Saudi employees, ensuring clear career progression opportunities that empower effectiveness and efficiency. This commitment to a performance-based environment drives tangible results, higher engagement, and improved retention. By focusing on these initiatives, HR adds substantial value for shareholders, reinforcing the bank’s strategic positioning and long-term sustainability.

Innovating People Practices through Technology

Service delivery to internal customers has been significantly enhanced by the adoption of innovative technologies. The HR team implemented a remote work system that adapts to modern working practices and streamlined operations through enhanced HR process automation. Launching a mobile application for HR services increased accessibility and responsiveness, while the use of an ERP system optimized the recruitment process. Additionally, comprehensive HR dashboards and detailed reports for Executive Vice Presidents have improved strategic decision-making.

These technological advancements have improved efficiency, satisfaction, and agility within the HR function, directly benefiting the entire organization.

Cultivating Talent

Human Resources has implemented several advanced development programs, including the Advanced Leadership, Advanced Ambassadors, and Technical Ambassador programs. These initiatives are complemented by Technical Skills Development Programs, the Albilad Future Program, which offers rotation-based job training, and executive development opportunities at premier business schools. A comprehensive training calendar for 2025 is set to further guide professional growth.

Employee engagement is fostered through regular surveys that capture the voice of the workforce. By studying survey outcomes and planning targeted initiatives, HR implemented 26 new actions based on feedback, addressing employee concerns and reinforcing a supportive work culture. This approach emphasizes well-being, recognition, flexible work options, and financial incentives, all contributing to heightened satisfaction and commitment across the bank.

Tech Highlights

- Remote Work System Implementation
- HR Process Automation
- New Mobile Application for HR Services
- Advanced HR Dashboards and Reports

Investing in Our Future

A notable highlight for the HR this year has been the strategic investment in learning and development, reflecting a deep commitment to nurturing talent and fostering a culture of excellence. Looking forward, HR has outlined ambitious strategic goals for 2025 in its annual plan, focusing on sustaining momentum in employee development, driving engagement, and continuing alignment with the bank’s overarching strategy.

The Human Resources empowers Bank Albilad’s workforce, laying a robust foundation for sustainable growth and positioning the bank as an exemplary workplace for years to come.

# Employees' Share Program

The Bank provides an equity-settled share-based payment plan to eligible employees, which has been approved by the central bank. Under the plan, eligible employees are offered stocks that will be deducted from their annual bonus payments.

The cost of the plan is measured by reference to the fair value at the date on which the stocks are granted. The cost of the plan is recognized over the period in which the service condition is fulfilled, ending on the date on which the relevant employees become fully entitled to the stock option ('the vesting date'). The cumulative expense recognized for the plan at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of income for a year represents the movement in cumulative expense recognized as at the beginning and end of that year.

The Bank has entered into an agreement with an independent third-party, with the approval of the central bank, for custody of the shares under the plan, as well as any benefits accrued thereon.

## Significant features of these plans are as follows:

Maturity Dates	Between January 2025 to December 2027
Total Number of Shares Granted	1,874,248
Grant Period	3 Years
Method of Settlement	Shares
Fair Value of Share on Grant Date	Average ₪ 37.11

The shares are granted only under service condition with no market condition associated with them



# Sustainability

Bank Albilad maintains a comprehensive ESG Framework that guides its sustainability initiatives and strategies. The Framework focuses on the ESG issues relevant to the Bank and its stakeholders. It is based on six key pillars and aligns sustainability priorities and commitments with the Bank's mission, values and operations. The Framework is regularly reviewed and enhanced to ensure its continued relevance.

## Sustainability Framework

In order to define what 'sustainability means for Bank Albilad, as well as guide and focus our ESG efforts, we developed an ESG framework ('Framework'), which thematically groups the material ESG issues we previously identified under one of six key sustainability pillars.

## Transparent, Effective and Responsible Governance



### Transparent, Effective and Responsible Governance

- Business ethics and compliance.
- Corporate Governance.
- Risk management and business continuity.
- Anuti - money laundering and corruption.



### Sustainable banking practices

- Sustainable financial products.
- Financial inclusion and education.
- Financial performance.



### Empowering employees

- Talent development, attraction and retention.
- Employee engagement and wellbeing.
- Diversity and equality.
- Localization.



### Contributing the communities

- Community investment and impact.
- Human rights.
- Supply chain management.



### Acting on the environmental footprint

- Climate change management, risks and opportunities.
- Managing environmental impacts.



### Innovating for a dynamic business structure

- Customer experience.
- Digitization.
- Customer privacy.

# Material ESG Issues

Bank Albilad has conducted a materiality assessment to identify and understand the ESG considerations that are most important to the Bank and its stakeholders. This assessment involved a comprehensive review of reputable sustainability standards, including those published by the GRI, SASB, and the Principles for Responsible Investment (PRI). It also included consideration of:

- ESG issues specific to the banking industry, as identified by various ESG rating agencies.
- ESG reports published by local and international peers.
- Objectives of relevant national and international sustainability-related ambitions, including Saudi's Vision 2030 and the United Nations Sustainable Development Goals (SDGs); and
- Stakeholder interests and perspectives.

After identifying and listing all possible ESG issues for consideration, the list was refined and prioritized based on where Bank Albilad currently has the most significant impact, where it has the greatest potential to be impacted, and those ESG issues that may significantly influence the assessments and decision-making of its key stakeholders. A total of 19 material ESG issues were identified.

This materiality assessment has been valuable in identifying the Bank's strengths and areas that require attention or development. The identified material issues guide the Bank's ESG policies, strategies, goals, targets, and actions related to ESG and sustainability management.

*Bank Albilad will continue to review its materiality analysis to ensure it remains relevant in the rapidly changing sustainability landscape.*








## Materiality Assessments

The results of the materiality assessment are presented below, where we have identified and prioritized 19 material ESG issues. Please note, for issues not categorized as 'Most Important', this does not mean they are unimportant or are not being addressed by Bank Albilad.

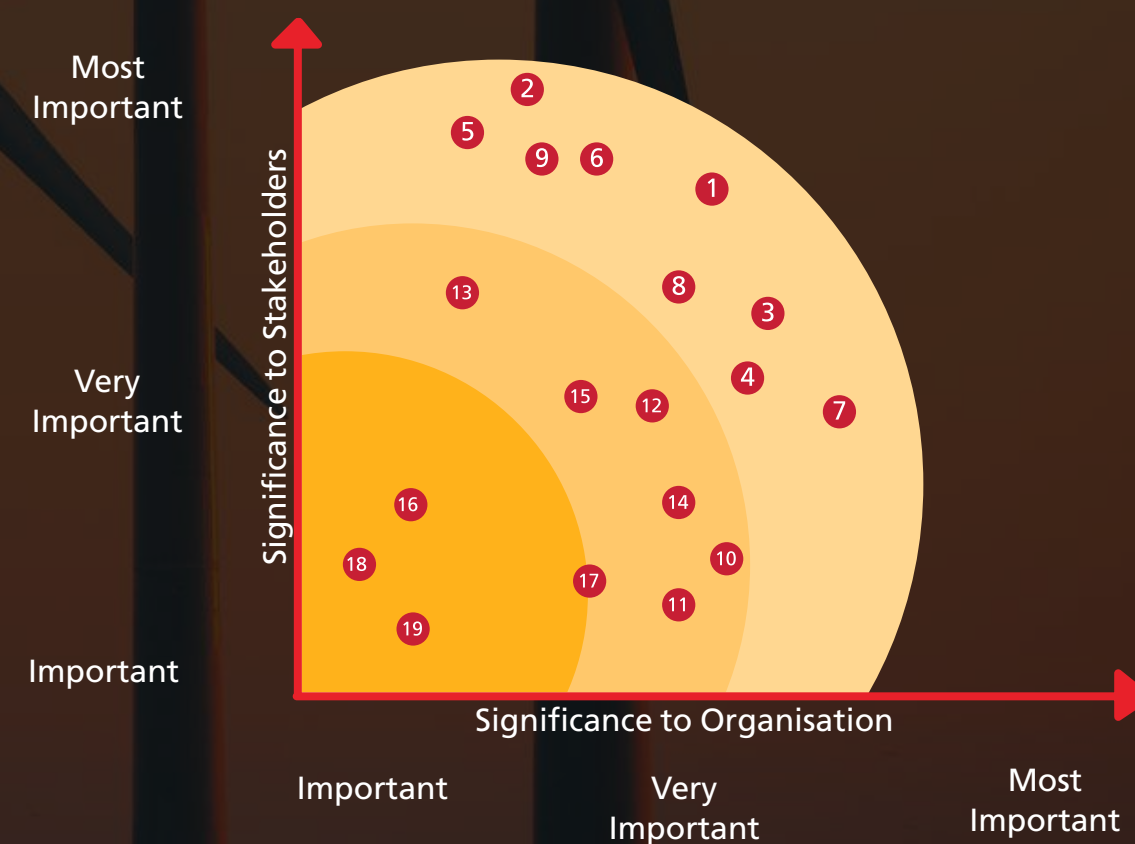




1.  Business ethics and compliance	2.  Customer experience
3.  Risk management and business continuity	4.  Digitization
5.  Customer privacy and cybersecurity	6.  Talent development, attraction and retention
7.  Corporate governance	8.  Financial performance
9.  Employee engagement and wellbeing	10.  Anti-money laundering and corruption
11.  Community investment and impact	12.  Sustainable financial products

13.  Climate change management, risks and opportunities	14.  Financial inclusion and education
15.  Diversity and equality	16.  Human rights
17.  Managing environmental impacts	18.  Supply chain management
19.  Localization	

This materiality assessment has been of great benefit in enabling us to identify our strengths and our areas for development. Going forward, the analysis will form the basis for our work related to our ESG policies, strategies, goals, targets and actions relating to ESG and sustainability management. We will also continue to review our materiality analysis to ensure it remains up to date in a changing landscape.





# Corporate Social Responsibility

## 2024 Highlights

Awarded the Gold Award for CSR

Ranked Among Top 10 brands for CSR in Saudi Arabia and top 50 in the Middle East by Forbes

Achieved LEED certification for the Bank Albilad Tower

Received the Mowaamah Gold Certificate

Over **31,000 hours** of Volunteer Work

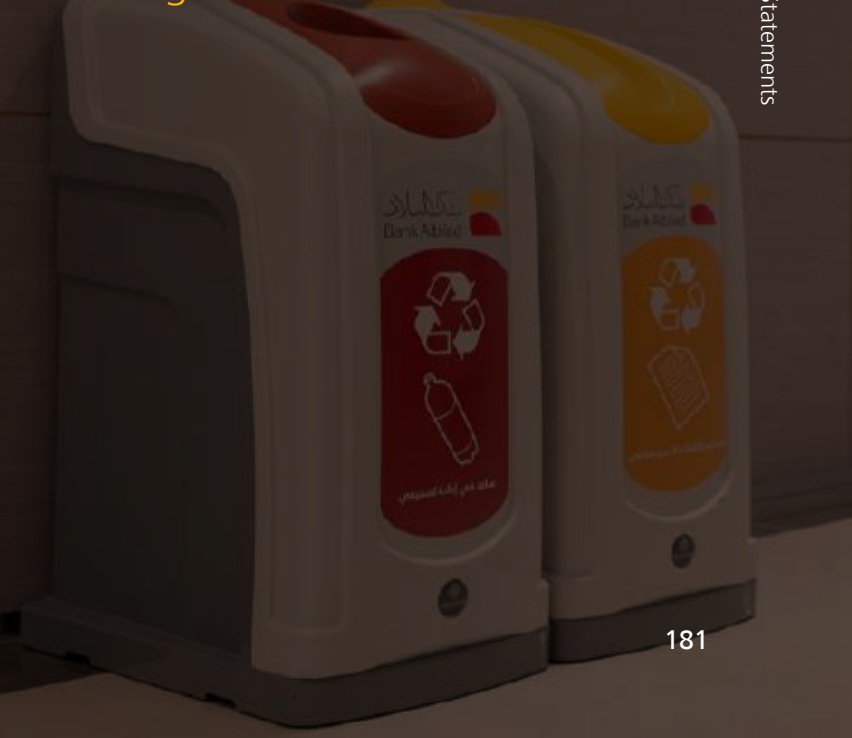
Assisted **29,000** People in Need

Recycled Over **5 Tons** of Waste.



In 2024, the Corporate Social Responsibility (CSR) department at Bank Albilad has actively pursued initiatives that support the community, enhance environmental sustainability, and enable people with disabilities.

*Our efforts this year have significantly contributed to the bank's reputation as a socially responsible entity and have aligned closely with our goals of supporting the health sector and fostering a sustainable environment.*





## Impact Through Volunteering

*This year, we elevated our commitment to environmental sustainability through the Al-Bilad Voluntary Campaign for Environmental Awareness, held in King Salman Park.*

This campaign successfully united community partners and volunteers to collect over 1 ton of waste, enhancing local environmental health.

Furthering our sustainability agenda, Bank Albilad implemented advanced recycling initiatives within our headquarters. We introduced specialized recycling machines linked to a rewards system application, encouraging active participation in recycling efforts. These efforts collectively resulted in over 8 tons of waste being recycled since the recycling initiative started in 2020, demonstrating our proactive approach to reducing the environmental impact of our operations. This effort also led to substantial resource conservation: saving 141 trees, preserving 57,855 gallons of water, reducing CO2 emissions by over 20.88 tons, saving 47,722 kilowatts of energy, and conserving additional valuable natural resources.

Financial literacy and savings were promoted vigorously through the Albilad Saving Hackathon and the Savings Lifestyle Initiatives. These programs, designed by accredited academics and trainers, reached 45,000 beneficiaries, enhancing their financial awareness and fostering a culture of saving among employees from various government and private sectors. The Hackathon, in particular, engaged over 1,300 participants in crafting innovative financial planning solutions, underscoring our commitment to increasing household savings in line with national economic goals.

*Our dedication to inclusivity was highlighted by "Our Summer Together" in Asir, an initiative that made parks and farms more accessible to individuals with disabilities all while providing enriching experiences for these individuals, promoting greater societal inclusivity.*

This effort also led to substantial resource conservation: saving

**141** Trees  
preserving

**57,855**  
gallons of water

reducing CO2 emissions by over

**20.88** tons  
preserving

**57,855**  
gallons of water

saving

**47,722**  
kilowatts of energy

During the 2024 Hajj season, we launched "Albilad Pilgrims Gift" initiative, providing sunshades for pilgrims at key locations, thereby enhancing their comfort and safety and reaffirming our commitment to supporting religious hospitality obligations.

Community support was robust, particularly through our substantial donation of ﷲ 1,000,000 to the Ehsan platform and the distribution of the Albilad Ramadan Basket, which aided over 29,000 individuals in need.

*Our health-focused initiatives included a successful blood donation campaign that saw participation from over 140 individuals, highlighting the collective effort of our employees and reinforcing the importance of health within the community.*

These initiatives were recognized nationally and internationally, garnering prestigious accolades such as the Gold Award for Corporate Social Responsibility from the Ministry of Human Resources and Social Development, placing Bank Albilad among the top 10 brands in CSR in Saudi Arabia and among the top 50 in the Middle East as per Forbes.

the Middle East as per Forbes. Additionally, the LEED certification of Bank Albilad Tower and the Mowaamah Gold Certificate emphasized our commitment to sustainability and inclusive employment practices, further establishing our leadership in transforming the banking industry towards greater corporate responsibility.

substantial donation

**ﷲ 1,000,000**

to the Ehsan platform and the distribution of the Albilad Ramadan Basket which aided over

**29,000**  
individuals in need

Bank Albilad among the top

**10** brands

in CSR in Saudi Arabia and among the top

**50**  
in the Middle East as per Forbes

## Tech-Driven Advancements

The CSR department has also embraced technology to enhance our initiatives and outreach. The Fathkroony application was notably improved to offer users enhanced features like important religious occasions, a Qur'an reading tracker, and the nearest mosque locator. These features have not only improved user experience but also fostered greater engagement with the app's religious content.

Additionally, our team was keen to integrate direct feedback from users to continuously refine the app. We receive direct emails from customers suggesting improvements, ensuring that the application evolves in response to actual user needs. Moreover, we actively collaborate with charities to provide more sustainable and innovative initiatives, furthering our commitment to community support and environmental sustainability.







## **Albilad Verse**

A cornerstone of our efforts this year was the inauguration of Albilad Verse, an innovative center focused on financial education for youth. Albilad Verse, launched as part of the "Albilad Mubadara," marks a significant milestone in our ongoing efforts to enhance community engagement and education. The center is the first of its kind in the Middle East and reflects the bank's proactive approach to

contributing valuable educational resources to the community.

This initiative provides a valuable opportunity for companies and educational institutions to play a pivotal role in enhancing financial literacy among young people, thereby laying the foundation for a more advanced and future-oriented financial system.

*Albilad Verse aims to instill a deep understanding of financial management in children aged 8 to 15.*

Through a series of interactive workshops and activities, the center educates young participants about the fundamentals of banking and savings. The initiative is designed to increase financial literacy and cultivate a generation aware of their economic environment, capable of making informed financial decisions as they grow.



The program at Albilad Verse includes a comprehensive introduction to the banking sector, provided through an engaging theatrical presentation. Children then visit a simulated bank branch, where they interact with banking equipment and role-play as customers and bankers, gaining hands-on experience. The curriculum culminates in practical exercises where children engage in decision-making scenarios that emphasize the importance of savings and prudent financial management.

This educational initiative is part of Bank Albilad's broader strategy to support Vision 2030's objectives of raising the quality of life and enhancing social development. By investing in the financial education of children, we are laying the groundwork for a more knowledgeable and economically conscious generation.

Moreover, Albilad Verse has been integrated with our corporate social responsibility (CSR) efforts, significantly impacting the community by broadening our social engagement and reinforcing our commitment to sustainable development. The center not only educates but also actively involves children in understanding and practicing sustainability, aligning with our environmental goals.

*Through Albilad Verse and other initiatives under the Albilad Mubadara program, Bank Albilad reaffirms its commitment to adding value to our society, supporting the Kingdom's vision for a sustainable and prosperous future.*

This commitment to community and educational development has garnered recognition and accolades, further motivating us to continue our efforts in CSR and community support.





# 04

## Corporate Governance

190-191	Governance
192-225	Board of Directors
226-242	Board Committees
243-251	Remuneration and Compensation
251	Mechanisms and means for evaluating the performance of the Board of Directors, its committees, and their respective members
252-253	Internal Audit
254	Internal Control System
255-256	Compliance & Anti-Financial Crimes
256	HR Policies
257-258	Penalties imposed on the bank and its subsidiaries
259	Principles and Code of Professional and Ethical Conduct
260-264	Current and Future Risks
265	Compliance with Corporate Governance Regulations
266	Board Acknowledgments





# Governance

*The Board of Directors and the executive management of the bank work diligently to ensure the presence of an effective, advanced, and sustainable governance system, continuously enhancing it.*

They formulate strategic objectives and translate them into appropriate work programs, striving to achieve these goals while adhering to standards of transparency, disclosure, and fairness. This approach aims to fulfill the bank's strategy, vision, mission, and sustainable growth. At the bank, governance is defined as the rules and procedures for leading and directing the institution, encompassing mechanisms that regulate the relationships between the Board of Directors, executive management, shareholders, and all stakeholders.

These rules and procedures facilitate decision-making processes and ensure fairness and transparency in financial transactions and the business environment, thereby creating increasing value for the bank and protecting the rights of shareholders, all investors, and other stakeholders.

The Bank's governance relies on fair treatment based on equality of interests among various parties, such as shareholders, other investors, and other stakeholders from management, customers, suppliers, supervisory and regulatory bodies, other relevant government agencies, and society, while considering the three dimensions of sustainability (social, environmental, and economic).

The Board of Directors and Executive Management constantly emphasize the need for adhering to the principles of governance as an effective means of developing values of transparency, integrity, supervision, and outstanding professional performance.

*This report underscores the extent of the bank's compliance with systems, regulations, requirements, and directives from regulatory and supervisory bodies such as the Capital Market Authority and the Saudi Central Bank.*

This compliance is demonstrated through the issuance and updating of the bank's governance documents. Notably, in 2024, numerous documents were updated and approved to align with regulatory system and instruction updates from the Board of Directors or the General Assembly. These updates included revising the Bank's bylaws, the compensation policy for Board members, its committees, and senior management.

Additionally, the Board of Directors approved updates to the governance manual and its annex, along with many of the bank's policies.

The Board of Directors and its committees consistently monitor the executive management and its committees to ensure their ongoing and effective adherence to all systems, regulations, policies, and work procedures.

# Board of Directors

The Board of Directors is composed of ten members<sup>14</sup>, who were elected at the extraordinary general assembly meeting held on 11/04/2022 AD, for a three-year term starting on 17/04/2022 AD and ending on 16/04/2025 AD:

## A) Members of the Board of Directors

#	Name	Post	Classification
1	Mr. Nasser Mohammed AlSubeaei	Chairman of the Board of Directors	Non-Executive
2	Mr. Adeeb Mohammed Abanumai	Vice Chairman	Independent
3	Dr. Zeyad Othman Alhekail	Member	Independent
4	Mr. Abdulaziz Mohammed AlOnaizan	Member – Chief Executive Officer	Executive
5	Mr. Khalid Abdulrahman AlRajhi	Member	Non-Executive
6	Mr. Nasser Suleiman Al-Nasser	Member	Independent
7	Mr. Mohammed Abdulrahman AlRajhi	Member	Non-Executive
8	Mr. Haitham Mohammed Al-Fayez	Member	Independent
9	Mr. Muadh Abdulrahman Al-Husseini	Member	Independent
10	Mr. Haytham Sulaiman AlSuhaimi	Member	Non-Executive

<sup>14</sup> As per Article 15 of the Bank's bylaws, the company will be overseen by a Board of Directors comprising (11) eleven members. Paragraph (B-1) of Article (17) states that the Board of Directors must be composed in accordance with the provisions of the Bylaws, while also adhering to the Companies Law, relevant regulations, and mandatory instructions of the organization. This includes determining the number and classification of its members, as well as the minimum number of meetings required. In the event a position becomes vacant, the Board of Directors may choose to maintain the current number of members after the mentioned position(s) become vacant, as long as the composition and characteristics of the Board meet the necessary legal and regulatory requirements.

Following an apology from one of the members and the commencement of the current session on April 17, 2022, the board's current membership of 10 members was deemed satisfactory.



B) Qualifications, Positions and Experience of Board Members



Mr. Nasser Mohammed AlSubeaei

CHAIRMAN - NON EXECUTIVE MEMBER

Mr. Nasser bin Mohammed AlSubeaei brings with him an impressive 40 years of experience in the financial, banking, investment, and real estate sectors. He holds a bachelor’s degree in accounting from King Saud University and has held numerous administrative positions and board memberships in various companies and entities.

Some of his notable roles include:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Mohammed Ibrahim AlSubeaei & Sons Investment Company (MASIC)	Board Vice Chairman	Inside the Kingdom	Closed Joint-stock
Thakher Company	Board Chairman	Inside the Kingdom	Closed Joint-stock
Alargan Projects	Board Member	Inside the Kingdom	Closed Joint-stock
AKWAN Group	Board Member	Inside the Kingdom	Closed Joint-stock
Saudi Authority of Accredited valuers (TAQEEM)	Board Member	Inside the Kingdom	Governmental
Previous:			
Dur Hospitality Company	Board Member	Inside the Kingdom	Listed joint stock
Higher Education Fund	Board Member	Inside the Kingdom	Governmental
King Fahd University of Petroleum and Minerals	Investment committee member	Inside the Kingdom	Governmental
Entrustment and Liquidation Center (Infath)	Member of the Board of Directors and Executive Committee	Inside the Kingdom	Governmental
King Salman charity housing association	Financial Supervisor, Member of the Executive Committee, and Chairman of the Remuneration and Nominations Committee	Inside the Kingdom	Governmental



Mr. Adeeb Mohammed Abanumai

INDEPENDENT MEMBER

Mr. Adeeb bin Mohammed Abanumai has extensive professional and practical experience. He holds a master’s degree in accounting from the University of Miami in the United States and a bachelor’s degree in accounting from King Saud University.

He has held numerous administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Al Watania Poultry	Board Chairman	Inside the Kingdom	Closed Joint-stock
AL Maather REIT Fund	Board Member	Inside the Kingdom	Real estate Investment Traded Fund
Alargan Projects	Board Member	Inside the Kingdom	Closed Joint-stock
Almaarefa University	Board Member	Inside the Kingdom	Closed Joint-stock
Soybean Crushing Company And Derivatives Limited – SOYA	Board Member	Inside the Kingdom	Closed Joint-stock
Bin Saedan Real Estate Services	Board Member	Inside the Kingdom	Closed Joint-stock
Previous:			
Tunisian Saudi Bank	Board Member	Outside the Kingdom	Equitable government contribution Between the Kingdom of Saudi Arabia Saudi Arabia and the Republic Tunisia
Abdullah Mohammed bin Saedan & Sons Real Estate	Investment committee member	Inside the Kingdom	Closed Joint-stock
Jazan Development and Investment Company (JAZADCO)	Board Member	Inside the Kingdom	Listed Joint





Dr. Zeyad Othman Alhekail

INDEPENDENT MEMBER

Dr. Zeyad bin Othman Alhekail has extensive experience in various fields. He holds both a Ph.D. and a master’s degree in electrical engineering from Ohio State University in the United States, as well as a bachelor’s degree in electrical engineering from King Saud University.

He has held numerous administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Makkah Construction and Development Company	Board Member	Inside the kingdom	Listed Joint
Advanced Communications & Electronic System (ACES)	Chairman of Board Member	Inside the kingdom	Closed Joint
Knowledge Corporation	Board Member	Inside the kingdom	Limited liability
Jorhum Company	Board Member	Inside the kingdom	Limited liability
Amlak Al-Sabaq Company	Board Member	Inside the kingdom	Limited liability
SEDCO Holding	Board Member	Inside the kingdom	Closed Joint
Diyar Al Khuzama Company	Founding partner	Inside the kingdom	Closed Joint
Tadweer Environmental Company	Founding partner	Inside the kingdom	Closed Joint
Usus Arak Investment Company	Founding partner	Inside the kingdom	Limited liability
Previous:			
National Aquaculture Group	Chairman of Board Member	Inside the kingdom	Closed Joint
Jabal Omar Company	Chairman of Board Member	Inside the kingdom	Listed Joint
Sulaiman Bin Abdulaziz AlRajhi Holding Company	Board Member	Inside the kingdom	Limited liability
National Information Systems Company	Board Member	Inside the kingdom	Limited liability
Sulaiman AlRajhi Real Estate Investments Company	Board Member	Inside the kingdom	Limited liability
Advanced Educational Company	Board Member	Inside the kingdom	Closed Joint
Al-Wataniya Agriculture Company	Board Member	Inside the kingdom	Limited liability
Central Cooling Company	Board Member	Inside the kingdom	Limited liability
Saudi Grains and Fodder Holding Company	Board Member	Inside the kingdom	Limited liability



**Mr. Abdulaziz Mohammed AlOnaizan**  
**EXECUTIVE MEMBER – CHIEF EXECUTIVE OFFICER**

Mr. Abdulaziz bin Mohammed AlOnaizan has extensive banking experience of more than thirty-five years. He holds a bachelor’s degree in Quantitative Methods from King Saud University and has completed numerous advanced courses and programs from specialized international institutes.

