

# Leading Change, Shaping the Future

Annual Report 2024









## Leading Change, Shaping the Future

BSF prides itself on being at the forefront of change, constantly evolving to meet the needs of its customers and the market. This showcases the Bank's leadership in embracing innovation and setting the tone for the industry. It positions BSF as a driving force for progress, ready to take on tomorrow's challenges with confidence and determination.

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# Introduction

**BSF stands at the intersection of tradition and transformation. Rooted in resilience and guided by a bold vision, BSF pushes the boundaries of banking excellence while shaping Saudi Arabia's financial future.**

With a commitment to innovation, sustainability, and client-centric solutions, the Bank navigates an evolving economic landscape with agility and foresight. Driven by trust and progress, BSF remains a cornerstone of the Kingdom's growth story.

# Introduction



Banque Saudi Fransi (BSF) is a leading financial institution in Saudi Arabia, committed to delivering comprehensive banking and financial solutions. Founded in 1977 by royal decree, BSF has played a vital role in the Kingdom's economic growth, serving individuals, businesses, and institutions with a full spectrum of banking services.

With a strong presence across Saudi Arabia, BSF operates an extensive network of branches, ATMs, and point-of-sale terminals, ensuring seamless accessibility for its customers. Headquartered in Riyadh, with key regional offices in Jeddah and Dammam, the Bank provides services across Corporate Banking, Retail Banking, Private Banking, and Treasury.

Through its subsidiary, BSF Capital and JB, BSF extends its expertise into investment banking, asset management and brokerage. Guided by a vision of innovation and customer-centricity, the Bank continues to strengthen its market position while supporting the Kingdom's financial and economic transformation.

## Highlights

BSF is centered around capitalizing on the robust economic growth of Saudi Arabia and presents an attractive investment opportunity in alignment with Vision 2030.

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(business model)

BSF marked a transformative year in 2024, achieving significant milestones in financial growth, market positioning, and technological innovation.

Read more on page 9 

(Year in review)



# Strategic Report

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## Empowering progress. Embodying resilience.

BSF continues to build on its legacy of financial strength, strategic foresight, and customer-centric innovation. In 2024, we sharpened our focus on digital transformation, sustainable growth, and operational resilience aligning our strategy with Saudi Vision 2030 and the evolving needs of our clients. Through disciplined execution and a forward-thinking mindset, we are unlocking new opportunities across wholesale, personal, and corporate banking. Our strategic priorities enhancing efficiency, expanding digital capabilities, and strengthening risk management position us for long-term success in a dynamic economic landscape.



# BSF at a glance

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Banque Saudi Fransi (BSF) is a premier banking group in Saudi Arabia, that offers commercial banking services. Renowned for our wholesale banking expertise, BSF provides comprehensive services, including retail, corporate, investment, private banking, and treasury.

Since 1977, BSF has built enduring partnerships, earning loyalty through its banking expertise, quality service, and innovative financial solutions. Trusted for its resilience and efficiency, BSF is regulated by the Saudi Central Bank and listed on the Saudi Stock Exchange (Tadawul).



## Mission

To become the most modern, innovative and experience focused bank in the region.



## Values

- We are BSF**  
 Always putting the needs of our people, customers, shareholders and society ahead of our own personal agenda. We are a community that we defend and protect, always.
- Us before me**  
 We put ideas before ego and leverage the expertise of others.
- Winning is fun**  
 We seek to be number one in the hearts and minds of our people, customers and shareholders. We have limitless ambition and the drive to win.
- Think big, act quick**  
 We think long-term in our decisions, but we make them quickly and have a bias towards action.
- True to ourselves always**  
 We are honest with one another, even at the risk of temporary disharmony. It is never personal.
- Keep it simple**  
 We strive to make everything we do as simple as possible. We set our people up for success and then get out of their way. We only need to be asked once. We own it.

## The offering:

- Retail banking:** Innovative digital banking solutions tailored to meet individual needs, from savings accounts to mortgage products.
- Corporate banking:** Customized financial solutions to support businesses of all sizes, including trade finance and cash management.
- Investment banking:** Leading advisory services and market insights to drive equity and debt solutions
- Private banking:** Exclusive wealth management solutions for high-net-worth clients.
- Treasury:** Comprehensive services, including liquidity management, FX solutions, and risk hedging

## Subsidiaries:

### BSF Capital

BSF's investment arm, Saudi Fransi Capital was established in 2011 and offers a comprehensive range of financial services including investment banking, asset management, and securities brokerage, both locally and internationally. Headquartered in Riyadh, it is a leading financial services provider in equity and debt research and specialized institutional services.

### JB

JB, formerly known as Saudi Fransi For Finance Leasing, offers a range of financial solutions including car financing and personal finance loans. It is a digitally focused financing company launched in Saudi Arabia, providing convenient and flexible financing options to individuals and businesses.

## Employees

**3,056**

2023 – 3,154

## Saudization rate

**92%**

2023 – 91%

## Retail customers

**1.28 million**

2023 – 1.21 million

## Total assets (ﷲ)

**292.7 billion**

2023 – 253.6 billion

## Customer deposits (ﷲ)

**185.1 billion**

2023 – 172.2 billion

## Total operating income (ﷲ)

**9.6 billion**

2023 – 9.3 billion

## Loans and advances (ﷲ)

**204.1 billion**

2023 – 179.3 billion

## Net profit (ﷲ)

**4.5 billion**

2023 – 4.2 billion

## Growth in total assets

**15%** YoY

## Retail customer growth

**6%** YOY

## Reduced carbon footprint by

**20%** through branch optimization and digital initiatives

Launched the “Green Finance” program, providing

**ﷲ 1 billion** in financing for sustainable projects

Committed to gender diversity, with women making up

**23%** of the workforce

Active in community development, contributing

**ﷲ 50 million** to local education and healthcare programs

Moody's: A1 (Stable)

Fitch: A- (Stable)