He has also held several administrative positions and board memberships in various companies and other entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Albilad Capital	Vice- Chairman	Inside the kingdom	Closed Joint
Human resources development fund	Board chairman of executive committee	Inside the kingdom	Governmental Fund
Enjaz Payment services	Chairman of a board	Inside the kingdom	Closed Joint
Real Estate Development Fund	Board Member and Chairman of the Compliance and Cybersecurity Committee	Inside the kingdom	Governmental Fund
Advisory committee of Zakat, tax and customs authority	Member of the Advisory Committee	Inside the kingdom	Government authority
Arab Regional Payments Clearing and Settlement Organization	Board Member	Outside the kingdom	Owned by the Arab Monetary Fund
Previous:			
Alinma Investment Company	Board Member	Inside the kingdom	Closed Joint
Alinma Bank	Treasury and Investment General Manager	Inside the kingdom	Listed Joint
Arab National Bank	Treasury and investment president	Inside the kingdom	Listed Joint
Samba Banking company	Treasury Vice President	Inside the kingdom	Listed Joint
Bayan Credit Bureau	Chairman of the Board	Inside the kingdom	Closed Joint





Mr. Khalid Abdulrahman AlRajhi

NON EXECUTIVE MEMBER

Mr. Khalid bin Abdulrahman AlRajhi has extensive experience in various fields and holds a bachelor’s degree in financial management from King Fahd University of Petroleum and Minerals.

He has held several administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Saudi Cement Company	Chairman of Board	Inside the kingdom	Listed Joint
Tanmiah Arabian Company	Board Member	Inside the kingdom	Limited Liability
Abdulrahman Saleh AlRajhi & Partners Co. Ltd.	Chairman of Board	Inside the kingdom	Limited Liability
Iktimal Sports Company	Chairman of Board	Inside the kingdom	Closed Joint
Medad Office Solutions Company	Chairman of Board	Inside the kingdom	Closed Joint
Previous:			
Dana Gas Company	Audit committee Member	Outside the Kingdom	Listed Joint
NAS Company	Board Member	Outside the Kingdom	Listed Joint
Saudi Telecom Company (STC)	Board Member	Inside the kingdom	Listed Joint
The National Shipping Company of Saudi Arabia (Bahri)	Board Member	Inside the kingdom	Listed Joint
United Cooperative Assurance Company (Walaa)	Board Member	Inside the kingdom	Listed Joint
Takween Advanced Industries Company	Board Member	Inside the kingdom	Listed Joint
Albilad Capital	Board Member	Inside the kingdom	Closed Joint



Mr. Nasser bin Suleiman Al-Nasser

INDEPENDENT MEMBER

Mr. Nasser bin Suleiman Al-Nasser has extensive experience in various fields and holds a bachelor’s degree in electrical engineering from King Saud University.

He has held several administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Pioneering Medical Solutions Company	Founder	Inside the kingdom	One Person
Abdulaziz & Saad Al-Mojel Trading and Investment Company	President of executive committee	Inside the kingdom	Closed Joint
Previous:			
Saudi Telecom Group (STC Group)	CEO	Inside the kingdom	Listed Joint
Arabian Internet and Communications Services Company (solutions by STC)	Chairman of Board	Inside the kingdom	Listed Joint
Etihad Etisalat Company (Mobily)	CEO of Executive	Inside the kingdom	Listed Joint





Mr. Mohammed Abdulrahman AlRajhi

NON-EXECUTIVE MEMBER

Mr. Mohammed bin Abdulrahman AlRajhi has over 30 years of experience in various investment fields and holds a bachelor’s degree in Business Administration from King Abdulaziz University.

He has held several administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
AlRajhi Real Estate Investment Company	Chairman	Inside the Kingdom	Limited Liability
Albilad Press and Publishing Institution	Board Member	Inside the Kingdom	Limited Liability
Previous:			
Banque Aljazira	Department Manager	Inside the kingdom	Listed Joint
Arab Financial Services	Board Member	Outside the kingdom (Kingdom of Bahrain)	Closed Joint
AlRajhi Commercial Institution for Banking	Interim Chief Executive Officer	Outside the kingdom	Closed Joint



**Mr. Haitham Mohammed Al-Fayez**  
**INDEPENDENT MEMBER**

Mr. Haitham bin Mohammed Al-Faiz has over 20 years of experience in various fields. He holds a master’s degree in Business Administration from Imperial College London, UK, and a bachelor’s degree in Management Information Systems from King Fahd University of Petroleum and Minerals.

He has held several administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Umm Al-Qura for Development and Construction Company	Board Member	Inside the Kingdom	Closed Joint
Kadana Development and Real Estate Company	Board Member	Inside the Kingdom	Closed Joint
Ikha’a Association for Orphans Care	Board Member	Inside the Kingdom	Closed Joint
Previous:			
Edis Company	Board Member	Inside the Kingdom	Listed Joint
Riyadh Holding Company	Executive Committee Member	Inside the Kingdom	Closed Joint





**Mr. Muadh Abdulrahman Al-Husseini**  
**INDEPENDENT MEMBER**

Mr. Muadh bin Abdulrahman Al-Hussaini has extensive experience gained from working at several local and international banks. He holds a bachelor’s degree in Management Information Systems from King Fahd University of Petroleum and Minerals. He is also a Chartered Financial Analyst (CFA) and a Financial Risk Manager (FRM).

He has held several administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Ehata Financial Company	Managing Member, Board of Directors	Inside the kingdom	Limited Liability
Saudi Mining Services Company	Board Member	Inside the kingdom	Closed Joint
Dan Company	Board Member	Inside the kingdom	Closed Joint
Imam Turki bin Abdullah Royal Reserve Development Authority	Board Member	Inside the kingdom	Founded by Royal Decree
Awqaf Investment Company	Board Member	Inside the Kingdom	Closed Joint
Previous:			
Lendo Saudi Arabia Company	Board Member	Inside the kingdom	Closed Joint



Mr. Haytham Sulaiman AlSuhaimi

NON-EXECUTIVE MEMBER

Mr. Haitham bin Suleiman AlSuhaimi has expertise in wealth management and investment, having held several positions in the field. He holds a master’s degree in Investment and Financial Risks from the University of Westminster in the UK and a bachelor’s degree in Business Administration from the United Arab Emirates.

He has held several administrative positions and board memberships in various companies and entities, including the following:

Membership on the boards of directors of companies and other entities or on their management	Capacity or Position	Inside / Outside the Kingdom	Legal Entity
Albilad Capital	CEO for Business Development	Inside the Kingdom	Closed Joint
Capital Market Institutions Committee	Committee Member	Inside the Kingdom	Non (Organizing Committee)
Nusaned Fund	Board Member	Inside the Kingdom	Closed fund
Participation Solutions for Information Technology Company	Board Member	Inside the Kingdom	Limited Liability
Talad Investment Company	Board Member	Inside the Kingdom	Closed Joint
Board Member of Mirak Tech Investments Fund	Consulting Committee Member	Inside the Kingdom	Closed Fund



C) Record of attendance of the Board of Directors meetings

To bolster its position, the Board of Directors convened a total of seven meetings in the year 2024. Meetings of the Board of Directors held during the year 2024 and attendance record:

Name	Role	Date & Number of the meeting							
		04/02/2024	18/03/2024		29/04/2024	10/06/2024	05/09/2024	16/12/2024	20/12/2024
		01/24	02/24		03/24	04/24	05/24	06/24	07/24
Mr. Nasser Mohammed AlSubeaei	Chairman of the Board of Directors	✓	✓		✓	✓	✓	✓	✓
Mr. Adeeb Mohammed Abanumai	Vice Chairman	✓	✓		✓	✓	✓	✓	✓
Dr. Zeyad Othman Alhekail	Member	✓	✓		✓	✓	✓	✓	✓
Mr. Abdulaziz Mohammed AlOnaizan	Member – Chief Executive Officer	✓	✓		✓	✓	✓	✓	✓
Mr. Khalid Abdulrahman AlRajhi	Member	X	✓		✓	✓	✓	✓	✓
Mr. Nasser Suleiman Al-Nasser	Member	✓	✓		✓	✓	✓	✓	✓
Mr. Mohammed Abdulrahman AlRajhi	Member	✓	✓		✓	✓	✓	✓	✓
Mr. Haitham Mohammed Al-Fayez	Member	✓	✓		✓	✓	✓	✓	✓
Mr. Muadh Abdulrahman Al-Husseini	Member	✓	✓		✓	✓	✓	✓	✓
Mr. Haytham Sulaiman AlSuhaimi	Member	✓	✓		✓	✓	✓	✓	✓

(✓) attended (X) apologized

D) Balance of shares of the Board of Directors’ members, their wives, and minor children

The following table shows the number of shares owned by Board of Directors members, their wives, and minor children at the beginning and end of fiscal year 2024:

Name of the Shareholder	Number of shares at the beginning of the year 2024	Number of shares at the end of the year 2024	Net change	Change Rate (%)
Mr. Nasser Mohammed AlSubeaei	3,080,993	3,795,342	714,349	23%
Dr. Zeyad Othman Alhekail	-	-	-	-
Mr. Abdulaziz Mohammed AlOnaizan	379,022	1,240,015	860,993	227%
Mr. Adeeb Mohammed Abanumai	-	-	-	-
Mr. Haytham Sulaiman AlSuhaimi	0	11,800	11,800	-
Mr. Khalid Abdulrahman AlRajhi	88,686,864	103,413,570	14,726,706	17%
Mr. Mohammed Abdulrahman AlRajhi	29,611	38,476	8,865	30%
Mr. Nasser Sulaiman Al-Nasser	-	-	-	-
Mr. Muadh Abdulrahman Al-Husseini	-	-	-	-
Mr. Haitham Mohammed Al-Fayez	-	-	-	-



E) Current and previous positions of senior executives, their qualifications and experience

Director Name	Current Position	Previous Position	Qualifications	Experience	Specialization
 Mr. Abdulaziz Mohammed AlOnaizan	Chief Executive Officer	Chief Business Officer at Bank Albilad	Bachelors	37 years	Quantitative Methods
 Mr. Bashaar Yahya Al Qunaibit	Senior Vice President of Business	Chief Operating Officer – Saudi British Bank Takaful	Bachelors	23 years	Business Administration
 Mr. Saleh Suliman AlHabib	Executive Vice President of Operations	General Manager of Corporate Banking at Bank Albilad	Bachelors	31 years	Accounting

Director Name	Current Position	Previous Position	Qualifications	Experience	Specialization
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Mr. Abdullah Mohammed AlArifi

Executive Vice President  
of Risk

General Manager of  
Credit Policies Sector  
Bank Albilad

Bachelors

29 Years

Accounting



Mr. Hisham Ali AlAkil

Executive Vice President  
of Finance

Chief Financial Officer –  
Al Rajhi Capital

Masters

25 Years

Accounting



Mr. Samer Mohammed Farhoud

Executive Vice President  
of Treasury

Chief Executive Officer  
– Deutsche Gulf Finance

Bachelors

39 Years

Computer Engineering



Director Name	Current Position	Previous Position	Qualifications	Experience	Specialization
<div></div> <div>Mr. Waleed Khaled Al-Dhubaib</div>	Executive Vice President Retail Banking	Executive Vice President of Riyadh Bank	Bachelors	22 Years	Finance
<div></div> <div>Mr. Haitham Medainy AlMedainy</div>	Executive Vice President of Human Resources	Head of Recruitment at The Saudi British Bank	Bachelors	30 Years	Computer Engineering
<div></div> <div>Mr. Saad Ibrahim Aldrees</div>	Executive Vice President Corporate Banking	Head of Finance & Global Transaction Services	Masters	20 Years	Business Management
<div></div> <div>Mr. Abdulaziz Saleh Alghufaili</div>	Executive Vice President of Technology	Head of Technology Department - Saudi Industrial Development Fund	Masters	23 Years	Information Systems

F) Balance of shares of the senior executives, their wives, and minor children

The table below displays the number of shares held by senior executives, their spouses, and minor children at the start and end of the 2024 fiscal year:

#	Name of the Shareholder	Role	Number of shares at the beginning of 2024	Number of shares at the end of 2024	Net change	Change rate (%)
1	Mr. Abdulaziz Mohammed AlOnaizan	CEO	379,022	1,240,015	860,993	227%
2	Mr. Bashaar Yahya AlQunaibit	Senior Executive Vice President of Business	14,623	46,541	31,918	218%
3	Mr. Saleh Suliman AlHabib	Executive Vice President of Shared Services	368,418	524,162	155,744	42%
4	Mr. Abdullah Mohammed Alarifi	Executive Vice President of Risk	243,116	363,679	120,563	50%
5	Mr. Samer Mohammed Farhoud	Executive Vice President of Treasury	88,016	73,774	(14,242)	-16%
6	Mr. Haitham Medainy AlMedainy	Executive Vice President of Human Resources	122,815	108,986	(13,829)	-11%
7	Mr. Hisham Ali AlAkil	Executive Vice President of Finance	152,619	247,193	94,574	62%
8	Mr. Abdulaziz Saleh Alghufaili	Executive Vice President of Technology	2,592	15,611	13,019	502%
9	Mr. Saad Ibrahim Aldrees	Executive Vice President of Corporate Banking	74,286	16,175	(58,111)	-78%
10	Mr. Abdullah Saad AlRuwais <sup>15</sup>	Executive Vice President of Retail Banking	1,525	1,906	381	25%
11	Mr. Waleed Khalid Al-Dhubaib	Executive Vice President of Retail Banking	-	-	-	-

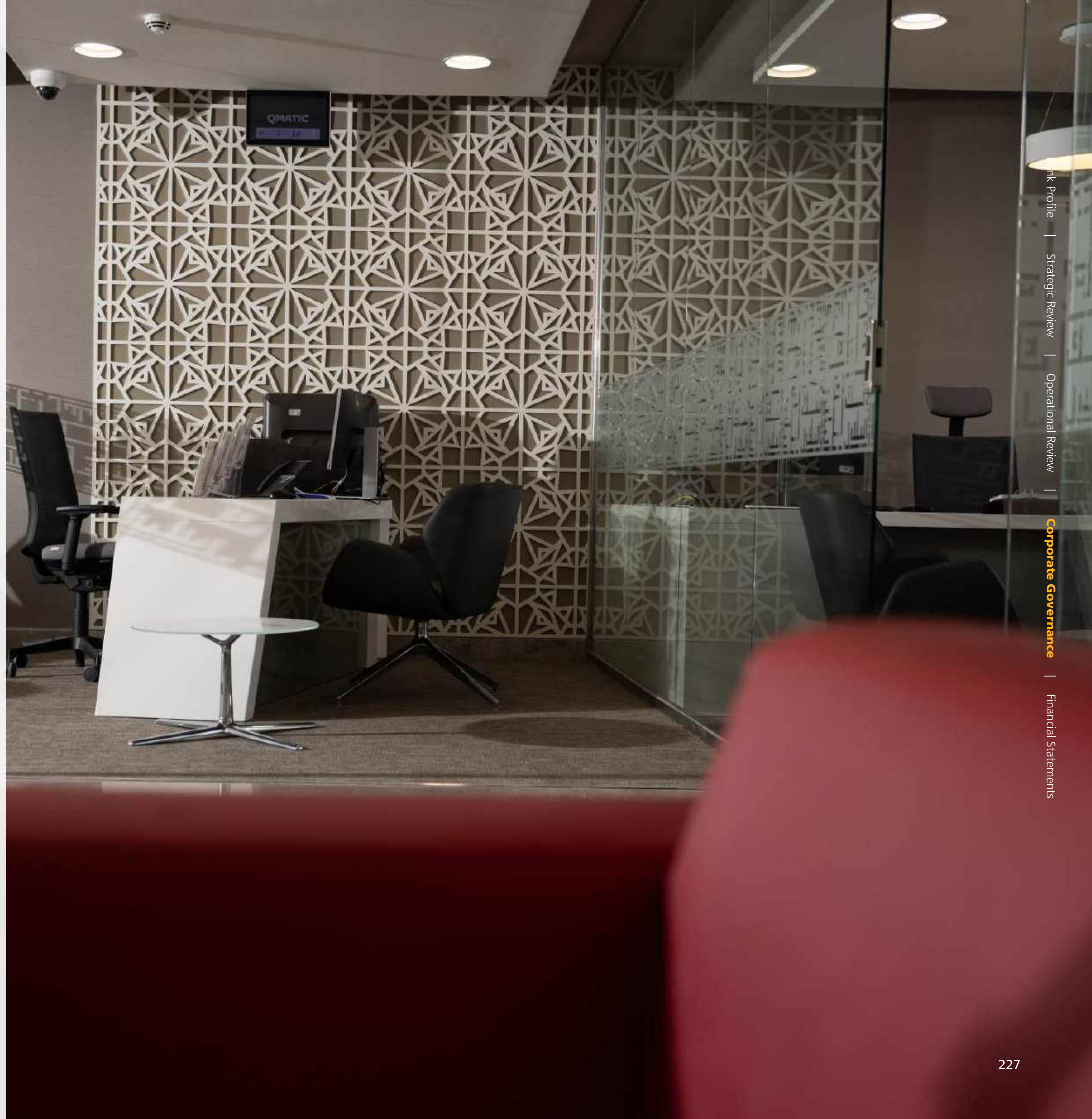
<sup>15</sup> Resigned in December 2024



# Board Committees

The Board of Directors committees carry out their duties and responsibilities in accordance with the applicable guidelines, regulations, and governance policies approved by the Board of Directors or the General Assembly, as needed.

*These guidelines and policies outline the committees' authority and operating procedures. These committees were established concurrently with the current session's Board of Directors and are to serve three-year terms beginning on April 17, 2022, and ending on April 16, 2025.*



A) Executive Committee:

The Executive Committee is accountable for ensuring the efficiency of the decision-making process at the highest levels to achieve the bank’s objectives within the set timeframe. They also support the Board of Directors in carrying out their responsibilities and enhancing their role in promoting, monitoring, and implementing the bank’s strategy to drive effective performance.

The committee consistently reviews and monitors the bank’s operations, makes decisions, and provides necessary recommendations to the Board. The committee currently consists of five members of the Board of Directors.

The committee convened a total of 12 meetings throughout the year 2024.

Meetings of the Executive Committee held during the year 2024 and attendance record:

Name	Role	Date & Number of the meeting													
		15/01/ 2024	12/02/ 2024	11/03/ 2024	17/03/ 2024			13/05/ 2024	06/03/ 2024	08/07/ 2024	12/08/ 2024	02/09/ 2024	29/09/ 2024	11/11/ 2024	09/12/ 2024
		01/24	02/24	03/24	04/24			05/24	06/24	07/24	08/24	09/24	10/24	11/24	12/24
Mr. Nasser Bin Mohammed AlSubeaei	Chairman of the Committee	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	
Mr. Abdulaziz M. AlOnaizan	Member	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	
Mr. Khalid Abdulrahman AlRajhi	Member	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	
Mr. Nasser Bin Suleiman Al-Nasser	Member	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	
Mr. Haitham Sulaiman AlSuhaimi	Member	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	

(✓) attended (X) apologized



## B) Nominations and Remuneration Committee

The committee is responsible for conducting an annual review of the necessary skills required for membership on the Board of Directors and its affiliated committees, according to their respective nature and regulations. They also periodically evaluate the structure and composition of the Board and its committees, identifying strengths and weaknesses among members and proposing solutions to address them. The committee presents its recommendations to the Board of Directors, ensuring that candidates for membership possess the appropriate qualifications and experiences.

Additionally, they verify the independence of independent board members and ensure the absence of conflicts of interest on an annual basis. The committee is also tasked with studying, developing, updating, and proposing policies regarding the rewards and incentives of board members, executive management, and committee members. It additionally handles the policy and mechanism for replacing board members, committee members, and executive management. The committee then submits its recommendations to the Board of Directors for approval on the bank's organizational structure and any necessary updates or amendments.

The committee currently consists of three members, one of whom is a member of the Board of Directors, while the other two are external members.

**Below is a list of the biographies of the external members:**

### Mr. Khalid Bin Saleh Al-Hathal

Mr. Khalid bin Saleh Al-Hathal brings over 35 years of extensive experience in various banking and commercial sectors. He has held numerous positions throughout his career, including Executive Director of Shared Services at Al-Faisaliah Group and CEO of ANN Limited, among other companies. Currently, he serves as the CEO of Mozn Investment Company and holds memberships on several boards of directors and committees. Mr. Al-Hathal holds a master's degree and a bachelor's degree in business administration from Indiana University in the United States of America.

### Mr. Samir Bin Omar Baissa

Mr. Samir bin Omar Baissa has a wealth of experience in the banking industry, with a diverse background in various roles. He has been a member of the Board of Directors at Albilad Bank, served as the Regional Director for the Western Region at the Saudi National Bank, and held the position of General Manager of the branch network at Banque Saudi Fransi. Additionally, he has worked as a Business Development Advisor at Riyadh Bank. Currently, he holds the position of Chairman of the Board of Directors at the Saudi Tools Company (SACO). He has earned a master's degree in business administration from California State University and a bachelor's degree in business administration from King Abdulaziz University.

The Committee held a total of 5 meetings throughout the year 2024.

Meetings of the Nominations and Remuneration Committee held during the year 2024 and attendance record:

Name	Post	Date & Number of the meeting					
		07/02/ 2024	12/03/ 2024		04/06/ 2024	03/09/ 2024	10/12/ 2024
		01/24	02/24		03/24	04/24	05/24
Mr. Haitham Muhammad Al-Fayez	Chairman of the Committee	✓	✓		✓	✓	✓
Mr. Khalid Bin Saleh Alhathal	Member	✓	✓		X	✓	✓
Mr. Samir bin Omar Baissa	Member	✓	✓		✓	✓	✓

(✓) attended (X) apologized



C) Risk Committee

The Risk Committee’s primary responsibilities involve offering guidance and consultation to the Board of Directors on the bank’s present and future plans and strategies, particularly in relation to risk management. They also oversee the execution of these plans and strategies by the bank’s executive management. The committee’s main focus is to support the Board of Directors in overseeing various aspects of risk management in the bank. This includes monitoring the performance and execution of tasks carried out by the bank’s risk management group, which covers areas such as market and credit risks, investment, financial and operational risks, liquidity risks, reputation, business continuity, technical systems risk, technical and information security risks (cyber), legal risks, and strategic risks. The committee is responsible for reviewing the bank’s internal risk policies and presenting them to the Board of Directors for approval. They also approve the allocation of acceptable credit risks, fulfil credit responsibilities and approved risks, periodically assess risk limits and new product risks, ensure compliance with regulatory instructions, and establish appropriate oversight systems. Additionally, they may undertake any tasks or responsibilities assigned by the Board of Directors, as long as they do not conflict with the duties of other committees.

*The committee currently has four members, three of whom are part of the Board of Directors, and the other is an external member.*

The committee in its current term consists of four members, three of whom are board members and one external member. Due to the resignation of committee member Mr. Faisal bin Talib Humaid during the year, as he received a job opportunity, Mr. Khalid bin Sulaiman Al-Harbi was appointed as a committee member after obtaining the necessary approvals. Below are the biographies of the members from outside the board:

Mr. Khalid bin Sulaiman Alharbi

He has more than 25 years of experience in developing and implementing strategies and information security. He has held several leadership positions in various companies, including serving as the Chief Information Security Officer at NEOM Company in Saudi Arabia and currently serving as the Head of the Strategy Office at the company. He also held the position of Head of Information Technology at Saudi Aramco - Europe - The Hague, followed by the role of Chief Information Security Officer at the company. Mr. Khalid Al-Harbi holds a Bachelor's degree in Electrical Engineering from the Florida Institute of Technology, Melbourne, Florida, obtained in 1998, and completed the Advanced Management and Leadership Program at the University of Oxford in 2019.

The Committee held a total of 5 meetings throughout the year 2024.

Meetings of the Risk Committee held during the year 2024 and attendance record:

#	Name	Role	Date & Number of the meeting				
			21/02/ 2024	27/05/ 2024	26/08/ 2024	01/09/ 2024	24/11/ 2024
			01/24	02/24	03/24	04/24	05/24
1	Mr. Muadh Abdulrahman AlHusseini	Chairman of the Committee	✓	✓	✓	✓	✓
2	Mr. Haitham Mohammed AlFayez	Member	✓	✓	✓	✓	✓
3	Mr. Mohammed Abdulrahman AlRajhi	Member	✓	✓	-	-	-
4	Mr. Faisal Taleb Humaid	Member	-	-	✓	✓	✓
5	Mr. Haitham Sulaiman AlSuhami	Member	✓	✓	✓	✓	✓

(✓) attended (X) apologized

D) Compliance and Governance Committee

The committee is responsible for overseeing, upholding, and ensuring the implementation of the highest standards of governance. Acting on behalf of the Board of Directors, the committee ensures adherence to sound governance practices across all the bank's activities. Additionally, it ensures the bank's compliance with all relevant local, regional, and international regulations, standards, and approved rules governing its operations.

The committee continuously reviews the overall governance framework and related mechanisms, including evaluating the charters of the Board and executive management committees and submitting recommendations to the Board of Directors.

Furthermore, the committee is responsible for monitoring and ensuring that the bank has adequate mechanisms to identify conflicts of interest across all transactions and operational activities. It also approves the annual Compliance & Anti-Financial Crimes Program and is tasked with reviewing the annual compliance report submitted to the Saudi Central Bank.

Additionally, the committee oversees the adequacy, effectiveness, and independence of the Compliance & Anti-Financial Crimes function in relation to implementing the Compliance Policy and Manual, as well as financial crimes prevention measures. It reviews periodic and annual reports, ensures the effective

rectification of any identified gaps or violations, and assesses the function's performance, plans, and compliance program.

The committee in its current term consists of three members, including two board members and one external member. Below is a list of the biographies of the external members:

Mr. Samir Bin Omar Baissa

Mr. Samir bin Omar Baisa has extensive experience in the banking industry with a diverse background in various roles. He has been a member of the Board of Directors at Albilad Bank, served as the Regional Director for the Western Region at the Saudi National Bank, and served as the General Manager of the branch network at Banque Saudi Fransi. Additionally, he has worked as a Business Development Advisor at Riyadh Bank. He currently serves as the Chairman of the Board of Directors at the Saudi Tools Company (SACO). He has earned a master's degree in business administration from California State University and a bachelor's degree in business administration from King Abdulaziz University.