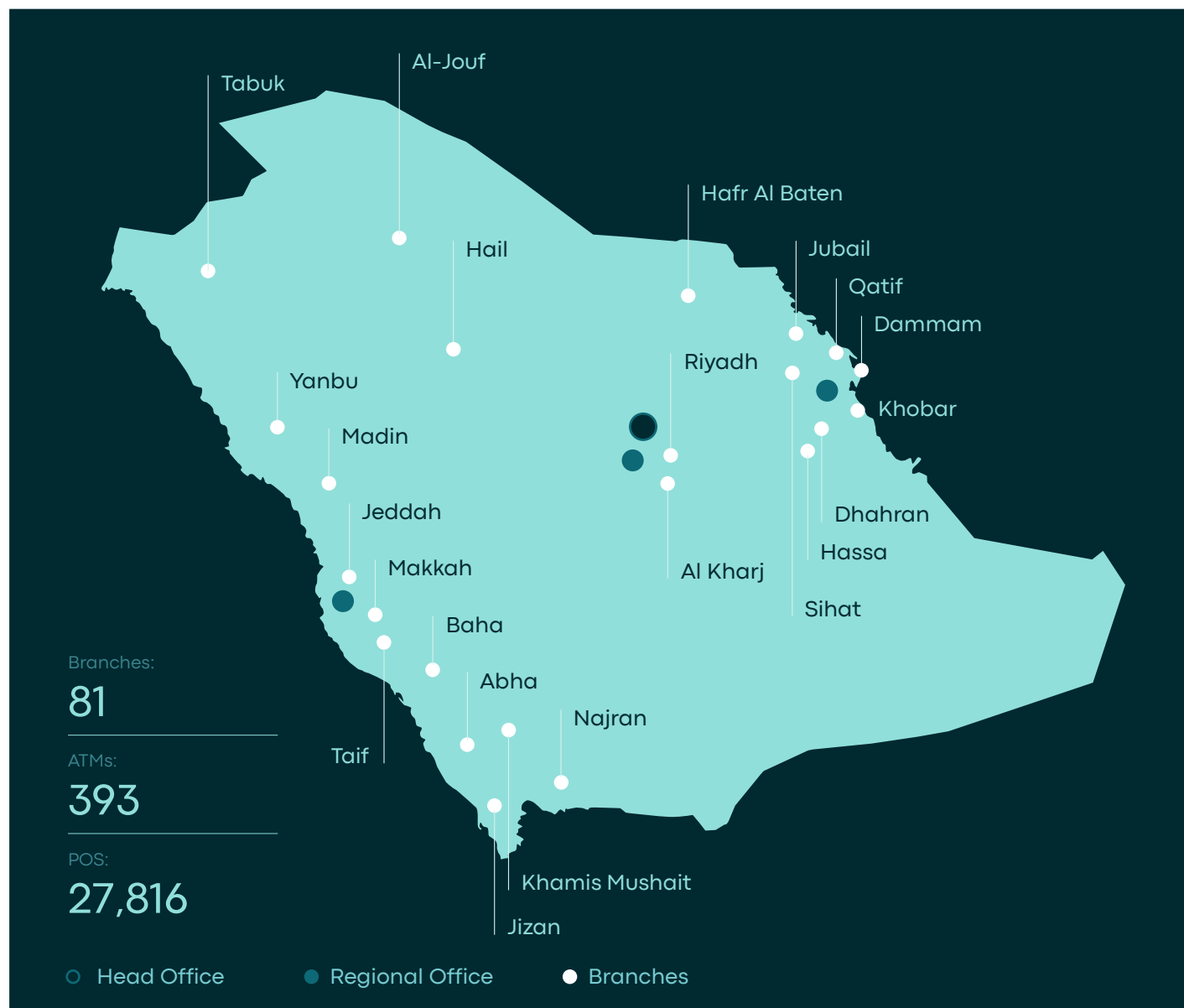
Standard & Poor's Ratings

Services: A- (Stable)





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## Awards as below

- May**
- Best Core Banking Technology Implementation 2024
  - US-Dollar Clearing Elite Quality Recognition Award 2023 - J.P. Morgan delivered on 2024
- Jun**
- Best Use Case of Predicative Analytics 2024 – Middle East Banking AI and Analytics Summit 2024
  - Best Chief Analytics Officer 2024 - Middle East Banking AI and Analytics Summit 2024
- Nov**
- USD Payments Straight Through Processing Excellence Award – Citi Bank
  - Straight-thru Processing Award – Wells Fargo
  - Excellent Quality in the delivery of Commercial Payments and Financial Institution Transfers – Commerz Bank
  - Best Trade Advisory Bank in Saudi Arabia 2024 – Saudi Bank Awards 2024
  - KSA Most Innovative Trade Finance Bank – Saudi Bank Awards 2024
  - KSA Best Export Finance Bank – Saudi Bank Awards 2024
  - Best Trade Finance Bank in KSA – The Asian Banker Global

# Year in Review

BSF marked a transformative year in 2024, achieving significant milestones in financial growth, market positioning, and technological innovation.

In 2024, BSF experienced a year of transformative growth and innovation, marked by strong financial performance and strategic advancements. The Bank's financial results reflected a solid increase in key metrics, including a growth in loans and deposits.

## Gross Loan Portfolio

ﷲ 204 billion  
(+13.8% YoY)

## Personal Finance Growth

ﷲ 54.2 billion  
(+22% YoY)

## Rebrand

Launched in  
May 2024

## Market Leadership

Ranked among  
Top main investment banks  
in Saudi Arabia

## Branch Expansion

Opened three new branches  
in Riyadh, Jeddah, and Dammam

## Capital Markets Leadership

Led IPOs  
of Rasan Technology (Saudi's first fintech IPO) and Miahona (water and wastewater sector); bookrunner for Aramco's USD 12 billion secondary offering

## Strategic Sponsorship

Official Banking Partner  
of the Saudi Roshn League

## Technology Partnership

Partnered with Microsoft to launch  
BSF's Data Center Fund 1

## ESG Recognition

Top ESG performer,  
securing a spot on the FTSE Emerging ESG Index in May 2024

## Core System Modernization

Completed  
Core Banking System (CBS) implementation,  
launched  
a new payments hub, and  
modernized  
card management system

## Risk & Compliance Innovation

Inclusion in the  
FTSE Emerging ESG Index  
in 2024 as a top ESG performer

# Chairman's Message



In 2024, BSF continued to excel by prioritizing financial stability, technological innovation, and sustainable growth.

With a solid 8% increase in net income, the Bank's prudent liquidity management and strategic investments ensured continued profitability. As the banking landscape evolves, BSF remains focused on innovation and customer-centricity to drive long-term success.

Banque Saudi Fransi (BSF) remains at the forefront of Saudi Arabia's banking sector, actively supporting the Kingdom's economic transformation. In 2024, the Bank reported an 8% increase in net income (ﷲ 4.544 billion), with total assets growing by 15% to ﷲ 292.8 billion. Loans and advances rose by 14% to ﷲ 204.2 billion, while customer deposits increased by 7% to ﷲ 185.1 billion.

A key driver of our success has been continuous investment in technology, including straight-through processing enhancements, omnichannel banking, and core systems modernization. These initiatives have strengthened BSF's operational efficiency, elevated the customer experience, and positioned us to stay ahead in an increasingly competitive market.

## Aligning with Saudi Vision 2030

Saudi Vision 2030 seeks to diversify the Kingdom's economy beyond oil, focusing on sectors such as finance, healthcare, and infrastructure. BSF embraces these objectives through an Environmental, Social, and Governance (ESG) framework built around five pillars – environment, people, customers, shareholders, and society. This ensures responsible business practices are embedded across our operations. The Bank is also committed to nurturing local talent, exemplified by our sponsorship of the CFA Society Saudi Arabia to develop future finance professionals.

## Navigating a Dynamic Macroeconomic Landscape

Saudi Arabia is undergoing structural reforms to diversify its economy, with a focus on reducing oil dependency while maintaining energy security and achieving environmental goals. BSF is well-positioned to support emerging sectors such as renewable energy, logistics, and digital services. Our tailored financial solutions and trade finance facilities are driving non-oil economic growth, fully aligned with Vision 2030.

## Competing in an Evolving Business Environment

Legislative reforms, increased foreign investment, and the rise of fintechs have heightened competition in the banking sector. BSF continues to expand its trade finance capabilities, forging strategic partnerships that help Saudi businesses explore new markets. Simultaneously, BSF invests in digital transformation, leveraging advanced technologies to enhance offerings, improve customer engagement, and maintain a competitive edge.



### Ensuring Financial Stability and Liquidity

Solid deposit growth throughout the year reflects the confidence customers place in BSF. While shifts in our deposit mix have impacted funding costs, our prudent liquidity management approach has supported sustained profitability. BSF carefully allocates resources to high-potential opportunities, preserving a strong balance sheet and risk profile despite changing market conditions.

### Driving Technological Innovation

Technology remains integral to BSF's growth and aligns with Saudi Arabia's broader digital transformation goals. Our collaboration with AstroLabs through the Banker Technologist Program is equipping finance professionals with fintech skills, fostering innovation across our operations. In parallel, BSF Capital's partnership with MIS is expanding data center capacity, reinforcing the Kingdom's digital infrastructure. By integrating emerging technologies, BSF streamlines compliance, enhance risk management, and deliver a seamless customer experience.

### A Vision for Sustainable Growth

Looking ahead, BSF will continue to adapt to macroeconomic shifts, regulatory updates, and the rapid evolution of banking technology. Our ESG principles guide our commitment to sustainability, while our focus on innovation and customer-centricity ensures long-term resilience. By building on our strong foundation, BSF aims to shape the future of banking in Saudi Arabia, contributing to the Kingdom's economic diversification and inclusive prosperity.

I extend my sincerest gratitude to our employees, customers, and stakeholders for their ongoing trust and support. Together, we will guide BSF toward a future defined by excellence, innovation, and enduring success.

Sincerely,

**Mazin Abdulrazzak AlRomaih**  
Chairman, BSF

# CEO's Message



## In 2024, BSF reached new heights with significant milestones,

including the successful rollout of a new core banking system, the launch of a refreshed brand identity, and the seamless migration of retail and private banking clients to an advanced omnichannel platform enhancing efficiency, customer experience, and digital capabilities.

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## 2024: A Milestone Year

Banque Saudi Fransi (BSF) reached significant milestones in 2024, including the successful rollout of a new core banking system (CBS), a strategic rebrand, and the transition of retail and private banking clients to an omnichannel platform. Net income rose 8% year-on-year to ₪ 4,544 million, with operating income at ₪ 9,658 million. JB is being repositioned as a fully digital platform, while BSF Capital launched a wealth management transformation. Strengthening our Environmental, Social, and Governance (ESG) framework also remained a priority.

## Core Banking System and Rebranding

After years of development, BSF decommissioned 30 legacy systems and successfully implemented our CBS by early 2024, delivering one of the most complex releases. This modernization enhances efficiency and aligns with our broader technology transformation. Following system stabilization, the Bank launched a rebrand under the "BSF" identity in May 2024, signaling our refreshed market presence.

## Omnichannel Migration

In 2024, BSF launched a high-performance omnichannel retail platform designed to elevate digital banking services and enhance customer experiences. Migration of retail and private banking clients was initiated in structured batches to ensure a seamless transition. With Release 2 enhancements successfully deployed and

the official public release underway, the Bank is set to roll out additional features in 2025, reaffirming our commitment to customer-centric innovation.

## New Heights in Financial Performance

Net Income:

**Up 8%**

to ₪ 4,544 million

Operating Income:

**Grew 4%**

to ₪ 9,658 million

Total Assets:

**Increased by 15%**

to ₪ 292.8 billion

Customer Deposits:

**Up 7%,**

supported by both interest-bearing and non-interest-bearing categories

Capital Adequacy Ratio:

**Improved to 19.7%,**

bolstered by a ₪ 3 billion Tier 1 sukuk issuance and retained earnings

## Strategic Focus for 2025 and Beyond

As BSF enters 2025, our top priority is profitability and revenue growth, underpinned by a strong corporate banking franchise. The Bank is positioned to support Saudi Arabia's mega and giga projects, aligning with Vision 2030. By year-end 2025, BSF will transition to our new five-year plan – The 2030 Strategy – building on lessons from the current transformation phase to reinforce our market leadership.

### JB and BSF Capital

- **JB:** Our consumer lending arm is undergoing a digital transformation. A new mobile app was launched in December 2024, and regulatory approvals allow JB products to be sold via BSF branches by 2025.
- **BSF Capital:** The Bank initiated a wealth management transformation program and plan to roll out a digital wealth offering in the first half of 2025. Integrating these services with our corporate and retail franchises enhances the client experience.

## Economic Outlook and Challenges

Saudi Arabia's economy continues to expand, driven by large-scale infrastructure projects. BSF's strong liquidity positions us to capitalize on corporate sector growth, enabling us to support the Kingdom's development. With our longstanding corporate relationships, the Bank is well-positioned to remain a key financial partner in this exciting growth phase.

### Commitment to ESG

BSF has been committed to responsible banking practices with the establishment of an ESG Board Committee, ESG Management Committee, and a dedicated ESG department. BSF aims to fully integrate ESG considerations into our lending and investment decisions by 2025, ensuring alignment with industry benchmarks and stakeholder expectations.

## The Road Ahead

BSF's journey continues in 2025 with a focus on strategic growth, technological innovation, and ESG integration. The Bank will leverage milestones achieved in CBS modernization, omnichannel migration, and digital transformations at JB and BSF Capital. As BSF prepares for the 2030 Strategy, we remain committed to delivering exceptional service, supporting national economic initiatives, and creating sustainable value for our stakeholders.

I extend my sincere gratitude to our customers, staff, management, shareholders, and regulators for their continued trust and support. Together, we are shaping a stronger, customer-centric future for BSF.

Sincerely,

**Bader Hamad Saloom**

Chief Executive Officer, BSF



# Market Overview

BSF operates within a Saudi Arabian financial market marked by resilience, growth, and ongoing transformation.