*The Committee held a total of 4 meetings throughout the year 2024.*

Meetings of the Compliance and Governance Committee held during the year 2024 and attendance record:

#	Name	Role	Date & Number of the meeting			
			12/03/2024	04/06/2024	03/09/2024	10/12/2024
			01/24	02/24	03/24	04/24
1	Dr. Zeyad Othman Alhekail	Chairman of the Committee	✓	✓	✓	✓
2	Mr. Muadh Abdulrahman Al-Husseini	Member	✓	✓	✓	✓
3	Mr. Samir Bin Omar Baissa	Member	✓	✓	✓	✓

(✓) attended (X) apologized



E) Audit Committee

The Audit Committee is responsible for the effective oversight of the Internal Audit function. This includes ensuring the function’s effectiveness and its ability to fulfill its responsibilities with independence and objectivity. The committee also verifies the availability of necessary human resources, approves the division's strategy, strategic plan, and annual plan, and reviews audit reports, ensuring corrective actions are taken and implemented. Additionally, it ensures that an independent external assessment of the Internal Audit function is conducted at least once every five years.

The committee is also responsible for approving the strategic and annual Sharia audit plan and monitoring its implementation. Furthermore, it nominates the bank’s external auditors, determines their fees, supervises their activities, reviews their work plans, evaluates their performance, ensures their independence, and assesses the executive management’s cooperation with them. The committee also discusses their findings and ensures coordination between external auditors and internal audit.

Additionally, the committee reviews interim and annual financial statements and recommends their approval to the Board of Directors. It monitors the resolution of observations raised by regulatory authorities and external auditors, reviews contracts and transactions proposed between the bank and related parties, and oversees other supervisory tasks within its scope, as defined by its charter approved by the General Assembly.

**The Committee currently has three members, one of whom is a member of the Board of Directors (Chairman of the Committee), while the other two are external members. Below are the biographies of the external members:**

Mr.Mohammed bin Farhan bin Nader

Mr. Mohammed bin Farhan bin Nader has extensive experience in banking and consulting, gained from working in both local and international consulting companies. He holds American and Saudi fellowships for certified public accountants, along with a master’s degree in business administration from Heriot-Watt University in Britain, and a bachelor’s degree in accounting from the University of King Saud.

Mr. Abdulaziz bin Abdullah Al-Aql.

Mr. Abdulaziz bin Abdullah Al-Aql has extensive experience from his previous roles as Vice President of Internal Auditing at the Arab Bank and Director of Information Technology Review at Riyadh Bank, AlRajhi Bank, and Bank Albilad. He also has a background in computer technology from his work at the Ministry of Defense and Aviation and as a consultant for Auditor Company. He currently holds a position on the Board of Directors and serves as the Chairman of the Audit Committee at Tadweer National Environment. He is certified as an internal auditor by the Institute of Internal Auditors in America, a risk analyst by the American Academy of Financial Management, and a risk information system controller by Information Systems Audit and Control Association in the USA. He earned a bachelor’s degree in computer science from Monmouth University in USA.

The Committee convened a total of 7 meetings throughout the year 2024.

Meetings of the Audit Committee held during 2024 and attendance record:

Name	Role	Date & Number of the meeting						
		04/02/2024	05/03/2024	28/04/2024	28/05/2024	23/07/2024	22/10/2024	17/12/2024
		01/24	02/24	03/24	04/24	05/24	06/24	07/24
Mr. Adeeb Mohammed Abanumai	Chairman of the Committee	✓	✓	✓	✓	✓	✓	✓
Mr. Mohammed bin Farhan bin Nader	Member	✓	✓	X	✓	✓	✓	✓
Mr. Abdulaziz bin Abdullah Al-Aql.	Member	✓	✓	✓	✓	✓	✓	✓

( ✓ ) attended ( X ) apologized

F) Sharia Committee

The main objective of the Sharia Committee is to support the Board of Directors in fulfilling their responsibilities and fostering confidence in a compliant environment with the Bank’s Sharia provisions and principles. This is achieved by providing Sharia opinions and overseeing the Bank’s operations to safeguard the interests of shareholders and stakeholders. The committee carries out its responsibilities with complete independence, ensuring that it remains unaffected by any external influences that could compromise its ability to make unbiased Sharia decisions. Its main focus is to deliberate on relevant issues and issue Sharia decisions related to the practice of Islamic banking, all in accordance with the bank’s vision, mission, and values that uphold its identity. These decisions are made in accordance with the principles and provisions of Islamic Sharia, as well as the guidelines set forth by the Saudi Central Bank for Sharia governance in banks and local banks operating in the Kingdom.

The committee has a direct connection to the Board of Directors and is formed in compliance with the bank’s approved guidelines for committee formation including taking into account the minimum number of independent members.

**The Sharia Committee is comprised of three members who have extensive knowledge and expertise in the jurisprudence of financial transactions and economics; their biographies are provided below:**

His Eminence Sheikh Prof. Dr. Abdullah Bin Musa Al-Ammar  
(Chairman of the Committee) - Independent

Professor of Jurisprudence at the College of Sharia at Imam Muhammad ibn Saud Islamic University (IMSIU) previously, and part-time advisor at the Ministry of Islamic Affairs, Dawah, and Guidance. He worked as Undersecretary of the Department of Jurisprudence at the College of Sharia at IMSIU. His Eminence obtained a master’s degree and a doctorate from the Department of Jurisprudence at the College of Sharia from IMSIU in the year 1407 AH. He has authored several publications, including:

- Al-Qur'ah wa Majalat Tatbeeqiha fi al-Fiqh al-Islami.
- Tahqiq Kitab Tajreed al-’Aynayah.
- Al-Ihdad Ahkamuhu wa Waqi’ al-Nas Fih.
- Hayat Samahat al-Shaykh Muhammad ibn Ibrahim Al Al-Shaykh (Co-authored).

His Eminence Sheikh Dr. Mohammed bin Saud Al-Osaimi

(Member) - Independent

Experienced as the General Supervisor of Maqasid Institute for Economic Consultations and previously served as an Associate Professor at the College of Economics and Administrative Sciences at the Imam Muhammad ibn Saud Islamic University (IMSIU). He obtained a master’s and doctorate in economics from the University of Colorado - Boulder, USA in 1414 AH. He has authored several publications, including:

- How do commercial banks work for non-specialists?
- Credit cards, the economic aspects of different payment cards.
- Translation of the book "Death of Money", by Joel Kurtzman.
- The economic aspects of traffic accidents.

His Eminence Sheikh Prof. Dr. Yousef bin Abdullah Al-Shubaily

(Member) - Non-Executive

Professor of jurisprudence at the Higher Judicial Institute at Imam Muhammad bin Saud Islamic University, and a member of the Sharia Council of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). His Eminence obtained a master’s and doctorate from the Department of Comparative Jurisprudence at the Higher Judicial Institute at Imam Muhammad bin Saud Islamic University in the year 1421 AH. He has authored several publications, including:

- Credit cards and the related provisions in Islamic jurisprudence.
- Investment services in banks and their provisions in Islamic jurisprudence.
- Purposes of Islamic legislation.
- Financial transactions.



The Committee convened a total of 24 meetings throughout the year 2024.

Meetings of the Sharia Committee held during 2024 and attendance record:

Name	Date & Number of the meeting											
	15/01/2024	23/01/2024	29/01/2024	12/02/2024	19/02/2024	04/03/2024	18/03/2024	22/04/2024	08/05/2024	15/05/2024	02/06/2024	02/07/2024
	527	528	529	530	531	532	533	534	535	536	537	538
His Eminence Sheikh Prof. Dr. Abdullah bin Musa Al-Ammar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
His Eminence Sheikh Dr. Muhammad bin Saud Al-Osaimi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
His Eminence Sheikh Prof. Dr. Yousef bin Abdullah Al-Shubaily	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Name	Date & Number of the meeting											
	09/07/2024	13/08/2024	20/08/2024	27/08/2024	02/09/2024	01/10/2024	15/10/2024	22/10/2024	06/11/2024	25/11/2024	10/12/2024	17/12/2024
	539	540	541	542	543	544	545	546	547	548	549	550
His Eminence Sheikh Prof. Dr. Abdullah bin Musa Al-Ammar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
His Eminence Sheikh Dr. Muhammad bin Saud Al-Osaimi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
His Eminence Sheikh Prof. Dr. Yousef bin Abdullah Al-Shubaily	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(✓) attended (X) apologized

# Remuneration and Compensation

The determination of remuneration and compensation policies and the disclosure of the same are based on the laws and regulations governing listed joint-stock companies. This includes the executive regulations of the companies’ system, corporate governance regulations, and updates. Additionally, decisions are made in accordance with the rules, principles, and regulations set by the Saudi Central Bank, approved international standards, bank policies, and related documents. Here is an overview of how the annual remuneration and compensation for members of the Board and its committees are determined, along with information on what members of the Board, its committees, and senior management receive:

## Remuneration Policy for Board Members and Committees:

The remuneration of members of the Board of Directors, its committees, and senior management is determined in accordance with applicable laws and regulations, including the executive regulations of the corporate system for listed joint stock companies, updated corporate governance regulations, relevant circulars, principles and rules of the Saudi Central Bank, and the bank’s bylaws. The provisions and standards are set based on the Bank’s relevant policies and documents.

The following are the key provisions and mechanisms for determining the remuneration of members of the Board of Directors and its committees:

1. General Remuneration Provisions:

Based on what is stated in the policy of rewards for Board members, its committees, and senior management, as approved by the Extraordinary General Assembly meeting held on April 29, 2024, in accordance with the Circular issued by the Saudi Central Bank (SAMA) No. 45048798 dated 25/07/1445H, concerning the controls for determining and distributing rewards for Board members and their committees in financial institutions, and in accordance with the regulations, laws, and instructions of the relevant regulatory and supervisory authorities, the general provisions for rewards are summarized as follows:

- 1.1 The total that a Board member receives in the form of rewards, financial or in-kind benefits, should not exceed the maximum limit of 1 million Saudi Riyals.
- 1.2 Without being restricted by the maximum limit mentioned in the previous paragraph, the reward for the Chairman of the Board is determined by a decision from the Board of Directors, considering the general criteria for determining rewards stated in the policy and related provisions.

**1.3** The actual expenses incurred by the member to attend the meetings of the Board of Directors and its committees, including accommodation expenses and travel expenses, are not subject to the maximum remuneration limits mentioned earlier. These expenses are determined in accordance with this policy and other applicable policies and documents.

**1.4** A member of the Board of Directors is entitled to receive compensation for any professional work they undertake, whether it is in an executive, technical, administrative, or advisory capacity. This remuneration is in addition to the compensation they receive as a member of the Board of Directors and any committees they serve on. These arrangements are governed by the relevant rules and regulations, the bank's bylaws, and this policy.

**1.5** The report that the Board of Directors presents to the bank's General Assembly at its annual meeting must contain a detailed statement of the compensation received or entitled to be received by each board member during the bank's fiscal year. This encompasses lump-sum bonuses, attendance allowances, expense allowances, and any other monetary or non-monetary benefits. The report should also outline the payments received by the Board members who are also authorized employees of the bank, as well as any compensation they received for providing technical or administrative services or consultations. Furthermore, it should include a record of the Board meetings attended by each member. The annual report should encompass the Board of Directors' disclosure of remuneration policies, and the methods used to determine them.

**1.6** Board members are not permitted to cast votes on the remuneration clause regarding

members of the Board of Directors during the General Assembly.

**1.7** If a member of the Board of Directors is absent from three consecutive meetings or five separate meetings without a legitimate excuse, the General Assembly has the authority to terminate their membership. In such cases, the member will not receive any remuneration for the period after their last attended meeting, and they will be required to return any remuneration that was already disbursed to them during that period, if applicable.

**1.8** The remuneration for members of the Board of Directors may vary depending on factors such as their experience, expertise, assigned tasks, level of independence, attendance at sessions, and other relevant considerations.

**1.9** If it is determined by the Audit Committee, the Authority, or any relevant supervisory or controlling body that the remuneration given to a member of the Board of Directors or one of its committees is based on false or misleading information provided to the General Assembly or included in the annual report, then the individual must return the funds to the bank, and the bank is entitled to request the return of the funds.

**1.10** The remuneration for independent members of the board of directors should not be tied to the bank's profits or its overall financial performance.

## 2. Mechanisms for determining the remuneration of members of the Board and its committees:

**2.1.** In accordance with the rules previously mentioned, rules and the regulations established by the companies' system for listed joint-stock companies, the revised corporate governance

regulations, and the applicable circulars and principles of the Saudi Central Bank, the remuneration for members of the Board and its committees is determined based on the policies, mechanisms, and decisions issued by the Board of Directors.

**2.2.** Each Board member shall receive, in addition to the fixed annual reward and attendance fee as per the guidelines mentioned above, the actual expenses incurred by the member for attending Board and committee meetings, including accommodation and air travel expenses, as determined by the Board of Directors.

**2.3.** Each member of the Board's committees (external members who are not Board members), in addition to the fixed reward and attendance fee as per the guidelines above, shall receive the actual expenses incurred for attending committee meetings, including accommodation and air travel expenses, as determined by the Board of Directors.

## 3. The remuneration policy for executive management members and the mechanisms for determining it

Rewards for employees in general and senior management in particular should take into account the provisions of the laws, regulations, principles, and rules of the Saudi Central Bank, as well as the related documents of the bank, with particular attention to the following:

**3.1** The standards and controls outlined in the "Banking Rewards Rules" issued by the Saudi Central Bank.

**3.2** Policies and decisions issued by the Board of Directors — upon recommendation from the Nominations and Rewards Committee —

regarding compensation, benefits, rewards, and their determination mechanisms for the bank's employees and senior management. These policies should take into account the specific standards and controls outlined in the Banking Rewards Rules issued by the Saudi Central Bank. The policy should also specify the mechanisms the bank follows for applying, reviewing, and evaluating the effectiveness of these policies in achieving their goals.

**3.3.** Ensuring that the granting of rewards and their type are linked to risks, including both short-term and long-term rewards, according to specified ratios and time periods. **The following should be considered:**

**3.3.1** Alignment with the bank's strategy and objectives.

**3.3.2** Setting criteria for granting rewards and mechanisms for disclosure and verifying their implementation.

**3.3.3** Linking reward criteria to performance.

**3.3.4** Rewards should be determined based on the level of the job, the duties and responsibilities assigned to the position, academic qualifications, work experience, skills, and performance levels.

**3.3.5** Rewards should be in line with the size, nature, and risk level of the bank.

**3.3.6** The reward and incentive pool tied to performance should be based on the profit margin associated with the risk level, and follow the regulations, standards, rules, and principles of the Saudi Central Bank related to rewards and incentives, and the related principles and standards.

**3.4.** Disclosure in the Board of Directors' report to the General Assembly in its annual meeting regarding the rewards of the five highest-paid executives in the company, including the CEO and CFO.



Remunerations of the members of the Board of Directors

Fixed Remunerations							Variable Remunerations								
A certain amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind Bonuses	Remuneration for technical, administrative, and consulting work	Remuneration of the Chairman of the Board, Managing Director, or Secretary (member only)	Total	Profit Rate %	Periodic Remunerations  (Annual rewards paid to the chairs and members of the committees)	Short-term incentive plans	Long-term incentive plans	Granted Shares	Total	End of Service Remuneration	Gross Total	Expense allowance
First: Independent Members															
Adeeb Bin Muhammad Abanumai	320,000	35,000	35,000	-	-	-	390,000	-	300,000	-	-	-	300,000	-	690,000
Zeyad Bin Othman Alhekail	320,000	35,000	20,000	-	-	-	375,000	-	110,000	-	-	-	110,000	-	485,000
Nasser Bin Suleiman Al-Nasser	320,000	35,000	60,000	-	-	-	415,000	-	60,000	-	-	-	60,000	-	475,000
Haitham Bin Muhammad Al-Fayez	320,000	35,000	45,000	-	-	-	400,000	-	170,000	-	-	-	170,000	-	570,000
Muadh Abdulrahman Al-Husseini	320,000	35,000	45,000	-	-	-	400,000	-	170,000	-	-	-	170,000	-	570,000
Total	1,600,000	175,000	205,000	-	-	-	1,980,000	-	810,000	-	-	-	810,000	-	2,790,000

Remunerations of the members of the Board of Directors

Fixed Remunerations							Variable Remunerations									
A certain amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind Bonuses	Remuneration for technical, administrative, and consulting work	Remuneration of the Chairman of the Board, Managing Director, or Secretary (member only)	Total	Profit Rate %	Periodic Remunerations  (Annual rewards paid to the chairs and members of the committees)	Short-term incentive plans	Long-term incentive plans	Granted Shares	Total	End of Service Remuneration	Gross Total	Expense allowance	
Second: Non-Executive Members																
Nasser bin Mohammed AlSubeaei	320,000	35,000	60,000	-	-	-	415,000	-	110,000	-	-	-	110,000	-	525,000	
Khalid bin Abdulrahman AlRajhi	320,000	25,000	60,000	-	-	-	405,000	-	60,000	-	-	-	60,000	-	465,000	
Haitham bin Sulaiman AlSuhaimi	320,000	35,000	60,000	-	-	-	415,000	-	60,000	-	-	-	60,000	-	475,000	
Mohammed bin Abdulrahman AlRajhi	320,000	35,000	25,000	-	-	-	380,000	-	60,000	-	-	-	60,000	-	440,000	62,813.19
Total	1,280,000	130,000	205,000	-	-	-	1,615,000	-	290,000	-	-	-	290,000	-	1,905,000	

Third: Executive Members

Abdulaziz bin Mohammed Al-Onaizan	320,000	35,000	60,000	-	-	-	420,000	-	60,000	-	-	-	60,000	-	475,000	
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Remunerations of the Committee members

Committee Members	Fixed Remuneration (Except for attendance allowance)	Allowance for Attending Meetings	Total
Members of the Nominations and Remunerations Committee:			
Khalid Bin Saleh Alhathal	110,000	25,000	135,000
Sameer Bin Omar Baissa	110,000	25,000	135,000
Total	220,00	50,000	270,000
Members of the Nominations and Remunerations Committee:			
Mohammed Bin Farhan Bin Nader	150,000	30,000	180,000
Abdulaziz bin Abdullah Al-Aql	150,000	35,000	185,000
Total	300,000	65,000	365,000
Members of the Risk Committee:			
Faisal Bin Taleb Bin Humaid	40,382.51	10,000	50,382.51
Khalid bin Sulaiman Alharbi	50,150	15,000	65,150
Total	90,532.51	25,000	115,532.51
Members of the Compliance and Governance Committee:			
Sameer Bin Omar Baissa	110,000	20,000	130,000
Total	110,000	20,000	130,000
Members of the Sharia Committee:			
Sheikh Prof. Abdullah bin Musa Al-Ammar	350,000	120,000	470,000
Sheikh Prof. Mohammed bin Saud Al-Osaimi	300,000	120,000	420,000
Sheikh Prof. Yousef bin Abdullah Al-Shubaily	300,000	120,000	420,000
Total	950,000	360,000	1,310,000

Details of remunerations, salaries, allowances, and other compensation paid to senior executives

Statement	Five senior executives including the CEO and CFO (Thousands of Saudi riyals)
Salaries and compensation	15,866
Periodic and annual allowances and remunerations	30,025
Total	45,891

Mechanisms and means for evaluating the performance of the Board of Directors, its committees, and their respective members:

The Board of Directors, in evaluating its own performance as well as the performance of its committees and members, relies on a mechanism that involves the Nominations and Remunerations Committee, which is responsible for conducting an annual evaluation of the Board and its committees. This is done either through specially designed evaluation forms and mechanisms created for this purpose by the committee and its team, or at least once every three years by an external party.

The committee oversees, studies, and discusses the evaluation results, identifying strengths and recommending actions to enhance them, as well as weaknesses and recommending actions to address them. A summary of the results and the committee’s recommendations are then presented to the Board. In 2023, the Board and its committees were evaluated by a specialized evaluation company according to the aforementioned mechanism. In 2024, an internal evaluation of the Board and its committees was conducted under the supervision of the Nominations and Remunerations Committee.

# Internal Audit

The internal audit department operates independently and provides an objective assessment of the bank's operations. It reports directly to the audit committee, which is formed by the bank's general assembly. Its goal is to provide the audit committee and senior management of the bank with reliable assurances regarding the sufficiency and efficiency of the internal control system, by using a structured and methodical approach to assess and enhance the effectiveness of governance, control, and risk management procedures. The Internal Audit department utilizes a risk-based audit methodology when planning and implementing audit work. The department diligently addresses the necessary corrections outlined in the reports of internal audit, external auditors, and regulatory and supervisory bodies.

These corrections are promptly implemented according to the established timetable and specific procedures, ensuring the utmost integrity of internal audit controls. The Internal Audit department implements a comprehensive quality assurance program that encompasses all internal audit activities. This program aims to enhance performance, ensure compliance with internal audit standards, and promote the adoption of best practices.

The internal audit department is responsible for overseeing all of the bank's activities and departments. In 2024, the department carried out its internal audit work in line with the plan approved by the Audit Committee. This plan was developed after a detailed study and comprehensive risk assessment of the units to be audited at the bank level. Additionally, the Internal Audit Department successfully fulfilled various tasks assigned to it by the bank management or the Saudi Central Bank.





# Internal Control System

The bank's executive management is tasked with developing a viable and effective internal control system. This system encompasses policies and procedures that are prepared under the guidance of the Board of Directors, all aimed at achieving the bank's strategic goals. Accordingly, an integrated internal control system was developed as per the recommendations of regulatory and supervisory bodies. This system starts with the general governance framework of the bank, which outlines the roles and responsibilities of the Board of Directors, its committees, and the executive management committees. The aim is to ensure effective oversight at the bank level.

In addition to the bank's regulatory authorities, such as the Compliance & Anti-Financial Crimes division, the Risk Management Group, and the Sharia division, the internal audit functions as an independent line of defense separate from executive management. Its primary objective is to evaluate the effectiveness of the internal control system and ensure compliance with approved policies and procedures.

Audit reports that identify areas of improvement in the internal control system, along with the corresponding corrective actions, are submitted to both the CEO and the Audit Committee. The committee monitors the progress made in the correction processes and ensures that the internal control system is sufficient and effective in mitigating risks and safeguarding the bank's interests.

After thoroughly evaluating the internal control system throughout 2024 AD, the Audit Committee is confident in its effective design and implementation. They have determined that there are no control gaps or significant weaknesses in the bank's operations for the year. This statement is based on the Board of Directors' confidence in the design and implementation of the internal control system. The Audit Committee is also confident in the effectiveness of the internal control system currently in place, which is regularly monitored, acknowledging that even the most well-designed and effective system cannot guarantee absolute assurance.



# Compliance & Anti-Financial Crimes

Bank Albilad places great importance on complying with regulations, standards, and instructions set by regulatory and supervisory bodies. This commitment is crucial for the bank's success and is a top priority. By doing so, the bank safeguards its reputation, credibility, and the interests of its shareholders and depositors. It also helps protect the bank from potential regulatory and legal consequences.

## The Role of the Compliance and Anti Financial Crimes Division

Compliance is an independent function that is charged with identifying, evaluating, providing advice and counsel, and following up and preparing reports on the risks of the bank's non-compliance with regulations and instructions. The objective is to shield the bank and its representatives from potential regulatory or administrative penalties, as well as any actions that could damage the bank's reputation due to its failure to follow rules, regulations, controls, or good organizational and behavioral standards and professional practices.

The Compliance and Anti Financial Crimes Division at the Bank plays a key role in ensuring that all of the Bank's policies, manuals, and procedures are in line with the regulations and instructions set by regulatory and supervisory bodies. They also ensure that these guidelines are effectively implemented by the Bank.

**The division is responsible for a variety of tasks and responsibilities that are categorized into specific functions, such as:**

- Combating money laundering and terrorist financing, preventing its spread, and combating commercial concealment.
- Providing advice and support - in this regard - to all administrative units.
- Combating corruption and reporting violations.
- Identifying, analyzing, and evaluating non-compliance risks related to the bank's clients, services, products, geographical areas of operation and delivery channels, and establishing appropriate controls and standards.
- Strengthening relations with regulatory and supervisory bodies.
- Training and awareness.
- Submitting reports on non-compliance problems and providing recommendations on procedures for dealing with these problems.

Monitoring and assessing the effectiveness of implementing regulations and instructions

The Compliance and Anti Financial Crimes Division is responsible for assessing and supervising the bank's compliance with rules, regulations, and instructions established by regulatory and legislative authorities. This involves ensuring that the bank adheres to its own policies, guidelines, processes, products, and services.

HR Policies

The bank's commitment to adhering to regulations, laws, and policies is crucial for its success, reputation, and credibility. It was essential for all the bank's ambassadors to understand and follow all necessary regulations, instructions, and policies related to their work and assigned tasks, without any transgressions or negligence.

End-of-Service Benefits

The benefits due to bank employees upon termination of their services are calculated in accordance with the Saudi Labor Law and are included under other liabilities in the consolidated statement of financial position.



Penalties imposed on the bank and its subsidiaries by supervisory authorities:

In 2024, the bank and its subsidiaries faced financial penalties due to operational activities, which have since been resolved.

Subject of the violation	Year 2024	
	Number of penal decisions	Total amount of fines in Saudi Riyals
Violation in the distribution of counterfeit currency notes to the Central Bank	3	15,000
Failure to comply with data request instructions	1	55,500
Disregarding the instructions of the Central Bank	4	1,153,100
Violation of the supervisory and regulatory instructions of the Central Bank (Execution)	1	100,000
Disregarding the instructions of Anti-Fraud	1	555,000
Violation of the Central Bank's supervisory and regulatory instructions (Self-Supervision).	1	200,000
Disregarding the instructions of anti-money laundering and counter-terrorism financing	1	55,000
Total	12	2,133,600

Subject of the violation	Year 2023	
	Number of penal decisions	Total amount of fines in Saudi Riyals
Violation in the distribution of counterfeit currency notes to the Central Bank	5	45,000
Failure to comply with data request instructions	3	135,000
Disregarding the instructions of the Central Bank	7	659,500
Disregarding the instructions of self-supervision units	2	360,000
Disregarding the instructions of Anti-Fraud	2	9,927,000
Disregarding the instructions of SARIEE system	1	1,000
Disregarding the operating instructions	1	780,000
Disregarding the instructions of anti-money laundering and counter-terrorism financing	2	155,000
Total	23	12,062,500



The following is a statement of the fines imposed on the bank by other supervisory and regulatory authorities:

Supervisory Authorities	Total amount of fines In Saudi Riyals	Number of fines	Statement of fines
ATM violations for the year 2024	53	550,000	Increase in the percentage of construction on the site above the permissible limit + unavailability of the entry and exit path + lack of recoil + ownership less than 6 meters
Violations of Enjaz branches for the year 1445 AH	26	130,000	Side boards
Total	79	680,000	-

The Bank seeks to avoid the recurrence of these fines by adopting policies and allocating the necessary resources in accordance with the instructions of the supervisory and regulatory authorities.