## Global Landscape

The global economic landscape in 2024 was shaped by moderate growth, persistent inflationary pressures, and heightened geopolitical uncertainties. Global economic growth decelerated, influenced by tighter monetary policies implemented to combat inflation, ongoing supply chain challenges, and the ripple effects of geopolitical conflicts. This slowdown created a more cautious environment

for businesses and financial institutions worldwide. Consequently, global interest rates experienced considerable volatility, impacting borrowing costs and investment returns across fixed-income markets. Escalating geopolitical tensions and conflicts added another layer of uncertainty to the global economic outlook, influencing investor sentiment and market stability. Amidst these challenges, the rapid pace of technological advancements continued to reshape the financial industry, demanding that institutions adapt and invest in new technologies to maintain competitiveness.

## Regional and Local Context

The Middle East, and particularly Saudi Arabia, experienced a period of dynamic economic activity in 2024. The country's capital markets experienced significant growth, with the Kingdom leading the Gulf Cooperation Council (GCC) in initial public offerings (IPOs). A total of 42 IPOs were conducted, raising approximately USD 4.1 billion, accounting for 31.6% of the region's total IPO proceeds.

While oil production cuts led to an overall economic contraction of -0.8% in 2023, the Saudi Arabian economy showed signs of recovery, with real GDP growth estimated at 1.4% in 2024 and non-oil GDP at 3.7%.

The fintech sector within Saudi Arabia's banking industry saw robust expansion. By 2024, the number of fintech companies reached 226, surpassing the Financial Sector Development Program's targets. This growth was driven by regulatory reforms

and supportive policies under Vision 2030, aiming to enhance financial inclusion and diversify the economy.

The financial sector also navigated a challenging environment of high interest rates and tightened liquidity, with SAIBOR remaining stable in early 2024 before beginning to decline in the second half of the year.

The Saudi banking sector, exhibited robust profitability and credit growth. Oil price fluctuations will continue to play a role in fiscal planning and foreign investments. While Brent crude prices dipped in 2024, they are projected to stabilize by 2025, providing fiscal relief to the Kingdom's budget. The focus on diversification and infrastructure development, as part of Vision 2030, led to a surge in corporate activity within Saudi Arabia, increasing the demand for financing, investment banking, and related financial services.

Sustainability and green finance initiatives gained momentum, aligning with Vision 2030's objectives. Efforts focused on integrating climate change risks and sustainability goals into the financial regulatory framework, promoting green finance practices, and attracting investments in renewable energy projects. However, the banking sector also faced heightened competition, with both local and international players vying for market share. The regional interest rate environment, influenced by global trends and local monetary policy adjustments, created both challenges and opportunities for financial institutions.

## Future Outlook



Looking ahead, Saudi Arabia's economic trajectory remains strong, with real GDP growth projected at 3.3% in 2025 and 2026, primarily driven by 4.4% non-oil sector expansion in 2025. Expected interest rate cuts in 2025-2026 will enhance credit accessibility, lowering financing costs for businesses and consumers, which will further stimulate economic activity.

BSF is well-positioned to capitalize on this economic momentum through its strategic focus areas:

- Multinational Corporations, Financial Institutions and Government Entities – support business expansion and services.
- Digital banking advancements – enhance customer experience and operational efficiency.
- Treasury and investment banking growth – serve corporate and institutional clients.
- Retail banking and mortgage services development – address the rising consumer demand.
- Commitment to ESG and sustainable finance – reinforcing leadership in responsible banking.



# Our Strategy

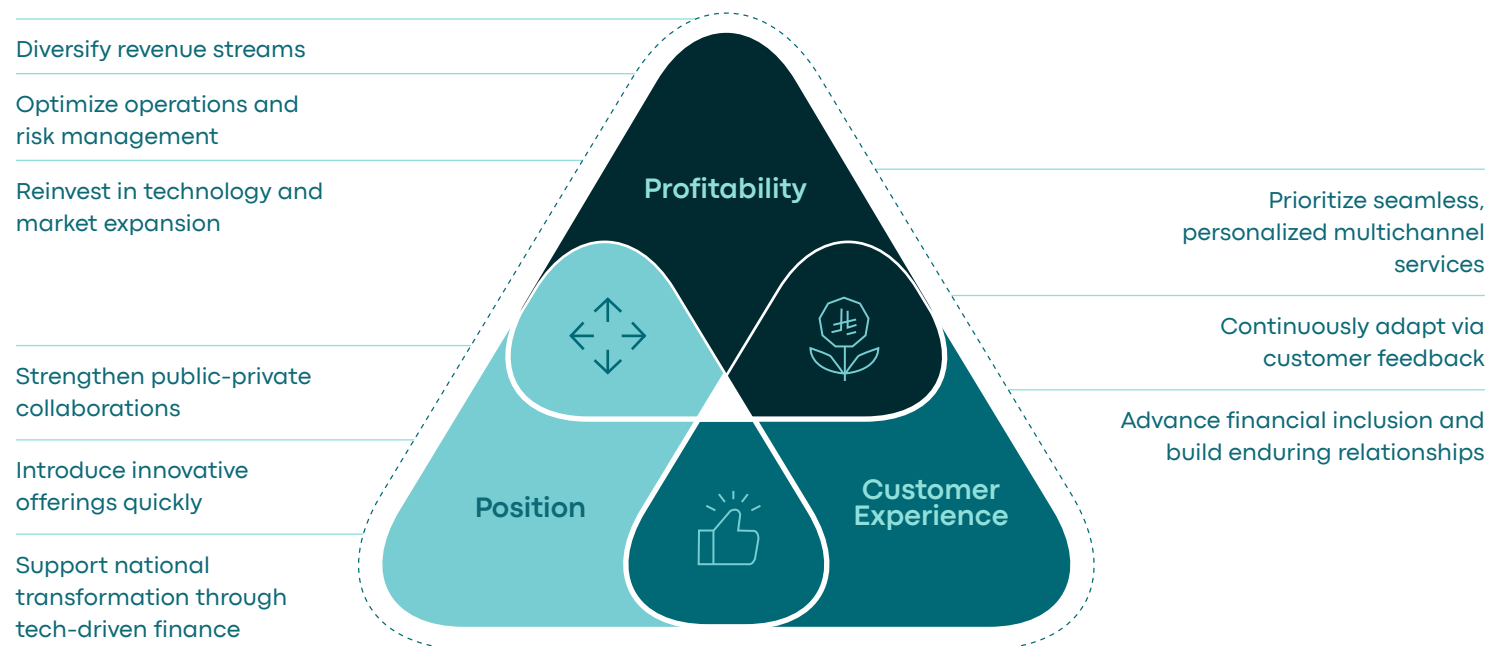
## Empowering Progress. Embodying Resilience.

Banque Saudi Fransi (BSF) operates with the strategic intent to provide comprehensive commercial banking services to both domestic and international customers. In pursuing this objective, BSF is dedicated to fostering long term, personalized relationships with its customers, ensuring loyalty through unparalleled banking expertise, exemplary service quality, and innovative financial solutions.

As a responsible corporate citizen within the Kingdom of Saudi Arabia, the Bank is committed to aligning with the nation's "Vision 2030". The Bank actively contributes to financial inclusion, digital transformation and economic prosperity thereby supporting the realization of the country's socio-economic objectives.

## Key Strategic Priorities

BSF's strategic approach centers around three key pillars; namely, profitability, position, and customer experience. BSF's growth trajectory and performance in 2024 reflects its unwavering commitment to empowering the nation's transformation by supporting the local business landscape, fostering technological innovation in the sector, and driving inclusive economic growth.

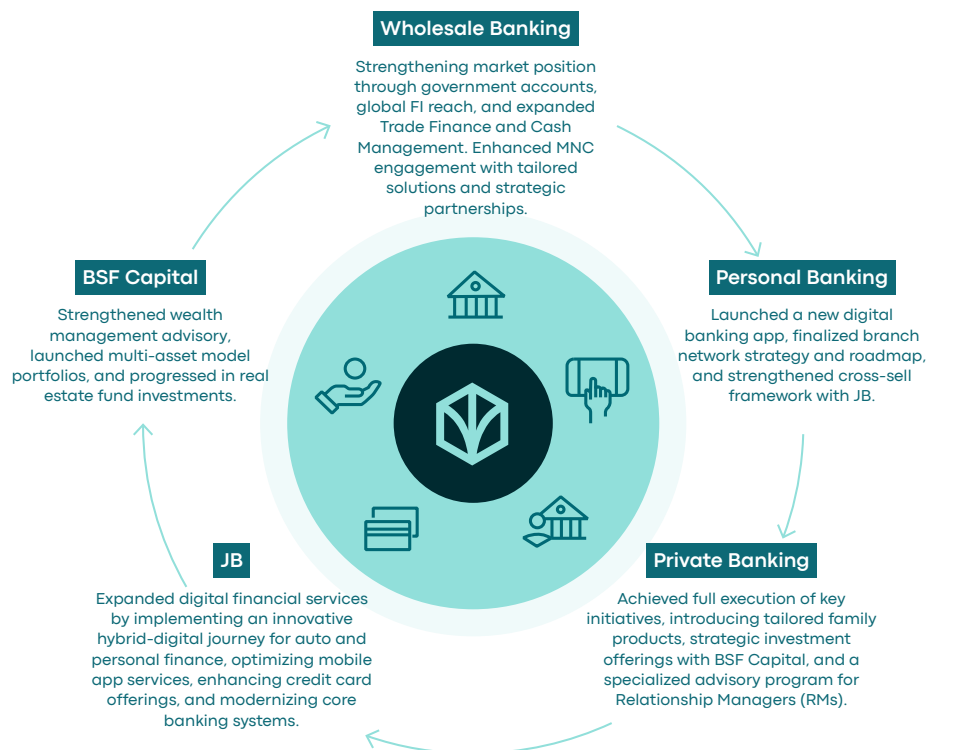


## 2024 Strategy in Action Aligned Approach to Vision 2030

In 2024, BSF initiated several transformative strategies in alignment with KSA's "Vision 2030" focusing on economic diversification, financial inclusion and technological advancement. Owing to its expertise, BSF has been a pivotal supporter of large-scale infrastructure and project finance initiatives that are vital for Saudi Arabia's economic diversification and industrial growth. These features highlight the Bank's strategic approach towards aiding nation-building

and corporate development. Through diversification of its lending portfolios to small and medium-sized enterprises (SMEs), BSF is empowering entrepreneurs and contributed to the diversification of the Kingdom's economic base.

These initiatives were structured across five key business pillars, each targeting specific strategic goals and operational improvements. In 2024, BSF achieved significant progress across its business segments,



The Bank emphasized operational excellence, customer centric growth, and financial resilience during the year that presented opportunities for growth as well as macroeconomic challenges. Key strategic wins for BSF in the year under review included upgrading the Core Banking System to enhance scalability and service delivery, launching an omnichannel mobile application for seamless digital banking experiences, and improving operational efficiency for real-time transactions. BSF also expanded its finance offering to evolving customer

needs and implemented the "Multifaceted Point of View" program with a view to adapt to changing preferences and industry trends. The Bank plays a critical role in financing giga projects, particularly in renewable energy and infrastructure. With direct involvement in multiple Vision 2030 initiatives, the Bank is well-positioned to expand its financing footprint by leveraging relationships with international financial institutions and local contractors.

Additionally, the Bank improved its deposits performance through customer acquisition and effectively managed funding costs by balancing deposits mix shifts strategic capital allocations, thereby ensuring sustainable financial growth despite challenges.

## Technology and Digital Transformation

BSF is executing a comprehensive digital transformation strategy to modernize banking operations, enhance customer experiences, and reinforce cybersecurity. The roadmap focuses on key initiatives that align with Saudi Vision 2030 and the Bank's strategic priorities.

## BSF Rebrand

In May 2024, BSF proudly unveiled its new brand identity, marking a pivotal moment in the Bank's evolution. This transformation signals a bold step toward the future of banking, embracing innovation, digital connectivity, and customer-centric financial solutions while remaining deeply rooted in the values that have defined BSF's legacy.

At the heart of this rebrand is a refreshed visual identity, with the BSF acronym representing the next generation of banking. This new positioning reflects the Bank's commitment to simplicity, modernization, and strategic growth, aligning with Saudi Arabia's evolving financial landscape.

BSF's rebranding initiative is driven by three key factors:

- **Strategic Enablement for Future Growth** – The new identity strengthens BSF's competitive advantage, ensuring profitability in core markets. A focus on simplification and digitization enhances operational efficiency, while cultural acceleration fosters innovation, talent retention, and recruitment.
- **Response to External Changes** – As Saudi Arabia's economic landscape evolves, BSF is adapting to shifts in the banking sector, where traditional models are giving way to customer-driven, digital-first experiences. This transformation ensures that the Bank meets rising client expectations, setting new benchmarks for innovation.
- **Adaptation to New Norms** – Rapid technological advances, including 5G, AI, and blockchain, are redefining the financial ecosystem. BSF's rebrand reflects a commitment to digital transformation, capitalizing on fintech partnerships, open banking, and evolving workforce dynamics to build a resilient and forward-thinking financial institution.

BSF's brand strategy is anchored in three fundamental pillars:

- Shared Belief**

A commitment to positively impacting the Kingdom, supporting meaningful economic and social progress.
- Active Purpose**

Empowering every generation to achieve financial prosperity, ensuring sustainable growth for all.
- Value Proposition**

Positioning BSF as a trusted companion in every stage of a customer's financial journey, inspiring confidence and smarter financial choices.