Principles and Code of Professional and Ethical Conduct

The principles and code of professional and ethical conduct and related principles are fundamental to Bank Albilad Group's business ethics and conduct. Their application is instrumental in driving the bank's strategic goals, safeguarding its interests, and ensuring the satisfaction of all stakeholders, including investors, customers, and dealers. Additionally, it plays a vital part in fostering business growth, enhancing the bank's reputation, and strengthening its brand

The bank has established a strong reputation by diligently adhering to its banking principles and values, which are rooted in Islamic Sharia and comply with the regulations set forth by regulatory bodies like the Saudi Central Bank and the Capital Market Authority.

The bank's reputation has been further solidified by the loyalty, commitment, and dedication of its employees to provide customers with the utmost level of professional and ethical banking service. Trust, responsibility, honesty, and respect are fundamental elements that form the foundation of the Bank's reputation. They are also key in delivering value to the customers and fulfilling the bank's obligations to all stakeholders in a view to preserve the values and principles. This requires all employees, regardless of their position, to conduct themselves in a manner that upholds the bank's values and principles.

This commitment ensures the preservation of the bank's reputation and protects it from any potential harm or risks arising from any improper conduct, both within and outside the bank, whether in or outside the Kingdom. Every employee is expected to maintain a high standard of conduct, treating others with dignity and respect. It is important to take responsibility for one's actions, comply with laws and regulations, and make well-informed decisions through open, honest, and frank communication.





## Current and Future Risks

Exposure to risks is related to the nature of the bank's business; however, the bank monitors and manages these risks through the risk management group responsible for managing credit risks, market risks, operations risks, information security, and supervising the follow-up and collection of distressed debts. The bank strictly adheres to the requirements of the Saudi Central Bank and the Basel Committee. The risks are thoroughly detailed in the notes accompanying the consolidated financial statements from page 31 to 33, serving as a supplement to the Board of Directors' report. Here are the most important ones:

In 2024, the Risk Management Group remained dedicated to enhancing the effectiveness of the risk management system and implementing the best practices and systems. Their goal was to ensure that the bank's banking activities achieve the right balance between return and expected risks.

The risk management group's framework is built upon three key pillars: solid risk management principles, a well-defined organizational structure, and effective risk measurement and control processes. These pillars work together to maintain an acceptable level of risk in line with the bank's activities. The risk management group operates autonomously and is independent of the bank's business groups and departments, as per the directives of the Saudi Central Bank.

The bank has put in place strong frameworks to identify, measure, monitor, and effectively manage risks. The banking risk management process encompasses various types of risks that banks face, including credit risks, market risks, liquidity risks, operational risks, information security risks, and cybersecurity. The bank regularly evaluates risk management policies and systems to stay current with market and product changes, aiming to achieve the highest standards of international banking practices. Following is a summary of the most significant risks:

### Credit Risks:

Credit risks are a significant concern for the bank due to its involvement in financing and investment activities. In compliance with authorized credit rules and procedures, credit risk work is organized into several divisions that function as a single system.



### Assessing credit risk:

The bank carefully assesses the level of credit risk in order to obtain a comprehensive understanding of the potential risks associated with granting credit facilities. The bank utilizes a sophisticated assessment system to internally evaluate the credit risk level for various types of clients, including corporate clients, small and medium enterprises (SMEs), retail clients, and financial institutions. This system helps measure the likelihood of default, the potential default amounts, and the resulting losses. The bank is constantly striving to enhance its internal risk assessment methods for customers and regularly reviews them. Additionally, the bank provides financing to retail customers through a variety of approved financing programs tailored to the risk associated with each product.

### Credit risk mitigators and controls:

The bank employs various strategies to mitigate credit risks and maintain them within acceptable levels. One important approach involves conducting thorough analytical studies on future data and cash flows. These studies help determine the likelihood of customers being able to fulfill their financing obligations. Credit approval goes through multiple levels of approvals and credit committees consisting of executive members of the bank or board of directors. The level of approval is determined based on the credit risk, potential loss, and size of credit facilities for each client, as per the authorized credit authority matrix. Furthermore, the bank requires appropriate guarantees for the credit facilities when necessary. These guarantees can take various forms, such as cash cover, mortgages on investments and assets, or mortgages on commercial and residential real estate. Additionally, in certain cases, project returns may be waived as a form of support for financing specific projects. Moreover, the bank may also require financial, personal, or third-party guarantees in exchange for the facilities. Financing for the Kafalah Program, which supports small and medium enterprises, is provided as long as the program's conditions and standards are met. Retail customers can access financing through approved programs that have specific credit standards. The bank also emphasizes the importance of avoiding credit concentration in the credit portfolio and maintaining a consistent credit exposure size. This involves monitoring exposure to specific entities or sectors and implementing internal limits to manage credit concentrations in the financing portfolio.

### Monitoring and reports:

The bank conducts an annual credit review as a minimum requirement, thoroughly assessing the financial and credit status of all customers who obtain commercial financing through corporate and private banking. This comprehensive review ensures the ongoing viability of the customer's business, understands their financing requirements, and maintains a healthy credit relationship. Additionally, the bank undertakes review activities that include reports from repeated visits to customers throughout the year. The bank regularly assesses and monitors early warning indicators for its customers to ensure the stability of their credit standing.

Corporate clients with high credit risk rates are carefully evaluated and categorized as clients requiring special monitoring. Their credit exposure is closely and cautiously monitored and reviewed on a semi-annual basis to effectively mitigate this risk. The bank also closely monitors the portfolio of retail clients who have credit facilities for consumer purposes, credit cards, or real estate financing. This involves evaluating the standards set for each segment of this portfolio separately. Furthermore, the bank implements necessary insurance measures for the retail financing portfolio to mitigate risks in the event of unfortunate circumstances, such as the death of a customer. Additionally, insurance coverage is provided on financed properties within the retail financing portfolio to reduce risks associated with this type of financing.

The bank calculates credit provisions in its financial records and statements in accordance with internationally recognized financial standards for accounts that may incur losses. When indicators suggest the necessity of making these provisions, which could impact the expected cash flows from these assets or investments, the bank reviews the inputs and assumptions used to determine the expected credit losses. This includes adjusting macroeconomic factors used in the expected credit loss model, such as default rates, and taking into account economic changes over time.

Additionally, the bank prepares a comprehensive monthly report on its portfolio, containing an analysis of credit concentrations compared to approved ratios. This report is used for review and supervision by the bank's senior management to ensure adherence to internal controls and risk management policies.



## Market Risk

Market risks pose a significant threat to the bank's activities, as they can result in unfavorable outcomes and potential losses. Fluctuations in prices, profit margin rates, and currencies are key factors contributing to these risks. Furthermore, any abrupt and significant fluctuations in these prices could have an impact on the bank's liquidity and its ability to secure financing. **The bank is exposed to various types of market risks, including:**

### Profit Rate Risk:

Profit rate risk refers to the potential impact on a bank's profitability due to fluctuations in market interest rates. Price fluctuations can be attributed to various factors, such as market dynamics and economic conditions, or specific adjustments made in response to client financing needs.

### Foreign Currency Risk:

This risk arises from the volatility of currency exchange rates affecting the bank's currency positions.

The bank's market risk management typically focuses on efficiently managing and monitoring market risk exposure to maximize returns while adhering to approved policies and acceptable risk levels. The bank's market risk exposure is categorized into various sources:

**Trading portfolios:** Market risks can arise in the foreign currency trading portfolio when meeting the foreign currency requirements of the bank and its clients.

**Portfolios for non-trading purposes:** The exposure to market risks in portfolios for non-trading purposes is mainly caused by the mismatch between the assets and liabilities' maturity dates, as well as the impact of price changes when reinvestment operations are implemented.

## Liquidity Risk

This risk, which includes the possibility that the bank may not be able to meet financing needs at a reasonable cost (known as liquidity financing risks) or may not be able to liquidate its investments quickly enough to keep the right price (known as market liquidity risk), is regarded as one of the most significant threats to the banking industry as a whole or to a specific bank in particular.

## Governance of market risks and liquidity risks

The effective management of corporate and market risks involves establishing and enforcing policies and limits that are approved by the Board of Directors. The Assets and Liabilities Committee has the important role of strategically managing market and liquidity risks, in line with its assigned tasks and responsibilities. Limits are established for credit portfolios, products, and risk types, taking into account the volume of liquidity available in the market and the associated credit risks.

*The Market Risk Department functions as an independent supervisory department with the important responsibility of effectively implementing market risk policies*

It is tasked with developing strategies to manage market and investment risks within the bank, as well as creating measurement mechanisms and behavioral models to monitor liquidity. The department promptly reports any violations of established limits to senior management, in accordance with approved mechanisms and procedures set by the Board of Directors. Additionally, it reports market risk exposure and instances of exceeding limits to the Assets and Liabilities Committee and the Board of Directors.

*The bank focused on diversifying funding sources to minimize liquidity risks and maintain a healthy level of liquid assets.*

It implemented various policies and standards to effectively manage liquidity risks and developed an emergency plan in accordance with the best practices recommended by the Basel Committee for liquidity risk management. The review of policies and procedures for managing liquidity risk is conducted periodically and requires approval from the Assets and Liabilities Committee and the Board of Directors.

Measuring and monitoring market risks is essential for maintaining a balanced exposure to market risks, especially in the face of unforeseen events. Conducting stress tests is an important part of this measurement.

*By regularly obtaining the results of stress tests, the bank can assess how changes in profit rates, foreign exchange rates, and other risk factors affect the bank's profitability, capital adequacy, and liquidity rates.*

The stress test results are regularly shared with the executive management and the Board of Directors to assess the potential financial impact in case of unforeseen events.

In 2024, the Risk Management Group achieved substantial advancements in improving and fine-tuning the technical systems for measuring liquidity and market risks, managing assets and liabilities, and conduct related studies, reports, and stress tests. These efforts are part of an ongoing initiative to improve the measurement systems for liquidity and market risks.

## Operations risk

Operations risks refer to the potential losses that can occur due to deficiencies or failures in internal processes, individuals, technical systems, or external events. This definition covers legal risks while excluding strategic and reputational risks.

*Operations risks are inherent in all products, activities, operations, and the bank's technical systems.*

These risks arise from internal factors and are separate from credit risks and market risks, which are influenced by external factors. Considering this, the bank has implemented a strategy that emphasizes the active involvement of executive management in handling this kind of risk. This is due to the significant influence it has on the bank's various operations. The bank consistently strives to minimize the impact of operational risks in order to accomplish its strategic goals by:

- Thoroughly analyzing and evaluating goals and activities to minimize exposure to operations risks.
- Assessing potential operational risks in current and new products and services, as well as information technology activities, processes, and systems. Utilizing operational risk management tools to identify any gaps that could result in operational losses. Developing corrective measures to prevent these losses from happening in the future. Evaluating the risks associated with the bank's different activities and implementing measures to mitigate these risks. Collecting data on key risk indicators to proactively monitor the level of exposure to operations risks as an early warning system.
- The bank's management takes a proactive approach to addressing operational risks.
- Conducting regular and comprehensive assessments of the bank's policies, procedures, and performance.
- Ensuring complete compliance to instructions from regulatory authorities and international standards when managing operations risks.
- Providing regular reports to the executive management and the Board of Directors regarding the assessment of operations risks and losses faced by the bank, along with the necessary corrective actions.

## Information security risks

The bank's information security department is committed to minimizing the risks associated with information networks and security.

*As technology continues to advance, the department works diligently to ensure the highest standards of information security are upheld, including availability, integrity, and confidentiality.*

This is crucial in supporting the growth of the bank's technical services and safeguarding against cyber threats. The bank is always assessing cyber risks in order to guarantee the security of the technology or services it uses to give its customers

the services they require. Here are the key points covered in this information security risk assessment:

- Assessment of services, technical projects, and new initiatives implemented by the bank to enhance its electronic services.
- Regularly assess the response to cybersecurity incidents to ensure the procedure's effectiveness
- Assessing the security level of technical services through rigorous security vulnerability assessments and breach tests on highly sensitive systems.
- Regular risk assessment focused on the business and IT departments to identify any potential security risks in the procedures or controls of security systems.
- Supervising the compliance process with regulatory guidelines and laws and ensuring

Financial Fraud Risks

These are risks arising from the possibility that an individual or fraudulent entity may engage in deception and manipulation to steal personal data and commit financial fraud through electronic channels for illegal purposes. This involves unethical exploitation to achieve financial gains for the fraudster.

*The bank continuously works through a specialized fraud prevention management team to implement necessary measures to mitigate fraud risks.*

This is achieved by applying regulatory controls issued by the Saudi Central Bank and activating technical systems to reduce or prevent fraudulent activities, along with the ongoing assessment of financial fraud methods to minimize and prevent risks. The following points outline the tasks being carried out in this regard:

- Assessing financial fraud risks by reviewing execution steps and limits of the products and services offered by the bank, particularly through electronic services.
- Continuing to implement the latest systems for detecting and preventing fraudulent activities in accordance with regulatory controls.
- Raising awareness levels regarding fraud risks and fostering a culture of fraud risk avoidance among the bank's customers and all its business sectors.
- Compliance with regulatory guidelines and legislations issued in this regard, ensuring the application of controls within the regulatory framework for fraud prevention.

Compliance with Corporate Governance Regulations

The Bank and its Board of Directors shall comply with the updated Corporate Governance Regulations issued by the Capital Market Authority, its updates, as well as with the Executive Regulations of the Companies Law for listed joint-stock companies, the main principles of governance in financial institutions subject to the supervision of the Saudi Central Bank and their updates, the regulatory instructions and controls issued in accordance with the Companies Law, its updates and regulations, and the Bank’s relevant policies and documents.

The Bank has committed to implementing all the provisions of the aforementioned Corporate Governance Regulations, with the exception of sub-paragraph (b) related to the disclosure of senior executives’ remuneration of subparagraph (4) of paragraph (a) of Article (90) and related to paragraph (b) of the same article, as it was partially complied with by disclosing the total remuneration of the aforementioned senior executives.



# Board Acknowledgments

The Board of Directors of the Bank affirms the following:

- The account records have been appropriately prepared.
- The internal control system has been adequately developed and effectively implemented.
- There is absolutely no doubt about the Bank's ability to continue its activities.

In conclusion, the Board of Directors, the CEO and all the ambassadors of the Bank have the honor to extend their deepest thanks and appreciation to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud - may Allah protect him, and to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and the Prime Minister - may Allah protect him - for the assistance, support and encouragement received by the banking sector and financial institutions, and thanks to the Ministry of Finance, the Ministry of Commerce, the Capital Market Authority, and the Saudi Central Bank.

*The Board of Directors and the CEO would also like to extend their thanks and appreciation to all the Bank's shareholders and customers for their support and trust. They also thank Albilad ambassadors for their sincere efforts to develop and improve the performance and achieve the Bank's goals and objectives.*





# 05

## Financial Statements

270-409 | Financial Statements







**Ernst & Young Professional Services  
(Professional LLC)**  
**Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)**  
Head Office  
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**Independent Auditors’ Report  
To the Shareholders of Bank Albilad (A Saudi Joint Stock Company)**

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

**Opinion**

We have audited the consolidated financial statements of Bank Albilad (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, which include material accounting policy information.

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

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current 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 the matter below, a description of how our audit addressed the matter is provided in that context:



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

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

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Expected credit loss allowance against financing</i></b></p> <p>As at December 31, 2024, the Group’s gross financing amounted to SAR 111,942 million (2023: SAR 104,976 million), against which an expected credit loss (“ECL”) allowance of SAR 2,638 million (2023: SAR 2,896 million) was recorded.</p> <p>We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgement, and this has a material impact on the consolidated financial statements of the Group. The key areas of judgement include:</p> <ol style="list-style-type: none"><li>Categorisation of financing into Stages 1, 2 and 3 based on the identification of:<ol style="list-style-type: none"><li>exposures with a significant increase in credit risk (“SICR”) since their origination; and</li><li>individually impaired / defaulted exposures.</li></ol></li><li>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 financial condition of the counterparties, expected future cash flows, developing and incorporating forward looking assumptions and macroeconomic factors and the associated scenarios and expected probability weightages.</li></ol>	<ul style="list-style-type: none"><li>We obtained the understanding of management’s assessment of ECL allowance against financing, including the Group’s internal risk rating models, accounting policy and model methodology including any key changes made during the year.</li><li>We compared the Group’s accounting policy for ECL allowance and ECL methodology with the requirements of IFRS 9 ‘Financial Instruments’.</li><li>We understood the design and implementation, and on a sample basis tested the operating effectiveness of the key controls (including relevant IT general and application controls) over:<ul style="list-style-type: none"><li>the ECL model (including governance over the model, its validation and any model updates performed during the year);</li><li>the classification of financing into Stages 1, 2 and 3, timely identification of SICR and the determination of default/ individually impaired exposures;</li><li>the IT systems and applications supporting the ECL model; and</li><li>the integrity of data inputs into the ECL model.</li></ul></li><li>For a sample of customers, we tested :<ul style="list-style-type: none"><li>the internal risk ratings determined by management, based on the Group’s internal models for their reasonableness. We also compared whether these were consistent with the ratings used as inputs in the ECL model.</li></ul></li></ul> <p>For a selected sample of customers, we tested management’s assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.</p>



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

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Expected credit loss allowance against financing (continued)</b></p> <p>The application of these judgements continues to result in heightened estimation uncertainty around ECL calculations, and therefore affected the associated audit risk thereon as at December 31, 2024.</p> <p><i>Refer to the material accounting policy information note 4 for the expected credit losses (ECL); note 2(e) which contains the disclosure of critical accounting judgements, estimates and assumptions relating to expected credit losses (“ECL”) on financial assets; note 8 which contains the disclosure of loss allowance against financing; and note 31 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.</i></p>	<ul style="list-style-type: none"><li>▪ We assessed the appropriateness of Group’s criteria for the determination of SICR and identification of “default” or “individually impaired” exposures; and their classification into stages. Furthermore, for a sample of exposures, we tested the appropriateness of the corresponding staging classification of financing portfolio.</li><li>▪ We assessed the reasonableness of the underlying assumptions used by the Group in the ECL models, including forward looking assumptions.</li><li>▪ We tested the completeness and accuracy of data supporting the ECL calculations as at December 31, 2024.</li><li>▪ Where required, we involved our internal experts to assist us in reviewing the ECL model calculations, evaluating interrelated inputs (including EADs, PDs and LGDs) and assessing reasonableness of assumptions used in the ECL models particularly around the macroeconomic variables, forecasted macroeconomic scenarios.</li><li>▪ We assessed the adequacy of disclosures in the consolidated financial statements.</li></ul>



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

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

Other Information included in the Group’s 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group’s 2024 annual report, other than the consolidated financial statements and our auditors’ report thereon. The Group’s 2024 annual report is expected to be made available to us after the date of this auditors’ report.

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

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

When we read the Group’s 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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





## Independent Auditors' Report

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

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

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

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



## Independent Auditors' Report

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

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

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

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


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

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

#### Report on Other Legal and Regulatory Requirements

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


#### Ernst & Young Professional Services

  
**Abdullah A. Alshenaibir**  
 Certified Public Accountant  
 License No. 583



13 Sha'ban 1446 H  
 (12 February 2025)

#### PricewaterhouseCoopers

  
**Mufaddal A. Ali**  
 Certified Public Accountant  
 License No. 447



## Consolidated Statement of Financial Position

as at December 31, 2024 and 2023

	Note	2024 S 000	2023 S 000
<b>ASSETS</b>			
Cash and balances with Saudi Central Bank	5	11,248,481	6,983,098
Due from banks and other financial institutions, net	6	5,099,401	8,170,094
Investments, net	7	25,032,071	22,079,918
Financing, net	8	109,304,086	102,080,065
Other assets	9	1,909,913	1,634,684
Property, equipment and right of use assets, net	10	2,370,735	2,157,960
<b>Total assets</b>		<b>154,964,687</b>	<b>143,105,819</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to banks, Saudi Central Bank and other financial institutions	11	5,492,799	4,273,908
Customers' deposits	12	121,776,215	112,831,245
Sukuk and term financing	13	3,147,121	3,051,613
Other liabilities	14	7,855,322	7,690,943
<b>Total liabilities</b>		<b>138,271,457</b>	<b>127,847,709</b>
<b>Equity</b>			
Share capital	15	12,500,000	10,000,000
Treasury shares		(210,866)	(148,493)
Statutory reserve	16	2,883,989	2,182,356
Other reserves	17	(387,077)	(166,337)
Retained earnings		1,869,134	3,371,429
Employees' share plan reserve		38,050	19,155
<b>Total equity</b>		<b>16,693,230</b>	<b>15,258,110</b>
<b>Total liabilities and equity</b>		<b>154,964,687</b>	<b>143,105,819</b>

## Consolidated Statement of Comprehensive Income

for the years ended December 31, 2024 and 2023

	Note	2024 S 000	2023 S 000
<b>INCOME:</b>			
Income from investing and financing assets	20	8,559,276	7,543,782
Return on deposits and financial liabilities	21	(4,125,673)	(3,433,943)
<b>Income from investing and financing assets, net</b>		<b>4,433,603</b>	<b>4,109,839</b>
Fee and commission income	22	1,212,340	1,099,051
Fee and commission expenses	22	(511,825)	(478,029)
<b>Fee and commission income, net</b>	22	<b>700,515</b>	<b>621,022</b>
Exchange income, net		316,470	348,267
Dividend income		103,245	70,249
Gain on fair value through statement of income (FVSI) investments, net	23	14,156	87,787
Other operating income		103,890	65,624
<b>Total operating income</b>		<b>5,671,879</b>	<b>5,302,788</b>
<b>EXPENSES:</b>			
Salaries and employee related expenses	24	1,443,286	1,328,868
Depreciation and amortization	10	273,382	298,296
Other general and administrative expenses	25	696,726	710,837
<b>Operating expenses before expected credit losses</b>		<b>2,413,394</b>	<b>2,338,001</b>
Impairment charge for expected credit losses, net	26	129,688	323,830
<b>Total operating expenses</b>		<b>2,543,082</b>	<b>2,661,831</b>
<b>Net income for the year before zakat</b>		<b>3,128,797</b>	<b>2,640,957</b>
Zakat for the year		322,266	272,019
<b>Net income for the year after zakat</b>		<b>2,806,531</b>	<b>2,368,938</b>
<b>Basic and diluted earnings per share (S)</b>	27	<b>2.26</b>	<b>1.91</b>



Consolidated Statement of Comprehensive Income

for the years ended December 31, 2024 and 2023

	Note	2024 ﷼ 000	2023 ﷼ 000
Net income for the year after zakat		2,806,531	2,368,938
Other comprehensive income / (loss):			
Items that will not be reclassified to the consolidated statement of income in subsequent periods			
• Net changes in fair value of FVOCI – equity instruments		(5,757)	111,853
• Actuarial (loss) / gain on re-measurement of employees’ end of service benefits (“EOSB”)	29	(711)	11,995
Items that may be reclassified to the consolidated statement of income in subsequent periods			
• Net changes in fair value of FVOCI – debt instruments		(203,896)	(37,769)
• Impairment (reversal) / charge for expected credit losses of FVOCI debt instruments		4,867	(3,701)
• Effective portion of change in the fair value of cash flow hedges		2,564	(4,632)
Total other comprehensive (loss) / income for the year		(202,933)	77,746
Total comprehensive income for the year		2,603,598	2,446,684

Consolidated Statement of Changes in Equity

for the years ended December 31, 2024 and 2023

2024 S 000	Note	Share capital	Treasury shares		Statutory reserve	Other reserves	Retained earnings	Employees' share plan reserve	Total equity
Balance at the beginning of the year		10,000,000	(148,493)		2,182,356	(166,337)	3,371,429	19,155	15,258,110
Net changes in fair value of FVOCI - equity instruments						(5,757)			(5,757)
Actuarial loss on re-measurement of EOSB	29					(711)			(711)
Net changes in fair value of FVOCI - debt instruments						(203,896)			(203,896)
Impairment reversal for expected credit losses of FVOCI debt instruments						4,867			4,867
Effective portion of change in fair value of cash flow hedge						2,564			2,564
Total other comprehensive loss						(202,933)			(202,933)
Net income for the year after zakat							2,806,531		2,806,531
Total comprehensive income for the year						(202,933)	2,806,531		
Realized gain from sale of FVOCI equity instruments						(17,807)	17,807		-
Movement in treasury shares			(62,373)					62,373	-
Employees' share plan reserve		2,500,000						(43,478)	(43,478)
Issuance of bonus shares	15						(2,500,000)		-
Final cash dividend paid for the year 2023	18						(500,000)		(500,000)
Interim cash dividend paid for the year 2024	18						(625,000)		(625,000)
Transfer to statutory reserve	16				701,633		(701,633)		-
Balance at the end of the year		12,500,000	(210,866)		2,883,989	(387,077)	1,869,134	38,050	16,693,230



Consolidated Statement of Changes in Equity

for the years ended December 31, 2024 and 2023

2023 ﷼ 000	Note	Share capital	Treasury shares	Statutory reserve		Other reserves	Retained earnings	Proposed cash dividend	Employees' share plan reserve	Total equity
Balance at the beginning of the year		10,000,000	(53,005)	1,590,120		(239,286)	1,589,930	500,000	11,189	13,398,948
Net changes in fair value of FVOCI - equity instruments						111,853				111,853
Actuarial gain on re-measurement of EOSB	29					11,995				11,995
Net changes in fair value of FVOCI - debt instruments						(37,769)				(37,769)
Impairment charge for expected credit losses of FVOCI debt instruments						(3,701)				(3,701)
Effective portion of change in fair value of cash flow hedge						(4,632)				(4,632)
Total other comprehensive income						77,746				77,746
Net income for the year after zakat							2,368,938			2,368,938
Total comprehensive income for the year						77,746	2,368,938			2,446,684
Realized gain from sale of FVOCI equity instruments						(4,797)	4,797			-
Movement in treasury shares			(95,488)						95,488	-
Employees' share plan reserve									(87,522)	(87,522)
Final cash dividend paid for the year 2022	18							(500,000)		(500,000)
Transfer to statutory reserve	16			592,236			(592,236)			-
Balance at the end of the year		10,000,000	(148,493)	2,182,356		(166,337)	3,371,429	-	19,155	15,258,110

## Consolidated Statement of Cash Flows

for the years ended December 31, 2024 and 2023

	Note	2024 S 000	2023 S 000
<b>OPERATING ACTIVITIES</b>			
Net income for the year before zakat		3,128,797	2,640,957
Adjustments to reconcile net income to net cash generated from / (used in) operating activities:			
Profit expense on sukuk		235,774	225,736
Gain on FVSI investments, net		(14,156)	(87,787)
Gain on disposal of property and equipment, net		(167)	(268)
Finance charges on lease liabilities		11,576	14,153
Depreciation and amortization	10	273,382	298,296
Impairment charge for expected credit losses, net	26	129,688	323,830
Employees' share plan reserve		18,895	7,966
Net (increase) / decrease in operating assets:			
Statutory deposit with Saudi Central Bank		(564,506)	(434,883)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		1,227,373	(2,094,504)
Investments at amortized cost maturing after ninety days from date of acquisition		780,622	799,075
Financing, net		(7,336,706)	(11,223,359)
Other assets		(275,229)	(753,828)

	Note	2024 S 000	2023 S 000
<b>Net increase / (decrease) in operating liabilities:</b>			
Due to banks, Saudi Central Bank and other financial institutions		1,218,891	(6,347,533)
Customers' deposits		8,944,970	17,988,498
Other liabilities		204,880	171,070
Zakat paid		(272,302)	(234,883)
Net cash generated from operating activities		7,711,782	1,292,536
<b>INVESTING ACTIVITIES</b>			
Purchase of investments held as FVOCI		(2,629,442)	(283,548)
Proceeds from sale of investments held as FVOCI		355,952	836,646
Purchase of investments held as FVSI		(46,183)	(84,073)
Purchase of investments held as amortized cost		(1,620,735)	(2,591,054)
Purchase of property and equipment		(453,327)	(316,790)
Proceeds from sale of property and equipment		167	281
Net cash used in investing activities		(4,393,568)	(2,438,538)
<b>FINANCING ACTIVITIES</b>			
Sukuk profit paid		(240,266)	(214,575)



Consolidated Statement of Cash Flows (Continued)

for the years ended December 31, 2024 and 2023

	Note	2024 ﷲ 000	2023 ﷲ 000
Treasury shares		(62,373)	(95,488)
Dividend paid		(1,125,000)	(500,000)
Payment of finance charges on lease liabilities		(11,576)	(14,153)
Principal payment of lease liabilities		(121,442)	(184,086)
Proceeds from term financing		100,000	-
Net cash used in financing activities		(1,460,657)	(1,008,302)
Net increase / (decrease) in cash and cash equivalents		1,857,557	(2,154,304)
Cash and cash equivalents at the beginning of the year		6,869,477	9,023,781
Cash and cash equivalents at the end of the year	28	8,727,034	6,869,477
Supplemental information			
Income received from investing and financing assets during the year		8,639,647	6,768,270
Return paid on deposits and financial liabilities during the year		4,300,957	3,115,853
Effective portion of change in fair value of cash flow hedge		2,564	(4,632)

01  
GENERAL

a) Incorporation and operation

Bank Albilad (“the Bank”), a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, was formed and licensed pursuant to Royal Decree No. M/48 dated Ramadan 21, 1425H (corresponding to November 4, 2004) in accordance with the Counsel of Ministers’ resolution no. 258 dated Ramadan 18, 1425H (corresponding to November 1, 2004). The Bank operates under Commercial Registration No.1010208295 dated Rabi Al Awal 10, 1426H (corresponding to April 19, 2005) and the Bank provides these services through 107 banking branches (December 31, 2023: 108) in the Kingdom of Saudi Arabia.