With 80+ branches, 300+ ATMs, 6 offices, and an expanding digital ecosystem, BSF's rebrand is more than just a visual refresh it's a strategic transformation designed to accelerate digital banking, foster financial inclusion, and drive long-term growth.

This evolution cements BSF's role as a forward-looking financial institution, leveraging its deep-rooted heritage while embracing the opportunities of a digital-first economy.

Financial Strength and Liquidity

The Bank has upheld a strong financial position, ensuring liquidity, capital stability, and risk management despite market fluctuations. Amid fluctuating oil prices and evolving macroeconomic conditions, BSF has upheld robust liquidity management and maintained a strong risk profile. These initiatives underscore the Bank's stability and its capacity to support the Kingdom's growth ambitions. BSF achieved record profits in 2024. This success underscores the Bank's operational excellence and strategic foresight, demonstrating its capability to adapt and thrive.

Key Financial Indicators

- NPL Ratio:

0.93%

(-12bps YoY mainly from being environment and prudent risk management)
- NPL Coverage:

181.7%

(+44.0ppts YoY increase, strengthening credit risk coverage)
- Cost of Risk:

0.58%

(-38bps YoY decline, reflecting improved credit control)

Liquidity and Capital Resilience

- T1 Ratio:

18.8%

(Exceeding regulatory thresholds)
- LCR:

162%

(Ensuring strong liquidity reserves)
- NIBD percentage of Total Deposits:

46.5%

(Managing balance sheet shifts effectively)

Future Outlook



As BSF moves forward, its strategy remains centered on expanding digital banking, strengthening financial resilience, and driving sustainable growth. The Bank is advancing its digitally-powered financial solutions, enhancing real-time decision-making while reinforcing cybersecurity and risk management to ensure a secure digital ecosystem.

Sustainability is a key priority, with BSF scaling green financing and expanding investments in renewable energy. The introduction of ESG-focused lending aligns with Vision 2030, supporting businesses committed to responsible growth. Meanwhile, the Bank will continue to strengthen wealth management and asset management services, ensuring a balanced approach to risk and liquidity.

# Business Model

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The Bank's strategy is deeply integrated with Vision 2030, focusing on economic diversification, Corporate financing, and sustainable development. Its expansive branch network, digital transformation initiatives, and strategic partnerships position it as a key driver of national progress while delivering long-term value to stakeholders. The Bank's commitment to ESG principles reinforces sustainable growth through responsible banking practices, employee development, and inclusive financial solutions.

BSF continues to reinforce its position as a leading financial institution in Saudi Arabia. The Bank's governance framework aligns decision-making with regulatory best practices and shareholder interests, while its risk management strategy strengthens financial stability through prudent credit policies, cybersecurity advancements, and regulatory compliance. With ₪ 292.78 billion in assets, ₪ 185.12 billion in deposits, and a loan portfolio of ₪ 204.17 billion, BSF ensures stability and growth.

|                                                                                     | Input                                                                                                                                                                                                                                         | Value                                                                                                                                                                                                                                                            | Output                                                                                                                                             |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <b>Financial</b><br>Deposits:<br>₪ 185.12 billion<br>Loans:<br>₪ 204.17 billion<br>Capital Base:<br>₪ 49.41 billion<br>Credit Rating:<br>S&P Global Ratings (A-, Stable)<br>Moody's Rating:<br>(A1, Stable)<br>Fitch Ratings:<br>(A-, Stable) |  BSF ensures profitability through strategic lending, diversified investments, and robust risk management. Strong credit ratings reflect financial resilience and governance. | <b>Shareholders</b><br>EPS Growth:<br>6.83% YoY<br>ROE Including AT1:<br>10.40%<br>Dividend Yield:<br>6.25%                                        |
|    | <b>Infrastructure</b><br>No. of Branches:<br>81<br>Digital Banking & Mobile App Downloads:<br>0.67 million<br>No. of ATMs & POS:<br>393                                                                                                       |  Expanding its branch and ATM network while enhancing digital services ensures seamless customer experiences and faster transactions.                                         | <b>Customers</b><br>NPS Score:<br>68.2                                                                                                             |
|   | <b>Innovation &amp; Technology</b><br>Corebanking, Omnichannel, and Integrated Corporate portal<br>Open Banking & Cybersecurity                                                                                                               |  Digital transformation through technology, and automation enhances efficiency, security, and customer experience.                                                            | <b>Market Leadership</b>                                                                                                                           |
|  | <b>People</b><br>Employees:<br>3,056<br>Saudization:<br>92.5%<br>Women in Leadership:<br>6%                                                                                                                                                   |  Investing in employee growth, leadership, and Saudization ensures a skilled and diverse workforce.                                                                         | <b>Employees</b><br>Internal Mobility:<br>25% - This refers to internal hiring out of all hirings in 2024<br>Training hours:<br>44,000             |
|  | <b>Partnerships &amp; Community</b><br>Vision 2030 & Corporate Financing<br>ESG & CSR Initiatives                                                                                                                                             |  Supporting economic growth, financial inclusion, and sustainability through strategic partnerships and social initiatives.                                                 | <b>Social &amp; Economic Impact</b><br>Active in community development: Contribution of 50 million SAR to local education and healthcare programs. |



## In 2024, the Bank demonstrated its leadership in trade finance and technology innovation, earning prestigious awards for its core banking solutions, predictive analytics, and commitment to Saudization.

BSF is fully committed to supporting the objectives of Saudi Arabia's Vision 2030 by actively financing transformative and high-impact projects that contribute to the Kingdom's economic diversification and growth. Within the trade finance sector, the Bank is enhancing its strategic efforts to expand its market share and boost fee-based income. The Bank leverages its extensive global trade expertise to deliver innovative solutions that meet the evolving needs of businesses, fostering greater connectivity, and facilitating seamless international trade.

In 2024, BSF earned numerous prestigious awards for core banking technology, predictive analytics, trade finance, investment excellence, Saudization efforts, and innovative recruitment. Recognized by international and regional institutions, the Bank solidified its leadership in technology, wealth management, and exceptional service across Saudi Arabia and the Middle East.

# Wholesale Banking Group



The Wholesale Banking Group (WBG) demonstrated resilience in 2024, achieving notable growth in assets, revenues, and client satisfaction. Focused on supporting mega-projects, sustainability initiatives, and public-private partnerships, WBG leverages its expertise, strong client relationships, and digital transformation efforts to deliver innovative financial solutions.

## Wholesale Banking Group

The Wholesale Banking Group (WBG) at BSF showcased exceptional resilience and adaptability, achieving strong performance despite competitive pressures and the impact of the high interest rates that prevailed for much of 2024. By leveraging expertise, strong client relationships and strategic focus, WBG reported notable growth in assets and revenues, driven by financial solutions for corporate and institutional clients amidst upholding risk assessment standards to maintain portfolio quality. WBG achieved significant growth in loans, liabilities, and operating income, bolstered by increased fees and commissions and well-managed provisions by the end of 2024.