The registered address of the Bank’s head office is as follows:

Bank Albilad  
P.O. Box 140  
Riyadh 11411  
Kingdom of Saudi Arabia

b) Shariah Committee

The Bank has established a Shariah Committee (“the Committee”). It ascertains that all the Bank’s activities are subject to its approval and control.

The Group’s objective is to provide full range of banking services and conduct financing and investing activities through various Islamic instruments. The activities of the Bank are conducted in compliance with the Shariah Committee resolutions and directions and within the provisions of the Bank’s By-laws and the Banking Control Law.

These consolidated financial statements comprise the financial statements of the Bank and its subsidiaries, “Albilad Investment Company”, “Albilad Real Estate Company”, “Enjaz Payment Services Company” and “Financial Solutions Company for Investment” (collectively referred to as “the Group”). Albilad Investment Company, Albilad Real Estate Company, Enjaz Payment Services Company and Financial Solutions Company for Investment are directly or indirectly 100% owned by the Bank. All subsidiaries are incorporated and operating in the Kingdom of Saudi Arabia.

# 02

## BASIS OF PREPARATION

### a) Statement of Compliance

These consolidated financial statements of the Group as at and for the year ended December 31, 2024 and December 31, 2023, respectively, have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as 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”) and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

### b) Basis of measurement and presentation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement of the financial instruments held at Fair value through statement of income (FVSI), Fair Value through other comprehensive income (FVOCI) investments, liabilities for cash-settled-share based payments and defined benefit obligations.

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

### c) Going concern

In making the going concern assessment, the Group has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc.

### d) Functional and presentation currency

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

### e) Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

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

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

- i) Expected credit losses (“ECL”) on financial assets

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



e) Critical accounting judgements, estimates and assumptions (Continued)

The Bank's 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:

- 1. The selection of an estimation technique or modelling methodology, covering below key judgements and assumptions:
  - a) The Bank's internal credit grading model, which assigns Probability of default (PD) to the individual grades;
  - b) The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
  - c) The segmentation of financial assets when their ECL is assessed on a collective basis;
  - d) Development of ECL models, including the various formulas.
  - e) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

- 2. The selection of inputs for those models and the interdependencies between those inputs such as macroeconomic scenarios and economic inputs.
  - ii) Fair value measurement of financial instruments (note 34).
  - iii) Determination of control over investees (note 3).
  - iv) Depreciation and amortization (note 4 and 10).
  - v) Employee benefit obligation (note 29).
  - vi) Government grant (note 4).
  - vii) Lease accounting (note 4).

03 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as identified in note 1. The financial statements of subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies.

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

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

The consolidated financial statements have been prepared using uniform accounting policies and valuation methods for like transactions and other events in similar circumstances. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

# 04

## MATERIAL ACCOUNTING POLICIES

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

- **Change in accounting policies**  
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2023. Based on the adoption of new standard and in consideration of current economic environment, the following accounting policies are applicable effective January 1, 2024 replacing, amending or adding to the corresponding accounting policies set out in 2023 annual consolidated financial statements.

**New standards, interpretations and amendments adopted by the Group**  
Following standard, interpretation or amendment are effective from the current year and are adopted by the Group, however, these do not have a material impact on the consolidated financial statements of the year:

Standard, interpretation or amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	January 1, 2024



New standards, interpretations and amendments adopted by the Group (Continued)

Standard, interpretation or amendments	Description	Effective date
Amendment to IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 1, 2024
IFRS S1, ‘General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.	January 1, 2024 subject to endorsement from SOCPA
IFRS S2, ‘Climate-related disclosures’	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	January 1, 2024 subject to endorsement from SOCPA

New standards, interpretations and amendments issued but not yet effective and not early adopted by the Group

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2025. The Group did not opt for early adoption of these pronouncements and do not expect the adoption to have a significant impact on the consolidated financial statements of the Group.

Standard, interpretation or amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 1, 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely.
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	<p>Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.</p> <p>The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.</p>	January 1, 2026

New standards, interpretations and amendments issued but not yet effective and not early adopted by the Group (Continued)

Standard, interpretation or amendments	Description	Effective date
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2024
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

• Classification of financial assets

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

Financial Asset at amortized cost

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

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

Currently, cash and balances with Saudi Central Bank (SAMA), due from banks and other financial institution, certain investments (Bei -Ajel with Saudi Central Bank and Sukuk and term financing), financing and certain other assets are classified as held at amortized cost.

Financial Asset at FVOCI

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

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

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

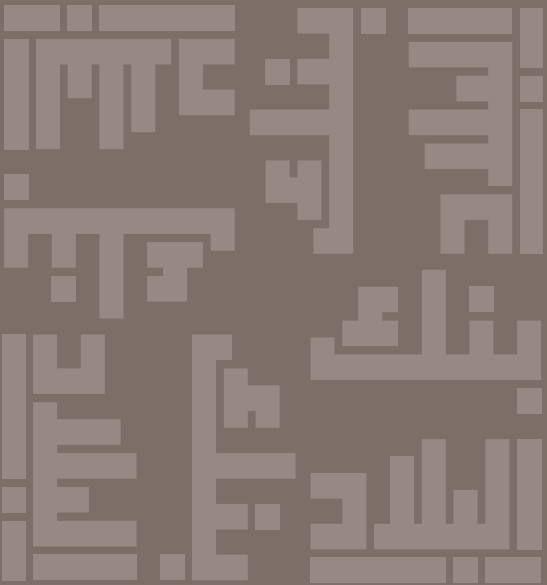
Equity Instruments: On initial recognition, for an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument (i.e. share-by-share) basis.

Financial Asset at FVSI

All other financial assets are classified as measured at FVSI.

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

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





Business model assessment

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

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

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

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



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

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

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

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

Designation at fair value through statement of income

At initial recognition, the Bank has designated certain financial assets at FVSI.

- **Classification of financial liabilities**  
The Bank classifies its financial liabilities, other than financial guarantees and financing commitments, as measured at amortized cost.
- **Derecognition**  
- **Financial assets**  
The Bank 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 Bank 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 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 Bank retains all or substantially all of the risks and rewards of ownership of such assets.

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

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

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any profit 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 Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

### • Modifications of financial assets and financial liabilities

#### - Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

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

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

Modified financial assets are not automatically presumed to remain in stage 1 following modification.

### - Financial liabilities

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

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective profit rate and the resulting gain or loss is recognized in consolidated statement of income. For financial liabilities, the Bank considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

### • Expected Credit losses (ECL)

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

- Financial assets that are measured at amortized cost;
- Debt instruments assets measured at FVOCI;
- Financial guarantee contracts issued; and
- Financing commitments issued.

No impairment loss is recognized on FVOCI equity investments.

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

- 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 Bank considers a debt security/other financial asset to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. Investment grade is considered to be rated BBB- or higher for Fitch and S&P Global. Investment grade for Moody's is considered Baa3 or higher.

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

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

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

### Measurement of ECL

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

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

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- Undrawn financing 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: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

### Restructured financial assets

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

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



## Credit-impaired financial assets

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

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

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

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

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

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

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

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Financing commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component and the Bank cannot identify the ECL on the financing commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of consolidated financial position because the carrying amount of these assets is their fair value.

## Write-off

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

## Financial guarantees and financing 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. 'Financing commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to financing at a below-market profit rate are initially measured at fair value and the initial fair value is amortized over the life of the guarantee or the commitment. Subsequently, they are measured as follows:

- at the higher of this amortized amount and the amount of loss allowance; and

The Bank has issued no financing commitments that are measured at FVSI. For other financing commitments, the Bank recognizes loss allowance.

## Derivative financial instruments

### Derivative financial instruments and hedge accounting

Derivative financial instruments including foreign exchange contracts, profit rate swaps and currency swaps are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value in the consolidated statement of financial position. The transaction costs are recognised in the consolidated statement of income.

All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models and approved 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 as gains on FVSI investments, net. Derivatives held for trading also includes those derivatives which do not qualify for hedge accounting.

## ii. Embedded derivatives

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

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

Separated embedded derivatives are measured at fair value with all changes in fair value recognized in consolidated statement of income unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

## iii. Hedge Accounting

As indicated in the accounting policies below, the Bank elected to account for hedge accounting under IFRS 9.

The Bank designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to profit rate, foreign currency and credit risks including exposures arising from highly probable forecast transactions and firm commitments. To manage particular risk, the bank applies hedge accounting for transactions that meet specific criteria.

### iii. Hedge Accounting (Continued)

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

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

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

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Hedge ineffectiveness is recognized in the statement of income in 'Net trading income'. For situations where the hedged item is a forecast transaction, the Bank

also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated statement of income.

#### Fair Value Hedges

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

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

#### Cash flow hedges

For designated and qualifying cash flow hedging, derivatives instruments in a hedge of a variability in cash flows attributable to a particular risk associated with recognised asset or a liability or a highly probable forecast transaction that could affect the consolidated statement of income, the portion of the gain or loss on the hedging instrument that is determined to be an effective portion is recognised directly in other comprehensive income and the ineffective portion, if any, is recognised in the consolidated statement of income. For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves, are transferred to the consolidated statement of income in the same period in which the hedged item affects the consolidated statement of income. However, if

the Bank expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into the consolidated statement of income as a reclassification adjustment the amount that is not to be recognized.

Where the hedged forecasted transaction results in the recognition of a non- financial asset or a non-financial liability, then at the time such asset or liability is recognised the associated gains or losses that had previously been recognised directly in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of such asset or liability.

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

#### • Government grant

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of profit is treated as a government grant related to income. The below-market rate deposit is

recognized and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of profit is measured as the difference between the initial carrying value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. The government grant is recognized in the consolidated statement of income on a systematic basis over the period in which the Group recognizes as expenses the related costs for which the grant is intended to compensate.

#### • Revenue / expenses recognition - Income on investing and financing assets and return on deposits and financial liabilities

Income on investing and financing assets and return on deposits and financial liabilities is recognized in the consolidated statement of income using the effective yield method on the outstanding balance over the term of the contract.

When calculating the effective yield rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective yield rate is calculated using estimated future cash flows including expected credit losses.

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



### - Measurement of amortized cost and profit 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 yield 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 yield income and expense, the effective yield 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.

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

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

### - Customer loyalty program

The Bank offers customer loyalty program (reward points) which allows card members to earn points that can be redeemed for certain Partner outlets. The Bank allocates a portion of transaction price (interchange fee) to the reward points awarded to card members, based on the relative stand-alone selling price.

The amount of revenue allocated to reward points is deferred and released to the consolidated statement of income when reward points are redeemed.

The cumulative amount of contract liability related unredeemed reward points is adjusted over time based on actual experience and current trends with respect to redemption.

### - Foreign currencies

The Group's consolidated financial statements are presented in Saudi Arabian Riyals, which is also the Bank's and group companies' functional currency.

Transactions in foreign currencies are translated into Saudi Arabian Riyals at spot rates prevailing transactions dates. Monetary assets and liabilities at year-end, denominated in foreign currencies, are translated into Saudi Arabian Riyals at exchange rates prevailing at the reporting date.

Realized and unrealized gains or losses on exchange are credited or charged to the consolidated statement of income.

### - Exchange income / (loss)

Exchange income/ (loss) is recognized as detailed in foreign currencies policy above.

### - Fees and commission income and expenses

Fees and commission income and expenses that are integral to the effective yield rate on a financial assets or financial liability are included in the income from investing and financing assets.

Fees and commission income and expense that are not integral part of the effective yield calculation on a financial asset or liability are recognized when the related service is provided as follows:

- Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually over the period of time.

- Fee received on asset management, wealth management, financial planning, 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 at point in time when the performance criteria are fulfilled.

- Financing commitment fees for financing that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognized as an adjustment to the effective yield on the financing at a point in time when the performance obligation is fulfilled. When a financing commitment is not expected to result in the draw-down of a financing, financing 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, which are expensed as the transaction is completed or the service, is received.

### - Dividend income

Dividend income from investment is recognized when the Group's right to receive the dividend is established.

### Fair value measurement

The Group measures financial instruments, such as, equity instruments and non-financial assets, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 34.

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

- In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible to 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 economic best 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- 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 the lowest level input that is significant to the fair value measurement is unobservable.

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

Share capital

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

Where the Bank purchases the Bank’s equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the owners of the Bank as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the owners of the Bank.

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

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. The Bank’s accounting policy for collateral assigned to it through its financing arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank’s consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the 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 consolidated statement of financial position.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Freehold land is not depreciated. Changes in the expected useful life are accounted for by changing the period or method, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the group. On-going repairs and maintenance are expensed as incurred.

The cost of other property and equipment is depreciated and amortized on the straight-line method over the estimated useful lives of the assets as follows:

Building	33 years
Leasehold improvements	Over lease period or economic life (10 years), whichever is shorter
Equipment and furniture and motor vehicles	4 to 6 years
Computer hardware	5 years

The assets’ residual values depreciation methods and useful lives 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.

All 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.



## • Provisions

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

### Provisions for liabilities and charges

The Group 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. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due process being followed as per law.

## • Accounting for leases

### - Right of use ("ROU") asset / lease liability

On initial recognition at the inception of the contract, the Bank shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is identified if most of the benefits are flowing to the Bank and the Bank can direct the usage of such assets.

### -Right of use asset

The Group applies cost model and measures the right of use asset at cost:

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

Generally, the ROU asset would equate the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transactions etc. these need to be added to the ROU asset value.

## - Lease liability

On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

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

- Increasing the carrying amount to reflect the profit on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Re-measuring the carrying amount to reflect any re-assessment or any lease modification.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense.

## • Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash in hand, balances and Bei-Ajel with with the Saudi Central Bank (SAMA) excluding statutory deposit and due from banks and other financial institutions with original maturities of three months or less from the date of acquisition which is subject to insignificant changes in their fair value.

## • Treasury shares

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

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

## • Employees' share plan

The Bank offers its eligible employees an equity-settled share-based payment plan as approved by Saudi Central Bank. As per the plan, eligible employees of the Bank are offered stocks to be withheld out of their annual bonus payments.

The cost of the plan is measured by reference to the fair value at the date on which the stocks are granted.

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

The Bank, with the approval from Saudi Central Bank, has entered into an agreement with an independent third-party for custody of the shares under the plan, plus any benefits accrued there-on.

## • End of service benefits

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

Profit expense is calculated by applying the discount rate to the net defined benefit liability. The Bank recognizes the following changes in

the net defined benefit obligation under 'salaries and employee related expenses' in the consolidated statement of income.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net profit expense or income

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

## • Short term employee benefits

Short term employee benefits are measured on an undiscounted basis and is 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 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.

## • Zakat and withholding tax

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

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

• 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.

• Investment management service

The Group offers investment services to its customers, through its subsidiary, which include management of certain investment funds in consultation with professional investment advisors. The Group’s share of these funds is included in the FVSI investment and fees earned are disclosed under related party transactions.

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

• Islamic banking products

Financing comprises of Bei-ajel, Installment Sales, Musharakah and Ijarah originated or acquired by the Group and are initially

recognized at fair value including acquisition costs and is subsequently measured at amortized cost less any amounts written off and the allowance for expected credit losses, if any. Financing is recognized when cash is advanced to borrowers and is derecognized when either the customers repay their obligations, or the financing is sold or written off, or substantially all the risks and rewards of ownership are transferred.

Bei-ajel and installment sales are financing contracts based on Murabaha whereby the Group sells to customers 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. Bei ajel is used for corporate customers whereas installment sale is used for retail customers.

Ijarah muntahia bittamleek is an agreement whereby the Group, acting as a lessor, purchases or constructs an asset for lease according to the customer (lessee) request, based on his promise to lease the asset for an agreed rent and for a specific period. Ijarah could end by transferring the ownership of the leased asset to the lessee.

Musharakah is an agreement between the Group and a customer to contribute to a certain investment enterprise or the ownership of a certain property ending up with the acquisition by the customer of the full ownership. The profit or loss is shared as per the terms of the agreement.



• Profit sharing investment account (PSIA)

The Bank offers unrestricted and restricted investment accounts based on fully Shariah compliant concept.

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

Under Wakala arrangement, Bank accepts funds from investors as Wakeel and invests in Sharia compliant assets. Wakeel is entitled to a fixed fee as a lump sum or percentage of fund provided. Expected profit payout is mentioned to investors upfront while any return generated in excess of expected profit is retained by the

Bank as Wakeel. Wakeel should bear the loss in case of Wakeel’s default, negligence or violation of any terms and conditions of the Wakala agreement, otherwise the loss would be borne by the investor or Muwakil.

Any profits accrued out of the investment are shared between the two parties on a pre-agreed basis, while loss (if any) is borne by the Investor (Rab-ul-Maal). Operating expenses incurred by the Bank are not charged to investment account. In case of the loss resulting from the transactions in a jointly financed investment, such loss shall first be deducted from undistributed profits, if any. Any excess of such loss shall be deducted from statement of profit.

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

# 05

## CASH AND BALANCES WITH SAUDI CENTRAL BANK

	Note	2024 ﷼ 000	2023 ﷼ 000
Statutory deposit	5.1	6,012,265	5,447,759
Cash in hand		1,314,780	1,168,927
Other balances	5.2	3,921,436	366,412
Total		11,248,481	6,983,098

### 5.1

In accordance with the Banking Control Law and Regulations issued by Saudi Central Bank, the Bank is required to maintain a statutory deposit with Saudi Central Bank at stipulated percentages of its demand, saving, time and other deposits, calculated based on end of day monthly average balance. The statutory deposit with Saudi Central Bank is not available to finance the Bank’s day to day operations and therefore is not part of cash and cash equivalents. As at December 31, 2024, the Bank is in compliance with these deposit requirements.

### 5.2

This includes mainly cash management account with Saudi Central Bank.

06

DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET

	2024 ﷼ 000	2023 ﷼ 000
Demand	901,461	331,244
Commodity murabaha	4,199,985	7,841,763
	5,101,446	8,173,007
Less: allowance for expected credit losses	(2,045)	(2,913)
Total	5,099,401	8,170,094

An analysis of changes in loss allowance and gross carrying amount for due from banks and other financial institutions is, as follows:

	Expected credit loss allowance			
December 31, 2024 ﷼ in '000'	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
As at January 1, 2024	2,913	-	-	2,913
Net reversal for the year	(868)	-	-	(868)
Net derecognized during the year	-	-	-	-
As at December 31, 2024	2,045	-	-	2,045

	Gross carrying amount			
December 31, 2024 ﷼ in '000'	Stage 1 12-month) (ECL	Stage 2 (Lifetime ECL not credit (impaired	Stage 3 Lifetime) ECL credit (impaired	Total
As at January 1, 2024	8,173,007	-	-	8,173,007
Net reversal for the year	-	-	-	-
Net derecognized during the year	(3,071,561)	-	-	(3,071,561)
As at December 31, 2024	5,101,446	-	-	5,101,446



	Expected credit loss allowance			
December 31, 2023 ﷲ in '000'	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
As at January 1, 2023	1,265	-	-	1,265
Net charge for the year	1,648	-	-	1,648
Net recognized during the year	-	-	-	-
As at December 31, 2023	2,913	-	-	2,913

	Gross carrying amount			
December 31, 2023 ﷲ in '000'	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
As at January 1, 2023	6,068,458	-	-	6,068,458
Net charge for the year	-	-	-	-
Net recognized during the year	2,104,549	-	-	2,104,549
As at December 31, 2023	8,173,007	-	-	8,173,007

# 07

## INVESTMENTS, NET

a) Investments as at December 31 comprise the following:

2024					
	Domestic		International		
ﷲ 000	Quoted	Unquoted	Quoted	Unquoted	Total
Fair value through other comprehensive income (FVOCI)					
Equities	417,931	160,940	-	-	578,871
Sukuk	7,477,588	512,725	193,115	-	8,183,428
	7,895,519	673,665	193,115	-	8,762,299
Fair value through statement of income (FVSI)					
Mutual funds	95,011	410,466	7,079	511,400	1,023,956
Equities	52,378	-	45,887	-	98,265
	147,389	410,466	52,966	511,400	1,122,221
Amortized cost					
Bei-Ajel with Saudi Central Bank	-	1,151,940	-	-	1,151,940
Sukuk	8,230,320	2,894,101	2,618,036	253,154	13,995,611
	8,230,320	4,046,041	2,618,036	253,154	15,147,551
Total	16,273,228	5,130,172	2,864,117	764,554	25,032,071

a) Investments as at December 31 comprise the following: (Continued)

2023					
S 000	Domestic		International		Total
	Quoted	Unquoted	Quoted	Unquoted	
Fair value through other comprehensive income (FVOCI)					
Equities	300,041	151,530	-	-	451,571
Sukuk	5,561,205	610,074	70,745	-	6,242,024
	5,861,246	761,604	70,745	-	6,693,595
Fair value through statement of income (FVSI)					
Mutual funds	76,946	373,367	-	544,306	994,619
Equities	44,774	-	22,489	-	67,263
	121,720	373,367	22,489	544,306	1,061,882
Amortized cost					
IBei-Ajel with Saudi Central Bank	-	1,932,562	-	-	1,932,562
Sukuk	7,141,399	2,391,257	2,605,993	253,230	12,391,879
	7,141,399	4,323,819	2,605,993	253,230	14,324,441
Total	13,124,365	5,458,790	2,699,227	797,536	22,079,918

b) The analysis of investments by counterparty is as follows:

	2024 S 000	2023 S 000
Government and quasi government	15,331,874	14,760,430
Corporate and banks	9,700,197	7,319,488
Total	25,032,071	22,079,918

c) Equities include unquoted shares of S 161 million (2023: S 152 million) carried at cost as management believes that cost of such investments approximate their fair value. Management also believes cost of Bei-ajel with Saudi Central Bank and unquoted sukuk approximates its fair value.

d) Equity investment securities designated as at FVOCI

The Group has designated investment in equity securities designated at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long-term purposes. There were no transfers of any cumulative gain or loss within equity relating to these investments.



e) FVOCI sukuku are classified as stage 1 and ECL amount is immaterial.

An analysis of changes in expected credit loss allowance and gross carrying amount for debt instruments carried at amortized cost, is as follows:

	Expected credit loss allowance			
December 31, 2024 S 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
As at January 1, 2024	19,713			19,713
Net charge for the year	1,558			1,558
Net purchased during the year	-			-
As at December 31, 2024	21,271			21,271

	Gross carrying amount			
December 31, 2024 S 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
As at January 1, 2024	14,344,154	-	-	14,344,154
Net charge for the year	-	-	-	-
Net purchased during the year	824,668	-	-	824,668
As at December 31, 2024	15,168,822	-	-	15,168,822

	Expected credit loss allowance			
December 31, 2023 S 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
As at January 1, 2023	21,160			21,160
Net reversal for the year	(1,447)			(1,447)
Net purchased during the year	-			-
As at December 31, 2023	19,713			19,713

	Gross carrying amount			
December 31, 2023 S 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
As at January 1, 2023	12,554,953	-	-	12,554,953
Net reversal for the year	-	-	-	-
Net purchased during the year	1,789,201	-	-	1,789,201
As at December 31, 2023	14,344,154	-	-	14,344,154

08

FINANCING, NET

a) Held at amortized cost

2024 S 000	Commercial	Retail	Total
Performing financing	58,012,977	52,599,477	110,612,454
Non-performing financing	807,655	522,177	1,329,832
Gross financing	58,820,632	53,121,654	111,942,286
Allowance for expected credit losses	(1,973,954)	(664,246)	(2,638,200)
Financing, net	56,846,678	52,457,408	109,304,086

2023 S 000	Commercial	Retail	Total
Performing	53,179,541	50,363,424	103,542,965
Non-performing	1,044,658	388,303	1,432,961
Gross financing	54,224,199	50,751,727	104,975,926
Allowance for expected credit losses	(2,309,266)	(586,595)	(2,895,861)
Financing, net	51,914,933	50,165,132	102,080,065

The following tables further explains changes in gross exposure amount for financing portfolio to help explain their significance to the changes in the expected credit loss allowance for the same portfolio:

Commercial December 31, 2024 S 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2024	45,092,129	8,087,412	1,044,658	54,224,199
Transfers to Stage 1	418,333	(418,333)	-	-
Transfers to Stage 2	(1,029,059)	1,029,059	-	-
Transfers to Stage 3	(16,853)	(100,171)	117,024	-
Net change for the year	5,669,980	(719,520)	(82,321)	4,868,139
Write-offs	-	-	(271,706)	(271,706)
Gross exposure amount as at December 31, 2024	50,134,530	7,878,447	807,655	58,820,632

Commercial December 31, 2023 S 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2023	38,545,021	7,924,051	914,165	47,383,237
Transfers to Stage 1	1,054,216	(1,054,216)	-	-
Transfers to Stage 2	(1,907,729)	1,907,729	-	-
Transfers to Stage 3	(11,306)	(457,213)	468,519	-
Net change for the year	7,411,927	(232,939)	(157,107)	7,021,881
Write-offs	-	-	(180,919)	(180,919)
Gross exposure amount as at December 31, 2023	45,092,129	8,087,412	1,044,658	54,224,199



a) Held at amortized cost (Continued)

Retail December 31, 2024 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2024	49,940,140	423,284	388,303	50,751,727
Transfers to Stage 1	166,016	(121,954)	(44,062)	-
Transfers to Stage 2	(441,311)	449,636	(8,325)	-
Transfers to Stage 3	(152,797)	(100,940)	253,737	-
Net change for the year	2,414,525	22,878	38,423	2,475,826
Write-offs	-	-	(105,899)	(105,899)
Gross exposure amount as at December 31, 2024	51,926,573	672,904	522,177	53,121,654

Retail December 31, 2023 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2023	46,051,457	257,872	332,270	46,641,599
Transfers to Stage 1	153,058	(108,653)	(44,405)	-
Transfers to Stage 2	(268,895)	279,692	(10,797)	-
Transfers to Stage 3	(134,526)	(47,218)	181,744	-
Net change for the year	4,139,046	41,591	38,453	4,219,090
Write-offs	-	-	(108,962)	(108,962)
Gross exposure amount as at December 31, 2023	49,940,140	423,284	388,303	50,751,727

Total December 31, 2024 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2024	95,032,269	8,510,696	1,432,961	104,975,926
Transfers to Stage 1	584,349	(540,287)	(44,062)	-
Transfers to Stage 2	(1,470,370)	1,478,695	(8,325)	-
Transfers to Stage 3	(169,650)	(201,111)	370,761	-
Net change for the year	8,084,505	(696,642)	(43,898)	7,343,965
Write-offs	-	-	(377,605)	(377,605)
Gross exposure amount as at December 31, 2024	102,061,103	8,551,351	1,329,832	111,942,286

Total December 31, 2023 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2023	84,596,478	8,181,923	1,246,435	94,024,836
Transfers to Stage 1	1,207,274	(1,162,869)	(44,405)	-
Transfers to Stage 2	(2,176,624)	2,187,421	(10,797)	-
Transfers to Stage 3	(145,832)	(504,431)	650,263	-
Net change for the year	11,550,973	(191,348)	(118,654)	11,240,971
Write-offs	-	-	(289,881)	(289,881)
Gross exposure amount as at December 31, 2023	95,032,269	8,510,696	1,432,961	104,975,926

a) Held at amortized cost (Continued)

An analysis of changes in expected credit loss allowance for financing is, as follows:

Commercial December 31, 2024 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Expected credit loss allowance as at January 1, 2024	168,955	1,342,576	797,735	2,309,266
Transfers to Stage 1	394	(394)	-	-
Transfers to Stage 2	(45,705)	45,705	-	-
Transfers to Stage 3	(10,357)	(51,449)	61,806	-
Net charge / (reversal) for the year	52,884	(161,784)	45,294	(63,606)
Write-offs	-	-	(271,706)	(271,706)
Expected credit loss allowance as at December 31, 2024	166,171	1,174,654	633,129	1,973,954

Commercial December 31, 2023 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Expected credit loss allowance as at January 1, 2023	133,041	1,431,931	721,920	2,286,892
Transfers to Stage 1	49,201	(49,201)	-	-
Transfers to Stage 2	(108,792)	108,792	-	-
Transfers to Stage 3	(11,306)	(314,436)	325,742	-
Net charge / (reversal) for the year	106,811	165,490	(69,008)	203,293
Write-offs	-	-	(180,919)	(180,919)
Expected credit loss allowance as at December 31, 2023	168,955	1,342,576	797,735	2,309,266

Retail December 31, 2024 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Expected credit loss allowance as at January 1, 2024	175,430	113,995	297,170	586,595
Transfers to Stage 1	1,046	(763)	(283)	-
Transfers to Stage 2	(66,067)	67,844	(1,777)	-
Transfers to Stage 3	(111,436)	(73,790)	185,226	-
Net charge / (reversal) for the year	149,134	(1,840)	36,256	183,550
Write-offs	-	-	(105,899)	(105,899)
Expected credit loss allowance as at December 31, 2024	148,107	105,446	410,693	664,246

Retail December 31, 2023 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	318,507	68,813	171,419	558,739
Transfers to Stage 1	1,606	(1,266)	(340)	-
Transfers to Stage 2	(73,684)	76,592	(2,908)	-
Transfers to Stage 3	(95,287)	(33,600)	128,887	-
Net charge for the year	24,288	3,456	109,074	136,818
Write-offs	-	-	(108,962)	(108,962)
Loss allowance as at December 31, 2023	175,430	113,995	297,170	586,595



a) Held at amortized cost (Continued)

Total December 31, 2024 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2024	344,385	1,456,571	1,094,905	2,895,861
Transfers to Stage 1	1,440	(1,157)	(283)	-
Transfers to Stage 2	(111,772)	113,549	(1,777)	-
Transfers to Stage 3	(121,793)	(125,239)	247,032	-
Net charge / (reversal) for the year	202,018	(163,624)	81,550	119,944
Write-offs	-	-	(377,605)	(377,605)
Loss allowance as at December 31, 2024	314,278	1,280,100	1,043,822	2,638,200

Total December 31, 2023 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	451,548	1,500,744	893,339	2,845,631
Transfers to Stage 1	50,807	(50,467)	(340)	-
Transfers to Stage 2	(182,476)	185,384	(2,908)	-
Transfers to Stage 3	(106,593)	(348,036)	454,629	-
Net charge for the year	131,099	168,946	40,066	340,111
Write-offs	-	-	(289,881)	(289,881)
Loss allowance as at December 31, 2023	344,385	1,456,571	1,094,905	2,895,861

b) Financing includes finance lease receivables, which are as follows:

The contractual amount outstanding on financial assets that were written off during the year ended December 31, 2024 and that are still subject to enforcement activity is ₪ 378 million (2023: ₪ 290 million).

	2024 ₪ 000		2023 ₪ 000	
	Retail	Commercial	Retail	Commercial
Gross receivables from ijarah financing:				
Less than 1 year	603,925	20,986	499,595	11,299
1 to 5 years	1,988,392	891,556	1,615,750	879,172
Over 5 years	-	477,137	8	262,641
Total	2,592,317	1,389,679	2,115,353	1,153,112
Unearned finance income on ijarah financing	(332,241)	(3,494)	(202,556)	(3,636)
Net receivables from ijarah financing	2,260,076	1,386,185	1,912,797	1,149,476
Net receivables from ijarah financing:				
Less than 1 year	526,524	17,492	451,756	11,299
1 to 5 years	1,733,552	891,556	1,461,034	879,172
Over 5 years	-	477,137	7	259,005
Total	2,260,076	1,386,185	1,912,797	1,149,476

# 09

## OTHER ASSETS

	2024 ₪ 000	2023 ₪ 000
Assets in transit subject to financing	-	756,429
Prepaid expenses and advances to suppliers	245,613	189,377
Positive fair value of Shariah compliant derivatives (note 14.1)	24,479	25,114
Others	1,639,821	663,764
Total	1,909,913	1,634,684



10

PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS, NET

December 31, 2024 ﷼ 000	Land and building	Leasehold improvements	Equipment, furniture and motor vehicles	Computer hardware	Right of use (RoU) asset	Total
Cost:						
As at the beginning of the year	1,254,762	933,909	536,019	722,489	1,054,296	4,501,475
Additions during the year	236,559	45,200	51,132	120,436	32,830	486,157
Disposals	-	-	(903)	(833)	-	(1,736)
As at the end of the year	1,491,321	979,109	586,248	842,092	1,087,126	4,985,896
Accumulated depreciation and amortisation:						
At the beginning of the year	97,181	577,947	420,562	604,026	643,799	2,343,515
Charge for the year	23,179	22,423	47,270	64,077	116,433	273,382
Disposals	-	-	(903)	(833)	-	(1,736)
As at the end of the year	120,360	600,370	466,929	667,270	760,232	2,615,161
Net book value:						
As at December 31, 2024	1,370,961	378,739	119,319	174,822	326,894	2,370,735

December 31, 2023 ﷼ 000	Land and building	Leasehold improvements	Equipment, furniture and motor vehicles	Computer hardware	Right of use (RoU) asset	Total
Cost:						
As at the beginning of the year	1,090,323	923,484	467,506	650,821	1,019,379	4,151,513
Additions during the year	164,439	10,425	69,598	72,328	34,917	351,707
Disposals	-	-	(1,085)	(660)	-	(1,745)
As at the end of the year	1,254,762	933,909	536,019	722,489	1,054,296	4,501,475
Accumulated depreciation and amortisation:						
At the beginning of the year	77,823	554,095	379,576	533,571	501,887	2,046,952
Charge for the year	19,358	23,852	42,069	71,105	141,912	298,296
Disposals	-	-	(1,083)	(650)	-	(1,733)
As at the end of the year	97,181	577,947	420,562	604,026	643,799	2,343,515
Net book value						
As at December 31, 2023	1,157,581	355,962	115,457	118,463	410,497	2,157,960

Work in progres amount  
﷼357.8 Million

Land and building, leasehold improvements and computer hardware includes work in progress as at December 31, 2024 amounting to ﷼ 357.8 million (2023: ﷼ 156.9 million).

Movement in right-of-use-assets (RoU):

December 31, 2024 ﷲ 000	Land and buildings	Equipment, furniture and motor vehicles	Total
Balance at the beginning of the year	410,497	-	410,497
Additions	32,830	-	32,830
Amortization	(116,433)	-	(116,433)
Balance at the end of the year	326,894	-	326,894

December 31, 2023  
ﷲ 000

Balance at the beginning of the year	515,795	1,697	517,492
Additions	34,917	-	34,917
Amortization	(140,215)	(1,697)	(141,912)
Balance at the end of the year	410,497	-	410,497

Movement in lease liability:

	2024 ﷲ 000	2023 ﷲ 000
Balance at the beginning of the year	370,564	519,733
Payment during the year	(133,018)	(198,239)
New leases	32,830	34,917
Finance cost	11,576	14,153
Balance at the end of the year	281,952	370,564

# 11

## DUE TO BANKS, SAUDI CENTRAL BANK AND OTHER FINANCIAL INSTITUTIONS

	2024 ﷲ 000	2023 ﷲ 000
Demand	140,384	155,598
Direct investment	5,352,415	4,118,310
Total	5,492,799	4,273,908

# 12

## CUSTOMERS' DEPOSITS

	2024 ﷲ 000	2023 ﷲ 000
Demand	43,177,327	42,878,418
Direct investment	44,573,389	36,641,769
Albilad account (Mudarabah)	30,174,831	30,410,877
Others	3,850,668	2,900,181
Total	121,776,215	112,831,245



The previous include foreign currency deposits as follows:

	2024 ﷼ 000	2023 ﷼ 000
Demand	369,561	446,281
Direct investment	3,108,834	2,680,743
Albilad account (Mudarabah)	5,613,957	3,883,742
Others	86,230	146,816
<b>Total</b>	<b>9,178,582</b>	<b>7,157,582</b>

# 13

## SUKUK AND TERM FINANCING

Sukuk and term financing comprises of:

	2024 ﷼ 000	2023 ﷼ 000
Sukuk	3,047,121	3,051,613
Term Financing	100,000	-
<b>Total</b>	<b>3,147,121</b>	<b>3,051,613</b>

On April 15, 2021, the Bank issued 3,000 Tier 2 Sukuk Certificates (Sukuk) of ﷼ 1 million each and payable quarterly each year until April 15, 2031. The Bank has a call option which can be exercised on or after April 15, 2026 as per the terms mentioned in the related offering circular. The expected profit distribution on the sukuk is the base rate for three months in addition to a profit margin of 1.65%. The Bank has not defaulted on any of payments (principal / profit) due during the year.

# 14

## OTHER LIABILITIES

	2024 ﷼ 000	2023 ﷼ 000
Accounts payable	4,963,118	4,899,390
Accrued expenses	717,793	739,849
Lease liability (note 10)	281,952	370,564
Expected credit loss allowance on commitment and guarantee contracts (note 19)	128,688	135,947
Negative fair value of shariah compliant derivatives (note 14.1)	25,793	26,366
<b>Others</b>	<b>1,737,978</b>	<b>1,518,827</b>
<b>Total</b>	<b>7,855,322</b>	<b>7,690,943</b>

14.1 Derivatives

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

Type of derivatives

a) Profit Rate Swaps

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

b) Forwards

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

c) FX Swaps

Foreign Exchange Swaps are agreements between two parties to exchange a given amount of one currency for an amount of another currency based on the current spot rate and forward rates. The two parties will then settle their respective foreign exchange notional amounts governed by the previously agreed specific forward rate, The forward rate locks in the exchange rate at which the funds will be exchanged in the future.

Purpose of derivatives

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

Held for hedging purposes

The Bank has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Bank’s exposure to fluctuations in foreign exchange and profit rates to reduce its exposure to currency and profit rate risks to acceptable levels as determined by the 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 monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Board of Directors has established the level of profit rate risk by setting limits on profit rate gaps for stipulated periods. Asset and liability profit rate gaps are reviewed frequently and hedging strategies are used to reduce profit rate gap within the established limits.

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



Cash flow hedges

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

December 31, 2024 ﷼ 000	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	31,580	58,744	48,252	-
Cash out flows (liabilities)	(30,455)	(60,710)	(49,367)	-
Net cash inflow	1,125	(1,966)	(1,115)	-
December 31, 2023 ﷼ 000	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	56,968	82,454	81,674	-
Cash out flows (liabilities)	(45,648)	(91,297)	(90,922)	-
Net cash inflow	11,320	(8,843)	(9,248)	-

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

The above includes Shariah approved derivative products as below.

Notional amounts by term to maturity							
December 31, 2024 ﷼ 000	Positive fair value	Negative fair value	Notional amount Total	Within 3 months	From 3-12 months	From 1-5 years	Over 5 years
Held for trading:							
Profit rate swaps	21,080	(19,565)	1,162,442	40,696	-	1,121,746	-
Forward foreign exchange contracts	2,988	(3,749)	2,400,999	2,109,902	22,133	268,964	-
Held as cash flow hedges:							
Profit rate swaps	411	(2,479)	600,000	-	-	600,000	-
Total	24,479	(25,793)	4,163,441	2,150,598	22,133	1,990,710	-

Notional amounts by term to maturity							
December 31, 2023 ﷼ 000	Positive fair value	Negative fair value	Notional amount Total	Within 3 months	From 3-12 months	From 1-5 years	Over 5 years
Held for trading:							
Profit rate swaps	23,658	(21,519)	1,241,836	-	-	841,836	400,000
Forward foreign exchange contracts	1,456	(215)	1,587,385	381,948	1,205,437	-	-
Held as cash flow hedges:							
Profit rate swaps	-	(4,632)	1,000,000	-	-	-	1,000,000
Total	25,114	(26,366)	3,829,221	381,948	1,205,437	841,836	1,400,000

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

Description of hedged items December 31, 2024 ﷼ 000	Fair Value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Floating profit rate investments	597,932	600,000	Cash flow	Profit rate swap	411	(2,479)
December 31, 2023 ﷼ 000						
Floating profit rate investments	995,368	1,000,000	Cash flow	Profit rate swap	-	(4,632)

# 15

## SHARE CAPITAL

The authorized, issued and fully paid share capital of the Bank consists of 1,250 million shares of ﷼ 10 each (December 31, 2023: 1,000 million shares of ﷼ 10 each).

The Board of Directors in its meeting held on Rajab 23, 1445H (corresponding to February 4, 2024) recommended to the Extraordinary General Assembly an issuance of bonus shares of one share for every four shares held, it has been approved in the

Extraordinary General Assembly meeting held on Shawwal 20, 1445H (corresponding to April 29, 2024) which has increased the Bank’s capital from ﷼ 10,000 million to ﷼ 12,500 million. The increase has been done through capitalization of ﷼ 2,500 million from the retained earnings. The number of shares outstanding after the bonus issuance increased from 1,000 million shares to 1,250 million shares.

# 16

## STATUTORY RESERVE

In accordance with Article 13 of the Banking Control Law, a minimum of 25% of the annual net income is required to be transferred to the statutory reserve until this reserve equals the paid-up capital of the Bank. Accordingly, ﷼ 702 million (2023: ﷼ 592 million) has been transferred to the statutory reserve. The statutory reserve is not available for distribution to shareholders.

# 17

## OTHER RESERVES

2024 ﷼ 000	FVOCI (debt instruments)	FVOCI (equity instruments)	Employees' end of service benefits (EOSB)	Effective portion of change in the fair value of cash flow hedge	Total
Balance at the beginning of the year	(217,957)	42,759	13,493	(4,632)	(166,337)
Net movement during the year	(203,896)	(5,757)	(711)	2,564	(207,800)
Impairment reversal for ECL	4,867	-	-	-	4,867
Transfer to retained earnings on disposal	-	(17,807)	-	-	(17,807)
Balance at the end of the year	(416,986)	19,195	12,782	(2,068)	(387,077)



2023 ﷼ 000	FVOCI (debt instruments)	FVOCI (equity instruments)	Employees’ end of service benefits (EOSB)	Effective portion of change in the fair value of cash flow hedge	Total
Balance at the beginning of the year	(176,487)	(64,297)	1,498	-	(239,286)
Net movement during the year	(37,769)	111,853	11,995	(4,632)	81,447
Impairment charge for ECL	(3,701)	-	-	-	(3,701)
Transfer to retained earnings on disposal	-	(4,797)	-	-	(4,797)
Balance at the end of the year	(217,957)	42,759	13,493	(4,632)	(166,337)

# 18

## DIVIDENDS

The Board of Directors’ recommended to the General Assembly to distribute cash dividends of ﷼ 500 million to shareholders for the year 2022 in the meeting held on Jumada Al-Thani 5, 1444H (corresponding to December 29, 2022). The dividends distribution has been approved in the Extraordinary General Assembly meeting that has been held on Shawwal 11, 1444H (corresponding to May 1, 2023), and dividends have been distributed to the registered shareholder’s starting from Shawwal 20, 1444H (corresponding to May 10, 2023).

The Board of Directors’ recommended to the General Assembly to distribute cash dividends of ﷼ 500 million to shareholders for the year

2023 in the meeting held on Rajab 23, 1445H (corresponding to February 4, 2024). The dividends distribution has been approved in the Extraordinary General Assembly meeting that has been held on Shawwal 20, 1445H (corresponding to April 29, 2024). The dividends have been distributed to the registered shareholder’s starting from Dhul-Qa’da 8, 1445H (corresponding to May 16, 2024).

The Board of Directors’ resolved to distribute interim cash dividends of ﷼ 625 million to shareholders for the first half of 2024 in the meeting held on Rabi Alawal 2, 1446H (corresponding to September 5, 2024) and the dividends have been distributed.

# 19

## COMMITMENTS AND CONTINGENCIES

### a) Legal proceedings

As at December 31, 2024 and 2023, there were legal proceedings outstanding against the Bank and the Group. Provisions have been made for some of these legal cases based on the assessment of the Bank’s and Group’s legal advisers.

### b) Capital commitments

As at December 31, 2024, the Bank had capital commitments of ﷼ 315 million (2023: ﷼ 373 million) relating to leasehold improvements and equipment purchases.

c) Credit related commitments and contingencies

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

Guarantee 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 financing. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

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

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

Commitments to extend credit represent unused portions of authorization to extend credit, principally in the form of financing, guarantees or letters of credit. With respect to credit risk relating to commitments to extend credit, the Group is potentially exposed to a loss in an amount which is equal to the total unused commitments. The amount of any related loss, which cannot be reasonably estimated, is expected to be considerably less than the total unused commitments, since 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) Contractual maturity structure of the Group’s commitments and contingencies:

2024 S 000	Less than 3 months	From 3 months to 12 months	From 1 to 5 years	More than 5 years	Total
Letters of credit	526,624	1,254,412	4,700	-	1,785,736
Letters of guarantee*	1,363,979	5,004,730	6,675,616	2,402,853	15,447,178
Acceptances	640,554	247,511	-	-	888,065
Irrevocable commitments to extend credit	100,677	389,567	1,349,076	-	1,839,320
Total	2,631,834	6,896,220	8,029,392	2,402,853	19,960,299
2023 S 000	Less than 3 months	From 3 months to 12 months	From 1 to 5 years	More than 5 years	Total
Letters of credit	1,045,349	821,356	284,896	-	2,151,601
Letters of guarantee*	1,746,190	4,799,710	5,516,850	2,573,452	14,636,202
Acceptances	565,217	157,912	-	-	723,129
Irrevocable commitments to extend credit	724,181	-	656,566	-	1,380,747
Total	4,080,937	5,778,978	6,458,312	2,573,452	18,891,679

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



The outstanding unused portion of commitments as at December 31, 2024 which can be revoked unilaterally at any time by the Group amounts to ₪ 25.8 billion (2023: ₪ 25.7 billion).

The following tables further explains changes in gross exposure amount for commitments and contingencies:

December 31, 2024 ₪ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2024	17,400,550	1,252,202	238,927	18,891,679
Transfers to Stage 1	152,028	(152,028)	-	-
Transfers to Stage 2	(131,137)	131,137	-	-
Transfers to Stage 3		(35,634)	35,634	-
Net change for the year	1,547,977	(376,192)	(103,165)	1,068,620
Gross exposure amount as at December 31, 2024	18,969,418	819,485	171,396	19,960,299

December 31, 2023 ₪ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Gross exposure amount as at January 1, 2023	12,954,374	1,242,085	294,651	14,491,110
Transfers to Stage 1	33,851	(33,851)	-	-
Transfers to Stage 2	(412,886)	412,886	-	-
Net change for the year	4,825,211	(368,918)	(55,724)	4,400,569
Gross exposure amount as at December 31, 2023	17,400,550	1,252,202	238,927	18,891,679

An analysis of changes in expected credit loss allowance is, as follows:

December 31, 2024 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2024	58,018	12,600	65,329	135,947
Transfers to Stage 1	377	(377)	-	-
Transfers to Stage 2	(439)	439	-	-
Transfers to Stage 3	-	(10,344)	10,344	-
Net (reversal) / charge for the year	(16,089)	11,925	(3,095)	(7,259)
Loss allowance as at December 31, 2024	41,867	14,243	72,578	128,688
December 31, 2023 ﷼ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Loss allowance as at January 1, 2023	50,526	6,161	96,873	153,560
Transfers to Stage 1	5	(5)	-	-
Transfers to Stage 2	(4,169)	4,169	-	-
Net charge / (reversal) for the year	11,656	2,275	(31,544)	(17,613)
Loss allowance as at December 31, 2023	58,018	12,600	65,329	135,947

(ii) Commitments and contingencies by counterparty:

	2024 ﷼ 000	2023 ﷼ 000
Corporate	16,304,668	16,667,822
Financial institutions	2,129,755	2,154,886
Others	1,525,876	68,971
Total	19,960,299	18,891,679



20

INCOME FROM INVESTING AND FINANCING ASSETS

	2024 SAR 000	2023 SAR 000
Income from investments and due from banks and other financial institutions		
Income from bei-ajel with Saudi Central Bank	187,357	196,890
Income from murabaha with banks and other financial institutions	324,950	312,584
Income from sukuk and other investments	957,350	761,099
Income from financing	7,089,619	6,273,209
Total	8,559,276	7,543,782

21

RETURN ON DEPOSITS AND FINANCIAL LIABILITES

	2024 SAR 000	2023 SAR 000
Return on:		
Due to banks, Saudi Central Bank and other financial institutions, deposits and others	3,837,256	3,160,482
Sukuk and others	288,417	273,461
Total	4,125,673	3,433,943

22

FEE AND COMMISSION INCOME, NET

	2024 SAR 000	2023 SAR 000
Fee and commission income		
Remittance	305,795	296,009
ATM and point of sale	494,010	464,343
Letters of credit and guarantee	140,246	123,118
Management fee (mutual fund and others)	158,783	128,411
Brokerage income	61,677	57,274
Others	51,829	29,896
Total fee and commission income	1,212,340	1,099,051
Fee and commission expenses		
ATM and point of sale	331,302	322,611
Brokerage expenses	30,318	26,420
Remittance	20,285	18,090
Others	129,920	110,908
Total fee and commission expenses	511,825	478,029
Fee and commission income, net	700,515	621,022

23

GAIN ON FAIR VALUE THROUGH  
STATEMENT OF INCOME (FVSI)  
INVESTMENTS, NET

	2024 SAR 000	2023 SAR 000
Investments	16,405	88,584
Derivatives	(2,249)	(797)
Total	14,156	87,787

24

LARIES AND EMPLOYEE  
RELATED EXPENSES

The following table summarizes compensation practices and includes total of fixed and variable compensation paid to employees during the year ended December 31, 2024 and 2023, and the form of such payments:

			Variable compensation paid		
2024	Number of employees	Fixed compensation SAR 000	Cash	Shares SAR 000	Total
Senior executives	29	49,020	34,801	24,941	59,742
Employees engaged in risk taking activities	340	128,497	45,928	2,318	48,246
Employees engaged in control functions	388	106,121	23,451	1,286	24,737
Other employees	3,010	512,964	87,857	1,385	89,242
Outsourced employees	848	150,740	-	-	-
Total	4,615	947,342	192,037	29,930	221,967

\*Variable compensation accrued, and other employees’ related benefits

Total salaries and employee related expenses	495,944
	1,443,286



24

LARIES AND EMPLOYEE  
RELATED EXPENSES(continue)

2023	Number of employees	Fixed compensation ﷲ 000	Variable compensation paid		
			Cash	Shares ﷲ 000	Total
Senior executives	27	45,135	36,856	25,149	62,005
Employees engaged in risk taking activities	333	117,501	37,798	2,635	40,433
Employees engaged in control functions	356	91,582	19,898	1,368	21,266
Other employees	3,071	485,906	75,836	1,311	77,147
Outsourced employees	849	159,853	-	-	-
Total	4,636	899,977	170,388	30,463	200,851

\*Variable compensation accrued, and other employees’ related benefits

Total salaries and employee related expenses	428,891
	1,328,868

\* Other employees’ related benefits include, insurance, pension, relocation expenses, recruitment expenses, training and development and other employees’ benefits.