The Treasury Group, Retail Banking Group, BSF Capital and JB work collaboratively with the Wholesale Banking Group to enhance client offerings. Treasury provides hedging solutions, optimized deposit products, and competitive forex services, while Retail Banking offers exclusive loan packages and premium branch services for corporate employees. BSF Capital drives growth through funds aligned with national priorities, Mergers and Acquisition (M&A) advisory, and customized investment products. Together, these groups promote cross-selling opportunities, streamline capital allocation, and improve operational efficiency through integrated platforms and advanced technology.

BSF's Wholesale Banking Group is strategically positioned to support the Government and the Kingdom's Vision 2030 initiatives through:

- Financing Megaprojects, directly or indirectly such as NEOM Green Hydrogen and The Red Sea Project
- Expanding opportunities in sectors like healthcare, education, and tourism that require financing solutions
- Supporting sustainability related exposures such as renewable energy and carbon-neutral projects
- Financing public-private partnerships (PPP) across sectors
- Partnering for subsidy and grant management Government Schemes
- Providing financing and advisory services for developers and contractors; and services for ancillary industries related to the Megaprojects
- Improving digitization and launching new products and services supporting the journey towards a cashless society
- Structured trade products suite to support the financial needs of businesses, particularly SMEs and supporting trade landscape

Performance

BSF demonstrated strong financial performance in WBG in 2024, driven by a focus on income diversification and proactive asset management.

|                                |       |   |
|--------------------------------|-------|---|
| Increase in Net Loans:         | 11.6% | ▲ |
| Increase in Operating Income:  | 16.0% | ▲ |
| Growth in Total Liabilities:   | 15.6% | ▲ |
| Total Customers in WBG:        | 8,981 | ▲ |
| Increase in NPS Score for WBG: | 10.4% | ▲ |





## Holistic Strategic Focus

The Bank's strategy integrates resources, capabilities, and efforts to drive long-term growth through innovation, strong client relationships, market expansion, and operational efficiency.

|                                                           |                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leverage on Strong Client Relationships</b>            | → BSF capitalizes on its deep relationships with corporate clients, fostering strong engagement and serving as their business partner. It optimizes business potential of its clients by understanding their needs and providing them financial solutions |
| <b>Enhance Client Experience with E-Channel Solutions</b> | → Constantly upgrades electronic channels and enhances cash management solutions with the end view of becoming the primary operating account for its clients.                                                                                             |
| <b>Focus on other Business Segments</b>                   | → Special attention is on Financial Institutions (FIG) and Multinational Corporations (MNCs) to increase credit exposure and diversify revenue streams                                                                                                    |
| <b>Innovate Products and Services</b>                     | → BSF continuously develops wholesale banking products to meet corporate client needs, enhance competitive advantage, increase customer satisfaction, and drive revenue growth.                                                                           |
| <b>Strengthen Government Collaboration</b>                | → BSF enhances its partnerships with government entities on ongoing basis, unlocking business opportunities and supporting Saudi Arabia's Vision 2030, fostering growth aligned with national priorities.                                                 |

## Competitive Positioning

BSF's Wholesale Banking Group excels through long-standing corporate relationships and offering comprehensive financial solutions. Some of the key strengths of WBG are the;

- **Experienced Team:** Relationship managers deeply understand local markets and thus able to build long-term relationships
- **Diverse Offerings:** The Bank offers a wide range of corporate banking products and services to meet the diverse financing needs of its clients

- **Strong Financial Position:** It has the ability to cater to corporate clients, offer competitive financing terms, support large-scale projects, and manage risks associated with corporate lending.
- **Extensive Network:** A well-established network provides accessible banking services, while a strong correspondent banking network enables seamless international trade and transactions.

## Sectoral Composition of BSF Services

WBG serves a diverse client base, including large local and international corporations, MSMEs, financial institutions, and government entities. It remains a major contributor to BSF's overall financial performance, accounting for 46% of BSF's total income.

The Group's core offerings include Integrated Lending Solutions, providing tailored financing for corporate clients, and Trade Finance, covering Letters of Credit (LC), Letters of Guarantee (LG), and structured trade solutions. Additionally, WBG delivers Payments and Cash Management solutions such as digital banking, payroll services, and liquidity management. To support corporate deposits, the Group also offers Deposit and Treasury Solutions, including commission-bearing deposits (CBDs) and interest-earning accounts.

## Challenges and Market Impact

The high-interest rate environment in 2024 influenced lending and deposit trends across the industry. A selective lending approach was adopted to focus on creditworthy sectors and resilient businesses, mitigating risk exposure. The market also witnessed a shift in deposit preferences, with increased demand for CBDs and call accounts among institutional and government clients. Additionally,

competitive loan pricing remained a challenge, as aggressive market competition impacted loan margins and overall profitability. Despite these factors, WBG maintained its market positioning through strategic asset allocation and innovative financial solutions.

## Client Base and Engagement Mid-Corporate Segment

WBG focused on profitable lending and achieving a house-bank status to strengthen its Non-commission bearing deposits (NCBD) portfolio. Cross-sell opportunities were expanded across the Global Markets Group (GMG), Liquidity and Cash Management (LCM), and Retail banking. In addition, WBG boosted penetration of LCM services, including Dividend Distribution, Payroll, and e-channel solutions, to enhance corporate client engagement.

## MSME Segment

To support small and medium-sized enterprises, WBG established SME centers in key regions, ensuring better accessibility to financial services. New agreements with government entities expanded SME financing programs, while advancements in digital transformation enabled automated account opening and credit approvals. Additionally, trade finance solutions were strengthened through automated lead management, simplifying processes for SME clients.



Infrastructure Projects

BSF has been actively involved in financing infrastructure projects that enhance connectivity and support economic diversification.

The Company has been engaged in financing projects contributing to the industry's development and aligning with the nation's strategic objectives. In addition, it has played a significant role as a financial advisor and as an arranger for one of the largest refining and petrochemical project in the Kingdom in recent years.