24

LARIES AND EMPLOYEE  
RELATED EXPENSES(continue)

Employees Compensation  
and Benefits

1. Quantitative Disclosure:

This disclosure has to be bifurcated between the following categories, whereby the meaning of each category is mentioned below:

a) Senior executives:

Senior executives are the employees holding key positions such as CEO, CFO (EVP Finance), EVP Shared Services, CRO (EVP Risk Management), EVP Corporate Banking, EVP Retail Banking, EVP Human Resource, etc.

b) Employees engaged in risk taking activities:

This comprises of management staff within various business lines i.e. corporate, retail, treasury, trade services, private banking etc. who are responsible for executing and implementing the business strategy of the bank.

c) Employees engaged in control functions:

This comprises of employees working in divisions that are not involved in risk taking activities but engaged in review functions i.e. risk management, compliance, internal audit, treasury operations, finance, and accounting, etc.

d) Other employees:

All regular employees other than those mentioned in (a) to (c) above.

e) Outsourced employees:

This includes staff employed by various agencies who supply services to the Bank on a full-time basis in non-critical roles. None of these roles require risk undertaking or control.

24

SALARIES AND EMPLOYEE  
RELATED EXPENSES(continue)

2. Qualitative Disclosure:

The Bank has developed a Compensation Policy (“Policy”) based on the ‘Rules on Compensation Practices’ issued by Saudi Central Bank as well as the guidelines provided by the Financial Stability Board and the Basel Committee on Banking Supervision in this respect.

The Compensation Policy has been approved by the Board of Directors (BOD). The BOD has also delegated Nominations and Remuneration Committee to oversee the implementation of the Policy.

The mandate of the Committee is to oversee the compensation system design and operation, prepare and periodically review the Compensation Policy and evaluate its effectiveness in line with the industry practice.

Policy Objectives

The policy sets guidelines for determination of both fixed and variable compensation to be paid to the employees of the Group. The scope of the Policy includes all compensation elements, approval and reporting process, stock options, bonus and its deferral, etc.

The objective of the Policy is to ensure that the compensation is governed by the financial performance evaluation and is linked to the various risks associated, at an overall level. Key staff members of the Bank are eligible to variable compensation which is derived from Risk Adjusted Net Income of the Bank which accounts for significant existing and potential risks in order to protect the Bank’s Capital Adequacy and to mitigate the risk of potential future losses.

Compensation Structure

The compensation structure of the Bank is based on appropriate industry benchmarking and includes both fixed and variable components. The variable component is designed to ensure key employee retention and is based on three-year vesting period.

Fix Components

Provide a competitive salaries or wage according to annual market alignment, including (basic, housing, transportation and fixed allowances) which are written in the employee’s contract.

Variable Components

Taking into account the risk associated with the Bank’s performance & individual performance appraisal, all these factors are assessed on periodical basis and the results are shared with the stakeholders based on which the incentive is announced at the close of each accounting period.

Performance Management  
System

The performance of all employees is measured by way of a balance score card methodology taking into consideration, financial, customer, process and people factor with appropriate weightage to each factor based on the respective assignments.

The Bank has following share-based payment plans outstanding at the end of the year. Significant features of these plans are as follows:

Maturity dates	Between January 2025 and December 2027
Total number of shares granted	1,874,248
Vesting period	3 Years
Method of settlement	Equity
Fair value per share on grant date	Average <del>₹</del> 37.11

The shares are granted only under service condition with no market condition associated with them.



25

OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2024 ﷲ 000	2023 ﷲ 000
Repair, maintenance and information technology costs	150,749	167,352
Communications and utilities expenses	115,833	125,805
Subscription, publication and advertising	103,526	91,690
Professional and consultancy fees	37,136	41,259
Others	289,482	284,731
Total	696,726	710,837

26

IMPAIRMENT CHARGE FOR EXPECTED CREDIT LOSSES, NET

	Note	2024 ﷲ 000	2023 ﷲ 000
Due from banks and other financial institutions, net	6	(868)	1,648
Investments, net		17,871	(316)
Financing, net	8	119,944	340,111
Commitment and financial guarantee contracts, net	19	(7,259)	(17,613)
Total		129,688	323,830

27

BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended December 31, 2024 and 2023 is calculated by dividing the net income for the year attributable to the equity holders by the weighted average number of outstanding shares 2024: 1,242 million shares (2023: 1,242 million shares – restated due to bonus shares) after accounting for treasury shares.

28

CASH AND CASH EQUIVALENTS

	2024 ﷲ 000	2023 ﷲ 000
Cash and balances with Saudi Central Bank (excluding statutory deposit)	5,236,216	1,535,339
Due from banks and other financial institutions (maturing within ninety days from acquisition)	3,490,818	5,334,138
Total	8,727,034	6,869,477

# 29

## EMPLOYEE BENEFIT OBLIGATION

### a. General description

The Bank operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under Projected Unit Credit Method while the benefit payments obligation is discharged as and when it falls due.

### b. The movement in the obligation during the year based on its present value are as follows:

	2024 SAR 000	2023 SAR 000
Defined benefit obligation at the beginning of the year	373,142	351,283
Charge for the year	58,970	54,906
Benefits paid	(21,409)	(21,052)
Unrecognized actuarial loss / (gain)	711	(11,995)
Defined benefit obligation at the end of the year	411,414	373,142

### c. Charge for the year

	2024 SAR 000	2023 SAR 000
Current service cost	42,562	44,445
Past service cost	885	-
Finance cost	15,523	10,461
	58,970	54,906

### d. Principal actuarial assumptions (in respect of the employee benefit scheme)

	2024 SAR 000	2023 SAR 000
Discount rate	5.35%	5.50%
Expected rate of salary change	3.00%	3.00%
Normal retirement age		
• Male	60 years	60 years
• Female	55 years	55 years

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

29

EMPLOYEE BENEFIT OBLIGATION  
(continue)

e. Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the defined benefit obligation valuation as at December 31, 2024 to the discount rate 5.35% (2023: 5.50%), salary escalation rate 3.00% (2023: 3.00%), withdrawal assumptions.

SAR 000			
2024	Impact on defined benefit obligation – increase / (decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(26,250)	29,968
Expected rate of salary change	1%	30,363	(26,982)
Withdrawal assumptions	20%	1,398	(1,981)

SAR 000			
2023	Impact on defined benefit obligation – increase / (decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(24,000)	27,423
Expected rate of salary change	1%	27,815	(24,680)
Withdrawal assumptions	20%	1,174	(1,780)

The above sensitivity analysis is based on a change in an assumption keeping all other assumptions constant.

30

SEGMENTAL INFORMATION

Operating segments, based on customer groups are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Assets and Liabilities Committee (ALCO) in order to allocate resources to the segments and to assess its performance. The Group’s main business is conducted in the Kingdom of Saudi Arabia.

There has been no change to the basis of segmentation or the measurements basis for the segment profit or loss since December 31, 2023.

For management purposes, the Group is divided into the following four operating segments:

Retail banking

Services and products to individuals, including deposits, financing, remittances and currency exchange.

Corporate banking

Services and products to corporate customers including deposits, financing and trade services.

Treasury

Money market and treasury services.

Investment banking and brokerage

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

Transactions between the above operating segments are under the terms and conditions of the approved Fund Transfer Pricing (FTP) system. The support segments and Head Office expenses are allocated to other operating segments, based on an approved criterion.



# 30

## SEGMENTAL INFORMATION (continue)

a) The Group's total operating income, expenses, and net income before zakat, for the years ended December 31, 2024 and 2023 for each segment are as follows:

2024 S 000	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
Income from investing and financing assets, net	1,754,100	1,663,828	852,890	162,785	4,433,603
Fee, commission and other income, net	486,365	195,989	313,768	242,154	1,238,276
<b>Total operating income</b>	2,240,465	1,859,817	1,166,658	404,939	5,671,879
Impairment charge/(reversal) for expected credit losses, net	183,550	(70,865)	7,502	9,501	129,688
Depreciation and amortization	228,517	34,923	7,034	2,908	273,382
<b>Total operating expenses</b>	1,926,421	292,505	122,683	201,473	2,543,082
<b>Net income for the year before zakat</b>	314,044	1,567,312	1,043,975	203,466	3,128,797

2023 S 000	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
Income from investing and financing assets, net	1,756,588	1,706,432	522,394	124,425	4,109,839
Fee, commission and other income, net	492,183	156,104	368,249	176,413	1,192,949
<b>Total operating income</b>	2,248,771	1,862,536	890,643	300,838	5,302,788
Impairment charge/(reversal) for expected credit losses, net	136,819	183,994	(4,028)	7,045	323,830
Depreciation and amortization	268,519	21,556	5,197	3,024	298,296
<b>Total operating expenses</b>	1,929,237	479,024	97,823	155,747	2,661,831
<b>Net income for the year before zakat</b>	319,534	1,383,512	792,820	145,091	2,640,957

The Group's total assets and liabilities at December 31, 2024 and 2023, for each segment are as follows:

2024 S 000	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
<b>Total assets</b>	66,558,282	56,795,551	30,421,573	1,189,281	154,964,687
<b>Total liabilities</b>	68,458,285	31,149,431	38,433,793	229,948	138,271,457

2023 S 000	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
<b>Total assets</b>	59,606,734	52,043,297	30,430,092	1,025,696	143,105,819
<b>Total liabilities</b>	66,161,722	30,250,481	31,334,756	100,750	127,847,709

b) Credit exposure by operating segments is as follows:

2024 S 000	Retail	Corporate	Treasury	Total
<b>Total assets</b>	52,457,408	56,846,678	28,430,380	137,734,466
<b>Commitments and contingencies</b>	-	14,336,727	-	14,336,727

2023 S 000	Retail	Corporate	Treasury	Total
<b>Total assets</b>	50,165,132	51,914,933	28,736,557	130,816,622
<b>Commitments and contingencies</b>	-	13,989,739	-	13,989,739

Group credit exposure is comprised of due from bank and other financial institutions, investments and financing. The credit equivalent value of commitments and contingencies are included in credit exposure as calculated in accordance with Saudi Central Bank regulations.

31

FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Risk Committee which has the responsibility to monitor the overall risk process within the Bank.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, limits and review of the policies.

CREDIT RISK

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 financing and investment activities. There is also credit risk in off-balance sheet financial instruments, such as letters of credit, letter of guarantees and financing commitments.

The Group assesses the probability of default of counterparties using internal rating tools. Also, the Group uses the external ratings of the major rating agency, where available.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Group’s risk management policies are designed to identify, to set appropriate risk limits, and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure. Concentrations of credit risk arise when a number of 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 seeks to manage its credit risk exposure through diversification and managing undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate. The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant facilities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The Group regularly reviews its risk management policies and systems to reflect changes in market products and emerging best practice.

The debt securities included in the investment portfolio are mainly sovereign risk. Analysis of investments by counter-party is provided in note 7. For details of the composition of financing refer to note 8. Information on credit risk relating to commitments and contingencies in note 19. The information on Bank’s maximum credit exposure by business segment is given in note 30.

Concentration of risks of financial assets with credit risk exposure and financial liabilities

a. Geographical concentration

The geographical distribution of assets, liabilities, commitments and contingencies and credit risk exposure as of December 31:

2024 SAR 000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Assets							
Cash and balances with Saudi Central Bank	11,248,481	-	-	-	-	-	11,248,481
Cash in hand	1,314,780	-	-	-	-	-	1,314,780
Balances with Saudi Central Bank	9,933,701	-	-	-	-	-	9,933,701
Due from Banks and other financial institutions	998,477	1,307,368	250,146	2,379,194	34,057	130,159	5,099,401
Demand	-	207,298	250,146	279,779	34,057	130,159	901,439
Commodity murabaha	998,477	1,100,070	-	2,099,415	-	-	4,197,962
Investments, net	21,403,400	3,322,551	306,120	-	-	-	25,032,071
FVOCI	8,569,184	193,115	-	-	-	-	8,762,299
FVSI	557,855	511,400	52,966	-	-	-	1,122,221
Amortized cost	12,276,361	2,618,036	253,154	-	-	-	15,147,551
Financing, net	109,304,086	-	-	-	-	-	109,304,086
Retail	52,457,408	-	-	-	-	-	52,457,408
Commercial	56,846,678	-	-	-	-	-	56,846,678
Other assets	1,537,578	-	-	-	-	-	1,537,578
Total	144,492,022	4,629,919	556,266	2,379,194	34,057	130,159	152,221,617

a. Geographical concentration (continue)

CREDIT RISK (continue)

2024 SAR 000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Liabilities							
Due to banks, Saudi Central Bank and other financial institutions	2,891,956	2,319,861	-	-	1,125	279,857	5,492,799
Demand	-	132,090	-	-	1,125	7,169	140,384
Direct investment	2,891,956	2,187,771	-	-		272,688	5,352,415
Customer deposits	121,776,215	-	-	-	-	-	121,776,215
Demand	43,177,327	-	-	-	-	-	43,177,327
Direct investment	44,573,389	-	-	-	-	-	44,573,389
Albilad account (Mudarabah)	30,174,831	-	-	-	-	-	30,174,831
Other	3,850,668	-	-	-	-	-	3,850,668
Sukuk and term financing	3,147,121	-	-	-	-	-	3,147,121
Other liabilities	6,995,256	-	-	-	-	-	6,995,256
Total	134,810,548	2,319,861	-	-	1,125	279,857	137,411,391
Commitments and contingencies							
Letters of credit	1,785,736	-	-	-	-	-	1,785,736
Letters of guarantee	15,447,178	-	-	-	-	-	15,447,178
Acceptances	888,065	-	-	-	-	-	888,065
Irrevocable commitments to extend credit	1,839,320	-	-	-	-	-	1,839,320
	19,960,299	-	-	-	-	-	19,960,299
Credit risk*	14,336,727	-	-	-	-	-	14,336,727

\*Stated at credit equivalent amounts on commitments and contingencies

a. Geographical concentration (continue)

CREDIT RISK (continue)

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 Saudi Central Bank	6,983,098	-	-	-	-	-	6,983,098
Cash in hand	1,168,927	-	-	-	-	-	1,168,927
Balances with Saudi Central Bank	5,814,171	-	-	-	-	-	5,814,171
Due from Banks and other financial institutions	6,635,990	987,602	119,663	315,755	68,985	42,099	8,170,094
Demand	-	97,182	119,663	3,223	68,985	42,099	331,152
Commodity murabaha	6,635,990	890,420	-	312,532	-	-	7,838,942
Investments, net	18,583,155	3,221,044	275,719	-	-	-	22,079,918
FVOCI	6,622,850	70,745	-	-	-	-	6,693,595
FVSI	495,087	544,306	22,489	-	-	-	1,061,882
Amortized cost	11,465,218	2,605,993	253,230	-	-	-	14,324,441
Financing, net	102,080,065	-	-	-	-	-	102,080,065
Retail	50,165,132	-	-	-	-	-	50,165,132
Commercial	51,914,933	-	-	-	-	-	51,914,933
Other assets	1,414,299	-	-	-	-	-	1,414,299
Total	135,696,607	4,208,646	395,382	315,755	68,985	42,099	140,727,474



a. **Geographical concentration** (continue)

**CREDIT RISK** (continue)

2023 SAR 000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
<b>Liabilities</b>							
Due to banks, Saudi Central Bank and other financial institutions	3,792,439	407,363	-	33,214	831	40,061	4,273,908
Demand	-	109,665	-	33,214	831	11,888	155,598
Direct investment	3,792,439	297,698	-			28,173	4,118,310
Customer deposits	112,831,245	-	-	-	-	-	112,831,245
Demand	42,878,418	-	-	-	-	-	42,878,418
Direct investment	36,641,769	-	-	-	-	-	36,641,769
Albilad account (Mudarabah)	30,410,877	-	-	-	-	-	30,410,877
Other	2,900,181	-	-	-	-	-	2,900,181
Sukuk	3,051,613	-	-	-	-	-	3,051,613
Other liabilities	6,682,221	-	-	-	-	-	6,682,221
<b>Total</b>	126,357,518	407,363	-	33,214	831	40,061	126,838,987
<b>Commitments and contingencies</b>							
Letters of credit	2,151,601	-	-	-	-	-	2,151,601
Letter of guarantee	14,636,202	-	-	-	-	-	14,636,202
Acceptances	723,129	-	-	-	-	-	723,129
Irrevocable commitments to extend credit	1,380,747	-	-	-	-	-	1,380,747
	18,891,679	-	-	-	-	-	18,891,679
Credit risk*	13,989,739	-	-	-	-	-	13,989,739

\*Stated at credit equivalent amounts on commitments and contingencies

a. **Geographical concentration** (continue)

**CREDIT RISK** (continue)

Credit equivalent amounts reflect the amounts that result from translating the Group’s commitments and contingencies into the risk equivalent of financing facilities using credit conversion factors prescribed by Saudi Central Bank. Credit conversion factor is used to capture the potential credit risk resulting from the Group meeting its commitments.

b. **The geographical distribution of the impaired financial assets and the allowance for expected credit losses are set out as**

2024 SAR 000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Non- Performing financing	1,329,832	-	-	-	-	-	1,329,832
Allowance for expected credit losses	2,638,200	-	-	-	-	-	2,638,200

2023 SAR 000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	South East Asia	Other countries	Total
Non- Performing financing	1,432,961	-	-	-	-	-	1,432,961
Allowance for expected credit losses	2,895,861	-	-	-	-	-	2,895,861

Credit quality analysis

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

December 31, 2024 ﷲ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Due from bank and other financial institutions				
Investment grade	4,974,273	-	-	4,974,273
Non-investment grade	112,831	-	-	112,831
Unrated	14,342	-	-	14,342
Gross carrying amount	5,101,446			5,101,446

December 31, 2023 ﷲ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Due from bank and other financial institutions				
Investment grade	8,173,007	-	-	8,173,007
Non-investment grade	-	-	-	-
Gross carrying amount	8,173,007	-	-	8,173,007

Financing to customers at amortized cost

December 31, 2024 ﷲ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Commercial	50,134,530	7,878,447	807,655	58,820,632
Grades 1-15: Low – fair risk	49,637,264	3,033,382	-	52,670,646
Grades 16-20: Watch list	497,266	4,845,065	-	5,342,331
Grades 21: Substandard	-	-	263,523	263,523
Grades 22: Doubtful	-	-	341,251	341,251
Grades 23: Loss	-	-	202,881	202,881
Retail				
Unrated	51,926,573	672,904	522,177	53,121,654
Gross carrying amount	102,061,103	8,551,351	1,329,832	111,942,286

December 31, 2023 ﷲ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Commercial	45,092,129	8,087,412	1,044,658	54,224,199
Grades 1-15: Low – fair risk	44,110,801	2,682,022	-	46,792,823
Grades 16-20: Watch list	981,328	5,405,390	-	6,386,718
Grades 21: Substandard	-	-	599,753	599,753
Grades 22: Doubtful	-	-	108,529	108,529
Grades 23: Loss	-	-	336,376	336,376
Retail				
Unrated	49,940,140	423,284	388,303	50,751,727
Gross carrying amount	95,032,269	8,510,696	1,432,961	104,975,926

Credit quality analysis (continue)

December 31, 2024 SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Debt investment securities at amortized cost				
Investment grade	12,583,910	-	-	12,583,910
Non-investment grade	1,301,941	-	-	1,301,941
Unrated	1,282,971	-	-	1,282,971
Gross carrying amount	15,168,822			15,168,822

December 31, 2023 SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Debt investment securities at amortized cost				
Investment grade	11,765,521	-	-	11,765,521
Non-investment grade	1,301,417	-	-	1,301,417
Unrated	1,277,216	-	-	1,277,216
Gross carrying amount	14,344,154			14,344,154

Credit quality analysis (continue)

December 31, 2024 SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Debt investment securities at FVOCI				
Investment grade	8,038,080	-	-	8,038,080
Unrated	145,348	-	-	145,348
Gross carrying amount	8,183,428			8,183,428

December 31, 2023 SAR' 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Debt investment securities at FVOCI				
Investment grade	6,094,926	-	-	6,094,926
Unrated	147,098	-	-	147,098
Gross carrying amount	6,242,024	-	-	6,242,024



Credit quality analysis (continue)

December 31, 2024 ﷲ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Commitments and contingencies				
Grades 1-15: Low – fair risk	18,029,820	508,398	-	18,538,218
Grades 16-20: Watch list	939,597	311,088	-	1,250,685
Grades 21: Substandard	-	-	20,372	20,372
Grades 22: Doubtful	-	-	892	892
Grades 23: Loss	-	-	150,132	150,132
Gross carrying amount	18,969,417	819,486	171,396	19,960,299

December 31, 2023 ﷲ 000	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit impaired)	Stage 3 (Lifetime ECL credit impaired)	Total
Commitments and contingencies				
Grades 1-15: Low – fair risk	16,796,820	917,038	-	17,713,858
Grades 16-20: Watch list	603,730	335,164	-	938,894
Grades 21: Substandard	-	-	148	148
Grades 22: Doubtful	-	-	-	-
Grades 23: Loss	-	-	238,779	238,779
Gross carrying amount	17,400,550	1,252,202	238,927	18,891,679

Credit quality analysis (continue)

Amounts arising from ECL – Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank 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 Bank’s historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The PD at the reporting date; with
- The PD estimated at the time of initial recognition of the exposure.

In addition to the above, other major quantitative consideration include days past due and rating of customer.

Determining whether credit risk has increased significantly

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

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

- Days past due;
- Change in risk of default occurring since initial recognition;
- Expected life of the financial instrument; and
- Reasonable and supportable information, that is available without undue cost or effort that may affect credit risk.

Lifetime expected credit losses are recognized against any material facility which has experienced significant increase in credit risk since initial recognition. There is a rebuttable presumption that recognition of lifetime expected credit losses will be made if any facility is past due for more than 30 days.

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 loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Credit quality analysis (continue)

Credit risk grades

For the wholesale portfolio, the bank allocates each exposure (either through reliance on internal rating or external rating agencies) to a credit risk grade based on a variety 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 risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

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

Each exposure is allocated to 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 typically involves use of the following data.

Commercial exposures	Retail exposures	All exposures
<ul style="list-style-type: none"><li>Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality management, and senior management changes.</li><li>Data from credit reference agencies, press articles, changes in external credit ratings</li><li>Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities</li><li>Business analysis of the borrower, including business risk, management, financial document and support, stability and behavior.</li><li>Industry analysis in which the borrower is operating, including the phase of industry growth and industry failure rate.</li></ul>	<ul style="list-style-type: none"><li>Internally collected data and customer behavior – e.g. utilization of credit card facilities.</li><li>Affordability metrics.</li><li>External data from credit reference agencies including industry-standard credit.</li></ul>	<ul style="list-style-type: none"><li>Payment record – this includes overdue status as well as a range of variables about payment ratios.</li><li>Utilization of the granted limit</li><li>Requests for and granting of forbearance.</li><li>Existing and forecast changes in business, financial and economic conditions.</li></ul>

CREDIT RISK (continue)

Generating the term structure of PD

Credit risk grades (or for aforementioned bucket created for retail portfolio) are a primary input into the determination of the term structure of PD for exposures.

Using the realized default data for each grade or bucket, the bank employs statistical models to generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Bank employs following steps in order to generated term structure of the PD:

The Bank first calculates the observed default rates for its portfolios which involves monitoring customer behavior over next 12 months, then classifying default, which is then forecasted using acceptable actuarial method and thereafter adjusted for macroeconomic outlook (see below).

The Bank factors in forward looking information in its PD calibration through macroeconomic models for each portfolio. The impact of macroeconomic variables on default rates has been calculated using a multiple scenario-based modeling framework which factors upturn, downturn and baseline scenarios’ forecast in to the probability of default. This analysis includes the identification and calibration of relationships between changes in default rates and macro-economic factors. The forecast is used to estimate the impact on the PD over the upcoming years.

The “Point in Time” PD and later adjusted for macroeconomic overlay to make it forward looking. Transition matrix approach is used to forecast grade wise PDs over the upcoming years transition matrix. This provide the grade wise PD over the upcoming years, thus the term structure of the PD.

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 actions such as realizing security (if any is held); or
- The borrower is past due more than 90 days on any material credit obligation to the Bank.

In assessing whether a borrower is in default. The Bank considers indicators that are:

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

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

CREDIT RISK (continue)

Modified financial assets

The contractual terms of a financing 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 customer. An existing financing whose terms have been modified may be derecognized and the renegotiated financing recognized as a new financing at fair value in accordance with the accounting policy.

When the terms of the financial assets are modified that does not result into de-recognition, the Bank will recalculate the gross carrying amount of the asset by discounting the modified contractual cash flows using EIR prior to the modification. Any difference between the recalculated amount and the existing gross carrying amount will be recognized in statement of income for asset modification.

To measure the Significant Increase in Credit Risk (for financial assets not de-recognized during the course of modification), the Bank will compare the risk of default occurring at the reporting date based on modified contract terms and the default risk occurring at initial recognition based on original and unmodified contract terms. Appropriate ECL will be recorded according to the identified staging after asset modification i.e. 12-Month ECL for Stage 1, Lifetime ECL for Stage 2 and Default for Stage 3.

The Bank renegotiates financing to customers in financial difficulties referred to as “forbearance activities” to maximize collection opportunities and minimize the risk of default. Under the Bank’s forbearance policy, financing forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of financing covenants. Both retail and commercial financing are subject to the forbearance policy.

The asset will be provided appropriate treatment according to the identified staging after asset modification i.e. 12-Month ECL for Stage 1, Lifetime ECL for Stage 2 and Default for Stage 3. No asset modification to be considered if the same were not driven by Credit Distress situation of Obligor.

During the year, no material losses were recognized on modification or restructuring of any facility.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

For the purpose of ECL measurement with respect to the retail and commercial (including SME) portfolios, this is done through application of macroeconomic models which have been developed for the various portfolios of the banks. Through the macroeconomic models the Bank assesses the impact of the macroeconomic variables on the default rates. The forecasts of the variables are gathered from the external sources.

The Bank 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 additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by independent external agencies.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The economic scenarios used as at December 31 included the following ranges of key indicators.

Economic Indicators	2024	2023
GDP, oil prices and inflation	Upside 30%	Upside 30%
	Base case 40%	Base case 40%
	Downside 30%	Downside 30%

The Bank has updated its forward-looking variables (key economic drivers).

Probability weightages

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



Incorporation of forward-looking information  
(continued)

The Bank 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.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 7 to 10 years. The Bank has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

Economic Indicators	Forecast calendar years used in 2024 ECL model			Forecast calendar years used in 2023 ECL model		
	2025	2026	2027	2024	2025	2026
GDP ( ﷲ in Billions)	3,205	3,279	3,353	3,121	3,200	3,272
Oil prices (USD per barrel)	77.37	75.33	74.98	81.09	72.31	70.53
Inflation (Consumer Price Index)	113.68	116.10	118.59	112.96	115.35	117.78

With respect to the listed, sovereign and Financial Institutions, the bank utilizes a Credit Default Swap based methodology (extracted from independent sources), which incorporates the market’s forward-looking view in order to arrive at the ECL.

Sensitivity of ECL allowance

Given current economic uncertainties and the judgment applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Bank should be considered as a best estimate within a range of possible estimates. The table below illustrates the sensitivity of ECL to key factors used in determining it as at the year-end:

Assumptions sensitized	ECL impact 2024 ( ﷲ 000)
Macro-economic factors:	
Decrease in \$10 oil price per barrel	344,098
Decrease in \$20 oil price per barrel	688,195
Decrease in GDP growth rate by 0.5%	293,907
Decrease in GDP growth rate by 1%	587,815

Sensitivity of ECL allowance (continued)

Where modeling of a parameter is carried out on a collective basis, the financial instruments are assessed on the basis of shared risk characteristics that include:

- Product type
- Delinquency
- Employer (Government & private segmentation)
- Income (salary & non salary transfer)
- Collateral type;

Measurement of ECL

For retail and commercial (including SME exposures), the key inputs into the measurement of ECL are the term structure of the following variables:

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

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

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

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. LGD is calculated on a discounted cash flow basis using the contractual profit rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. 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.

Measurement of ECL (continued)

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 Bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance, terminate a financing commitment, or guarantee.

For credit card facilities that include both a financing and an undrawn commitment component, the Bank measures ECL over a period of contractual maturity, as the bank considers that it has the contractual ability to demand repayment and cancel the undrawn commitment. Although these facilities do not have a fixed term or repayment structure and are managed on a collective basis, there is an annual review of the limits, where these can be cancelled.

For portfolios, such as listed exposures, Sovereign and FI exposures, in respect of which the Bank has limited historical data, credit default swap spreads are utilized to determine the expected credit loss amount.

The PD, EAD and LGD models are subject to the Bank’s IFRS 9 model validation policy that stipulates periodic model monitoring, periodic revalidation.

During the year, the Bank has validated and redeveloped some models where necessitates based on updated default data / macroeconomic information.

Economic Sector risk concentration for the financing and allowance for ECL are as follows:

2024 ﷼ 000	Performing	Credit-impaired	Allowance for expected credit losses	Financing, net
Retail	52,599,477	522,177	(664,246)	52,457,408
Real estate and rental	24,148,629	324,817	(632,054)	23,841,392
Industrial	5,064,841	9,584	(403,102)	4,671,323
Electricity, water, gas & health services	4,272,963	3,023	(4,271)	4,271,715
Commercial	4,224,870	190,664	(478,123)	3,937,411
Services	8,167,808	27,364	(95,597)	8,099,575
Building and construction	2,318,725	28,593	(37,989)	2,309,329
Transportation and communication	2,632,975	-	(18,862)	2,614,113
Mining & Quarrying	1,541,925	-	(1,546)	1,540,379
Agriculture and fishing	935,447	-	(1,977)	933,470
Other	4,704,794	223,610	(300,433)	4,627,971
Total	110,612,454	1,329,832	(2,638,200)	109,304,086

2023 ﷼ 000	Performing	Credit-impaired	Allowance for expected credit losses	Financing, net
Retail	50,363,423	388,303	(586,595)	50,165,131
Real estate and rental	22,960,948	448,267	(548,096)	22,861,119
Industrial	5,278,155	33,879	(472,240)	4,839,794
Commercial	4,686,187	4,090	(5,776)	4,684,501
Services	4,265,397	252,638	(506,228)	4,011,807
Electricity, water, gas & health services	3,865,767	7,788	(31,618)	3,841,937
Transportation and communication	3,328,562	67,083	(460,968)	2,934,677
Building and construction	3,094,422	-	(32,697)	3,061,725
Mining & quarrying	1,598,263	-	(3,314)	1,594,949
Agriculture and fishing	1,236,178	-	(10,541)	1,225,637
Other	2,865,663	230,913	(237,788)	2,858,788
Total	103,542,965	1,432,961	(2,895,861)	102,080,065

• Collateral

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

The amount of commercial collateral held as security for financing that are credit-impaired as at December 31, 2024 and 2023 are as follows:

﷼ 000	2024	2023
Total fair value of collateral	456,962	528,311

Financial assets subject to offsetting, netting arrangements

Related amounts not offsetted			
SAR '000 December 31, 2024	Gross assets before offset	Amounts subject to masted netting arrangement	Net amount
Derivative financial instruments	24,479	(25,793)	(1,314)

Related amounts not offsetted			
SAR '000 December 31, 2023	Gross assets before offset	Amounts subject to masted netting arrangement	Net amount
Derivative financial instruments	25,114	(26,366)	(1,252)

32  
MARKET RISK

Market risk is the risk that the fair value to future cash flows of the financial instruments will fluctuate due to changes in market variables such as profit rate, foreign exchange rates and equity prices.

a. Profit rate risk

Cash flow profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market profit rates. The Group does not have any significant exposure to the effects of fluctuations in prevailing level of market profit rates on its future cash flows as a significant portion of profit earning financial assets and profit bearing liabilities are at fixed rates and are carried in the consolidated financial statements at amortized cost. In addition to this, a substantial portion of the Group’s financial liabilities are non-profit bearing.

b. Foreign exchange rate risk

Foreign exchange rate risk represents the risk of change in the value of financial instruments due to change in exchange rates. The Group is exposed to the effects of fluctuations in foreign currency exchange rates on both its financial position and on its cash flows. The Group’s management sets limits on the level of exposure by individual currency and in total for intraday positions, which are monitored daily.

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

	2024		2023	
	Saudi Riyal ﷲ 000	Foreign currency ﷲ 000	Saudi Riyal ﷲ 000	Foreign currency ﷲ 000
Assets				
Cash and balances with Saudi Central Bank	11,134,022	114,459	6,917,907	65,191
Due from banks and other financial institutions, net	1,746,352	3,353,049	7,088,350	1,081,744
Investments, net	17,594,405	7,437,666	15,953,952	6,125,966
Financing, net	107,272,131	2,031,955	99,950,410	2,129,655
Other assets	1,902,101	7,812	1,551,655	83,029
Liabilities and equity				
Due to banks, Saudi Central Bank and other financial institutions	3,082,588	2,410,211	2,988,184	1,285,724
Customer deposits	112,597,633	9,178,582	105,640,490	7,190,755
Sukuk and term financing	3,147,121	-	3,051,613	-
Other liabilities	7,783,188	72,134	7,616,699	74,244
Equity	16,693,230	-	15,258,110	-

A substantial portion of the net foreign currency exposure to the Group is in US Dollars, where SAR is pegged to US Dollar. The other currency exposures are not considered significant to the Group’s foreign exchange rate risks and as a result the Group is not exposed to major foreign exchange rate risks.

The Bank has performed a sensitivity analysis over one year time horizon for the probability of changes in foreign exchange rates, other than US Dollars, using historical average exchange rates and has determined that there is no significant impact on its net foreign currency exposures.



Currency position

At the end of the year, the Group had the following significant net exposures denominated in foreign currencies:

	2024 SAR 000 Long/(short)	2023 SAR 000 Long/(short)
US Dollars	826,877	830,150
UAE Dirham	134,098	2,527
Pakistan Rupees	29,076	12,468
Indian Rupee	29,066	17,860
Bangladeshi Taka	20,130	5,104
Others	249,306	79,889
Total	1,288,553	947,998

c. Investment price risk

Investment risk refers to the risk of change in fair values of equities and mutual funds in the Group’s investment portfolio as a result of possible changes in levels of market indices and the value of individual stocks.

The effect on the Group’s investments due to reasonable possible change in market indices, with all other variables held constant is as follows:

Security types	December 31, 2024		December 31, 2023	
	Change in investment price %	Effect in SAR 000	Change in investment price %	Effect in SAR 000
Fair value through other comprehensive income (FVOCI)- Retained earnings Equity				
Quoted	±10	41,793	±10	30,004
Unquoted	±2	3,219	±2	3,031
Fair value through statement of income (FVSI)- Statement of income Equity				
Quoted	±10	9,827	±10	6,726
Mutual Funds				
Quoted	±10	10,209	±10	7,695
Unquoted	±2	18,437	±2	18,353

33  
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 mind, maintaining a healthy balance of cash, cash equivalents and readily marketable securities.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

All liquidity policies and procedures are subject to review and approval by Assets Liability Committee (ALCO). Daily reports cover the liquidity position of both the Bank and operating subsidiaries. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

In accordance with Banking Control Law and the regulations issued by Saudi Central Bank, the Bank maintains a statutory deposit with Saudi Central Bank equal to 7% (2023: 7%) of total monthly average demand deposits and 4% (2023: 4%) of monthly average time deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of not less than 20% of its total deposits, in the form of cash and assets, which can be converted into cash within a period not exceeding 30 days.

The Bank has the ability to raise additional funds through special investment arrangements facilities with Saudi Central Bank.

**LIQUIDITY RISK** (continued)

**a. Analysis of discounted financial assets and financial liabilities by expected maturities:**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

2024 SAR 000	Within 3 Months	3 months to 1 year	Over one year to 5 years	Over 5 years	No fixed maturity	Total
<b>Assets</b>						
Cash and balances with Saudi Central Bank	5,236,216	-	-	-	6,012,265	11,248,481
Cash in hand	1,314,780	-	-	-	-	1,314,780
Balances with Saudi Central Bank	3,921,436	-	-	-	6,012,265	9,933,701
Due from Banks and other financial institutions, net	3,500,517	411,356	1,187,528	-	-	5,099,401
Demand	901,439	-	-	-	-	901,439
Commodity murabaha	2,599,078	411,356	1,187,528	-	-	4,197,962
Investments, net	387,841	1,262,272	8,770,189	12,910,677	1,701,092	25,032,071
FVOCI	-	101,191	3,079,827	5,002,410	578,871	8,762,299
FVSI	-	-	-	-	1,122,221	1,122,221
Amortized cost	387,841	1,161,081	5,690,362	7,908,267	-	15,147,551
Financing, net	14,303,386	15,903,731	43,494,514	35,602,455	-	109,304,086
Retail	1,858,978	4,021,928	17,308,173	29,268,329	-	52,457,408
Commercial	12,444,408	11,881,803	26,186,341	6,334,126	-	56,846,678
Other assets	1,018,675	-	-	-	518,903	1,537,578
<b>Total assets</b>	<b>24,446,635</b>	<b>17,577,359</b>	<b>53,452,231</b>	<b>48,513,132</b>	<b>8,232,260</b>	<b>152,221,617</b>

2024 SAR 000	Within 3 Months	3 months to 1 year	Over one year to 5 years	Over 5 years	No fixed maturity	Total
<b>Liabilities</b>						
Due to banks, Saudi Central Bank and other financial institutions	5,034,985	457,814	-	-	-	5,492,799
Demand	140,384	-	-	-	-	140,384
Direct investment	4,894,601	457,814	-	-	-	5,352,415
<b>Customer deposits</b>	<b>35,066,673</b>	<b>9,404,460</b>	<b>102,256</b>	<b>-</b>	<b>77,202,826</b>	<b>121,776,215</b>
Demand	-	-	-	-	43,177,327	43,177,327
Direct investment	35,066,673	9,404,460	102,256	-	-	44,573,389
Albilad account (Mudarabah)	-	-	-	-	30,174,831	30,174,831
Other	-	-	-	-	3,850,668	3,850,668
<b>Sukuk and term financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,147,121</b>	<b>-</b>	<b>3,147,121</b>
<b>Other liabilities</b>	<b>2,922,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,072,836</b>	<b>6,995,256</b>
<b>Total liabilities</b>	<b>43,024,078</b>	<b>9,862,274</b>	<b>102,256</b>	<b>3,147,121</b>	<b>81,275,662</b>	<b>137,411,391</b>
<b>Commitments &amp; contingencies*</b>	<b>2,631,834</b>	<b>6,896,220</b>	<b>8,029,392</b>	<b>2,402,853</b>	<b>-</b>	<b>19,960,299</b>

\* The cumulative maturities of commitments & contingencies are given in note 19 of the financial statements.

**LIQUIDITY RISK** (continued)

**a. Analysis of discounted financial assets and financial liabilities by expected maturities (continued):**

2023 SAR 000	Within 3 Months	3 months to 1 year	Over one year to 5 years	Over 5 years	No fixed maturity	Total
<b>Assets</b>						
Cash and balances with Saudi Central Bank	1,535,339	-	-	-	5,447,759	6,983,098
Cash in hand	1,168,927	-	-	-	-	1,168,927
Balances with Saudi Central Bank	366,412	-	-	-	5,447,759	5,814,171
Due from Banks and other financial institutions, net	5,401,087	1,195,004	1,574,003	-	-	8,170,094
Demand	331,152	-	-	-	-	331,152
Commodity murabaha	5,069,935	1,195,004	1,574,003	-	-	7,838,942
Investments, net	129,183	950,161	6,598,351	12,888,770	1,513,453	22,079,918
FVOCI	14,610	408,880	1,919,286	3,899,248	451,571	6,693,595
FVSI	-	-	-	-	1,061,882	1,061,882
Amortized cost	114,573	541,281	4,679,065	8,989,522	-	14,324,441
Financing, net	10,915,068	17,735,588	41,249,488	32,179,921	-	102,080,065
Retail	1,535,219	4,166,622	16,872,813	27,590,478	-	50,165,132
Commercial	9,379,849	13,568,966	24,376,675	4,589,443	-	51,914,933
Other assets	379,524	-	-	-	1,034,775	1,414,299
<b>Total assets</b>	<b>18,360,201</b>	<b>19,880,753</b>	<b>49,421,842</b>	<b>45,068,691</b>	<b>7,995,987</b>	<b>140,727,474</b>

2023 SAR 000	Within 3 Months	3 months to 1 year	Over one year to 5 years	Over 5 years	No fixed maturity	Total
<b>Liabilities</b>						
Due to banks, Saudi Central Bank and other financial institutions	977,905	1,342,767	1,953,236	-	-	4,273,908
Demand	155,598	-	-	-	-	155,598
Direct investment	822,307	1,342,767	1,953,236	-	-	4,118,310
<b>Customer deposits</b>	<b>24,328,626</b>	<b>11,973,075</b>	<b>340,068</b>	<b>-</b>	<b>76,189,476</b>	<b>112,831,245</b>
Demand	-	-	-	-	42,878,418	42,878,418
Direct investment	24,328,626	11,973,075	340,068	-	-	36,641,769
Albilad account (Mudarabah)	-	-	-	-	30,410,877	30,410,877
Other	-	-	-	-	2,900,181	2,900,181
<b>Sukuk and term financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,051,613</b>	<b>-</b>	<b>3,051,613</b>
<b>Other liabilities</b>	<b>2,430,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,252,069</b>	<b>6,682,221</b>
<b>Total liabilities</b>	<b>27,736,683</b>	<b>13,315,842</b>	<b>2,293,304</b>	<b>3,051,613</b>	<b>80,441,545</b>	<b>126,838,987</b>
<b>Commitments &amp; contingencies*</b>	<b>4,080,937</b>	<b>5,778,978</b>	<b>6,458,312</b>	<b>2,573,452</b>	<b>-</b>	<b>18,891,679</b>

\* The cumulative maturities of commitments & contingencies are given in note 19 of the financial statements.



LIQUIDITY RISK (continued)

b. Analysis of financial liabilities by the remaining undiscounted contractual maturities as at December 31, are as follows:

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

As due to banks, Saudi Central Bank and other financial institutions and customers' deposits payments up to contractual maturity are included in the table, totals do not match with the statement of financial position.

2024 S 000	Within 3 Months	3 months to 1 year	Over one year to 5 years	Over 5 years	No fixed maturity	Total
Financial liabilities						
Due to banks, Saudi Central Bank and other financial institutions	5,229,852	544,060	-	-	-	5,773,912
Customers' deposits	35,131,751	9,791,473	103,568	-	77,202,826	122,229,618

2023 S 000	Within 3 Months	3 months to 1 year	Over one year to 5 years	Over 5 years	No fixed maturity	Total
Financial liabilities						
Due to banks, Saudi Central Bank and other financial institutions	1,086,102	1,425,179	2,067,614	-	-	4,578,895
Customers' deposits	24,196,428	12,265,092	349,962	-	76,968,944	113,780,426

34  
FAIR VALUES  
OF FINANCIAL  
INSTRUMENTS

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

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

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the consolidated financial statements.

• Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

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.

FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

		Fair value			
ﷲ 000 December 31, 2024	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Held as FVSI (mutual funds)	1,023,956	102,090	921,866	-	1,023,956
Held as FVSI (equity instruments)	98,265	98,265	-	-	98,265
Held as FVOCI (equity instruments)	578,871	417,931	-	160,940	578,871
Held as FVOCI (debt instruments)	8,183,428	7,670,703	512,725	-	8,183,428
Financial assets not measured at fair value					
Due from banks and other financial institutions, net	5,099,401	-	-	5,099,401	5,099,401
Investments held at amortized cost	15,147,551	9,964,509	4,227,426	-	14,191,935
Financing, net	109,304,086	-	-	109,503,201	109,503,201
ﷲ 000 December 31, 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Held as FVSI (mutual funds)	994,619	76,946	917,673	-	994,619
Held as FVSI (equity instruments)	67,263	67,263	-	-	67,263
Held as FVOCI (equity instruments)	451,571	300,041	-	151,530	451,571
Held as FVOCI (debt instruments)	6,242,024	5,631,950	610,074	-	6,242,024
Financial assets not measured at fair value					
Due from banks and other financial institutions, net	8,170,094	-	-	8,170,094	8,170,094
Investments held at amortized cost	14,324,441	9,075,916	4,411,371	-	13,487,287
Financing, net	102,080,065	-	-	102,241,157	102,241,157

		Fair value			
ﷲ 000 December 31, 2024	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value					
Due to banks, Saudi Central Bank and other financial institutions	5,492,799	-	-	5,492,799	5,492,799
Customers’ deposits	121,776,215	-	-	121,776,215	121,776,215
Sukuk and term financing	3,147,121	-	-	3,147,121	3,147,121
ﷲ 000 December 31, 2023	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value					
Due to banks, Saudi Central Bank and other financial institutions	4,273,908	-	-	4,273,908	4,273,908
Customers’ deposits	112,831,245	-	-	112,831,245	112,831,245
Sukuk	3,051,613	-	-	3,051,613	3,051,613

The fair values of financial instruments which are not measured at fair value in these consolidated financial statements are not significantly different from the carrying values included in the consolidated financial statements.

Cash and balances with Saudi Central Bank, due from banks with maturity of less than 90 days and other short-term receivable are assumed to have fair values that reasonably approximate their corresponding carrying values due to the short-term nature.

The fair values, of profit bearing customer deposits, held at amortized cost investment, due from 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 either the current market profit rates for similar financial instruments are not significantly different from the contracted rates, or for the short duration of certain financial instruments particularly due from and due to banks and other financial institutions or a combination of both. An active market for these instruments is not available and the Group intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

**Valuation technique and significant unobservable inputs**

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
FVSI investments	Fair value is determined based on the investee fund’s most recent reported net assets value	None	Not applicable
FVOCI equity instruments	Fair value is determined based on the latest financial statements	None	Not applicable

Financing classified as level 3 have been valued using expected cash flows discounted at relevant SIBOR.

During the current year, no financial assets / liabilities have been transferred between level 1 and / or level 2 fair value hierarchy.

**• Reconciliation of level 3 fair values held as FVOCI**

	December 31, 2024 ﷲ 000	December 31, 2023 ﷲ 000
Balance at the beginning of the year	151,530	104,123
Gain / (loss) included in OCI	-	-
Net changes in fair value (unrealised)	9,410	47,407
<b>Balance at the end of the year</b>	<b>160,940</b>	<b>151,530</b>

35
**RELATED PARTY BALANCES AND TRANSACTIONS**

In the ordinary course of activities, the Group transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and the regulations issued by Saudi Central Bank.

The nature and balances of transactions with the related parties for the years ended December 31 are as follows:

**a. Directors, key management personnel, other major shareholders, their affiliates balances and others:**

	2024 ﷲ 000	2023 ﷲ 000
Financing	2,358,334	2,350,374
Commitments and contingencies	132,192	129,069
Deposits	87,998	58,214

**b. Group’s mutual funds:**

	2024 ﷲ 000	2023 ﷲ 000
These are the outstanding balances with Group’s mutual funds as of December 31:		
Customers’ deposits	46,371	15,818
Investments - units	413,461	360,807



c. Income and expense:

	2024 S 000	2023 S 000
Directors, Key management personnel, other major shareholders and their affiliates and mutual funds managed by the Group:		
Income	254,354	221,311
Expenses	14,836	15,542

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

	2024 S 000	2023 S 000
Directors, Key management personnel, other major shareholders and their affiliates and mutual funds managed by the Group:		
Employee benefits	163,611	166,411

# 36

## CAPITAL ADEQUACY

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

Capital adequacy and the use of regulatory capital are monitored regularly by the Group’s management. Saudi Central Bank requires holding the minimum level of the regulatory capital of and maintaining a ratio of total regulatory capital to the risk-weighted asset at or above the agreed minimum of 8%.

SAMA through its Circular Number 391000029731 dated Rabi Al-Awwal 15, 1439H (December 3, 2017), which relates to the interim approach and transitional arrangements for the accounting allocations under IFRS 9, has directed banks that the initial impact on the capital adequacy ratio as a result of applying IFRS 9 shall be transitioned over five years.

As part of the latest SAMA guidance on Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures, Banks are now allowed to add-back up to 100% of the transitional adjustment amount to Common Equity Tier 1 (CET1) for the full two years’ period comprising 2021 and 2023 effective from March 31, 2021 financial statement reporting. The add-back amount must be then phased-out on a straight-line basis over the subsequent 3 years.

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

The following table summarizes the Group’s Pillar-I Risk Weighted Assets, Tier I and Tier II Capital and Capital Adequacy Ratios.

	2024 S 000	2023 S 000
Credit Risk RWA	106,050,880	102,026,814
Operational Risk RWA	6,479,677	6,066,316
Market Risk RWA	2,176,515	2,007,432
Total Pillar-I RWA	114,707,072	110,100,562
Tier I Capital	16,693,230	15,281,887
Tier II Capital	4,324,648	4,273,911
Total Tier I & II Capital	21,017,878	19,555,798
Capital Adequacy Ratio %		
Common Equity Tier I ratio	14.55%	13.88%
Tier I ratio	14.55%	13.88%
Tier I + Tier II ratio	18.32%	17.76%



# 37

## INVESTMENT MANAGEMENT AND BROKERAGE SERVICES

The Bank offers investment management services to its customers through its subsidiary, Albilad Investment Company. These services include the management of 16 public mutual funds (2023: 14 public mutual funds) with assets under management (AUM) totaling SAR 9,539 million (2023: SAR 2,668 million). Albilad Investment Company acts as the fund manager of these funds. All of these funds comply with Shariah rules and are subject to Shariah controls on a regular basis. Some of these mutual funds are managed in association with external professional investment advisors.

The Group also manages private investment portfolios on behalf of its customers amounting to SAR 1,941 million (2023: SAR 1,558 million). The financial statements of these funds and private portfolios are not included in the consolidated financial statements of the Group. However, the transactions between the Group and the funds are disclosed under related party transactions (see note 35).

# 38

## PROFIT SHARING INVESTMENT ACCOUNTS

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

As of December 31, 2024, all financing and investments are funded by depositors' pool which includes funds from Unrestricted Investment Account holder.

	2024 S\$ 000	2023 S\$ 000
Bei Ajel	57,365,501	52,779,464
Musharaka financing	1,121,312	1,249,578
Other instruments	5,803,011	6,858,033
Total financing and investments	64,289,824	60,887,075

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

Computation of pool income is as follows:

	2024 S\$ 000	2023 S\$ 000
Pool income from financing	4,327,055	3,861,292
Income from investments	272,451	272,451
Total pool income	4,599,506	4,133,743
Total amount attributable to Investment Account Holders	2,442,796	1,851,919
Total amount attributable to shareholders	2,156,710	2,281,824

The basis of allocating the profits between IAH and the Bank:

	IAH Share	Bank Share
Profit sharing allocation percentages	73%	27%

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

	2024 SAR 000	2023 SAR 000
Investment account holders balance before profit	46,464,062	43,271,598
Add: profit for the IAH during the year	2,442,796	1,851,919
Less: profit paid out during the year	(2,383,309)	(1,750,198)
Total equity for Investment Account Holders	46,523,549	43,373,319

# 39

## MORTGAGE SUPPORT PROGRAM FROM REAL ESTATE DEVELOPMENT FUND ("REDF")

During 2023, the Real Estate Development Fund ("REDF") launched a new program ("the program") to support residential mortgage finance to certain eligible customers at a subsidized profit rate and for a specified period. On November 11, 2023, the Bank became a participant under the program by signing an agreement with REDF.

In accordance with the requirements of IFRS 9, fair value loss arises on the origination of the subsidized mortgage facilities due to the below-market profit rates. The Bank has received compensation from REDF against the fair value losses. The Bank's management has determined that the compensation amount received from REDF qualifies as a government grant under IAS 20, that has been recorded as deferred income and amortised over the average life of the financings to off-set the fair value losses arising on the mortgage facilities.

# 40

## EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on Sha'aban 07, 1446H (corresponding to February 06, 2025) recommended to the Extraordinary General Assembly an issuance of bonus shares of one share for every five shares held, increasing the Bank's capital from SAR 12,500 million to SAR 15,000 million. The increase will be done through capitalization of SAR 1,500 million from the retained earnings and SAR 1,000 million from the statutory reserve. The number of shares outstanding after the bonus issuance will increase from 1,250 million shares to 1,500 million shares.

# 41

## COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform with the current year presentation.

# 42

## BOARD OF DIRECTORS' APPROVAL

The consolidated financial statements were authorized for issue by the Board of Directors on Sha'aban 12, 1446 (corresponding to February 11, 2025).