Digital Transformation

BSF has achieved notable progress in Wholesale Banking's digital transformation, optimizing operational efficiency and elevating customer experience to align with contemporary market needs.

| Key Achievements                                                                                                                                                                                                                                                                                                                                                                  | Strategic Benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Migrated key services to a new core banking system improving reliability, speed, and functionality.</li><li>• Enhanced features of BSF Global – Corporate's digital platform.</li><li>• Launched digital trade services</li><li>• Improved acquiring services.</li><li>• Offered diversified options for cross-border payments.</li></ul> | <ul style="list-style-type: none"><li>• <b>Operational Efficiency:</b><br/>Automation and integration have significantly reduced manual interventions, while minimizing costs and improving processing times.</li><li>• <b>Enhanced Customer Experience:</b><br/>Improved digital platforms and self-service functionalities empower clients, offering convenience and flexibility.</li><li>• <b>Business Growth:</b><br/>The streamlined processes and upgraded offerings open avenues for customer acquisition and retention, new revenue streams, and driving BSF's market presence.</li><li>• <b>Risk Mitigation:</b><br/>By modernizing processes, BSF ensures a competitive edge while safeguarding against potential business risks.</li></ul> |

Enhancing Customer Experience

BSF's objective is to enhance customer experience by optimizing interactions across all touchpoints, employees, and departments, aiming to become the most innovative, customer-focused Bank in the region. The Bank provided personalized

service, seamless digital journeys, and streamlined service through four pillars: a customer-centric culture, balancing experience and performance, strategic action plans, and CX excellence. Some key initiatives introduced in 2024 include a client portal rollout and a robust complaint handling mechanism for prompt resolution and continuous improvement.

Corporate Banking Group (CBG)

A Strategic Approach

BSF continued to position itself as a major player in the Corporate Banking forefront supporting a diverse range of clients across different sectors. CBG maintained its momentum in building its business pipeline through establishing new relationships and strengthening partnerships with existing clients by providing financial solutions that will help them achieve business success. CBG focused on liabilities management, fee income growth, regular account planning, employee engagement, and innovative initiatives to drive portfolio expansion and client satisfaction.

- Expanding presence across all Corporate Banking Group (CBG) segments - MNCs, Large Corporates (LC), and MSMEs
- Enhancing client engagement through Liability and Cash Management (LCM) products, including Dividend Distribution, Payroll Services, and e-channel enrolments, to drive commission-based e-banking transactions.
- Strengthening "house-bank" relationships with corporate clients, enhancing cross-selling opportunities.
- Incorporating cross-selling within financing agreements.
- Exploring more opportunities in Trade Finance with key corporate clients.

## Growth Potential

Corporate Banking experienced robust portfolio growth in 2024, fueled by Saudi Arabia's optimistic economic outlook. This expansion is anticipated to gain momentum as new opportunities and sectors emerge. Several key factors contributed to this growth, presenting significant opportunities for BSF.

## Trade Finance Opportunities

Saudi Arabia's trade growth presents opportunities for BSF's trade finance solutions.

- Optimize working capital for businesses in retail, manufacturing and logistics focused on Supply Chain Financing.
- Streamlining trade finance processes using technology attracts exporters and importers
- Supporting Regional and Global Trading through cross-border financing as Saudi expands trade links with key markets.

Emerging Multinational Corporations (MNCs) in the Kingdom and the ever-growing MSME segment.

BSF is focused on supporting the growth of MNCs in Saudi Arabia and expanding its presence to the growing MSME segment.

- Offering simplified credit facilities and digital banking solutions
- Collaborating with the government and its initiatives like Monsha'at to empower small businesses.

- Offering cross-border payment services, treasury management, and working capital financing for MNCs.
- Acting as a local banking partner for MNCs setting up regional headquarters.

## Project and Structured Finance

BSF's Project and Structured Finance (PSF) specializes in financing large-scale projects across infrastructure, energy, and emerging sectors, utilizing tailored financial structures to optimize risk and returns. PSF actively supports Vision 2030 initiatives, focusing on mega projects and concession-based opportunities. It prioritizes renewable energy financing aligned with Saudi Arabia's ESG goals, reinforcing leadership in sustainable finance. Strategic partnerships and geographic expansion enable access to high-yield project finance initiatives, benefiting Saudi developers and advancing the local economy.

PSF excels in complex debt arrangements, restructurings, and syndications for greenfield and brownfield projects across petrochemicals, water, power, transportation, and more. Expertise in debt financial advisory and local regulatory knowledge ensures optimal solutions for clients. The Group also fosters public-private partnerships (PPP), assisting clients in government tenders while expanding agency services to meet growing demand. BSF's commitment to ESG principles drives portfolio growth, enhances market share, and delivers lasting client value.

## Global Transaction Solutions

BSF's Global Transaction Services (GTS) is gradually transforming corporate banking through advanced digital solutions, delivering enhanced customer experiences, driving revenue growth, mitigating risks, and enhancing operational efficiency. By leveraging data insights, GTS fosters strategic growth and innovation.

GTS provides intuitive platforms and efficient services enhancing its customer experience, reflected in the increased client penetration of Liquidity and Cash Management products and services during the year and improved satisfaction scores for Transaction Services and Liquidity Management. As a key revenue driver, GTS contributes significantly to BSF's revenue growth through innovative products and increased transaction volumes. Risk mitigation initiatives such as robust account controls and tailored liquidity solutions ensure enhanced risk management, safeguarding clients' assets.

Substantial uptake of digital channels for cash management and trade transactions highlights the success in meeting modern banking needs and the digitization initiatives. Efforts of the Bank in continuously enhancing its state-of-the-art digital propositions is yielding tremendous results evidenced through the 18% increase in volume of transactions processed in 2024.

## Financial Institutions and Government

The Financial Institutions and Government (FIG) group at BSF delivers solutions to drive growth and innovation for financial institutions and government entities, leveraging strategic partnerships and specialized services. FIG witnessed a record 49% growth in total core revenue and 50% increase in total assets.

Expanding coverage and cross-selling opportunities in the government sector, the business improved its revenue generation by 32% through strategic client acquisitions. Revenue growth and NCBD volumes remain a priority, with steady progress in cross-selling performance.

Focused on expanding assets and trade flow activation, Financial Institutions (FI) further strengthened its competitive positioning in trade transactions driving additional flows through BSF that led to a 53% increase in revenue and achieving 126% in asset growth.

Advancing asset growth and product offerings to the Non-Banking Financial Institutions (NBFI) sector while targeting FinTech acquisition supported the business in 2024. NBFI assets grew by 38% including semi-government entities. Revenues and NCBDs are key performance indicators reflecting a 3.4% improvement in NCBD balance whilst core income showed 59% better.



Key initiatives also include leveraging risk mitigation tools like credit insurance to penetrate underdeveloped markets. Additionally, the Vision Realization Programs (VRP) Unit actively collaborates with government entities, securing agreements that enable BSF's involvement in transformative projects.

The strategy implementation is ongoing covering refining the interactions with retail banking in addition to integrating the unit's accounts with other government portfolios to leverage on the existing and pipeline relationships.

## Strategic Vision and Outlook

The Wholesale Banking Group at BSF is well-positioned to capitalize on emerging opportunities in Saudi Arabia's rapidly evolving economy. With a diversified portfolio spanning key sectors such as trade, construction, transport, and energy, WBG remains committed to supporting the Kingdom's economic transformation in alignment with Vision 2030. The Group's focus on strategic growth, sectoral diversification, and innovative solutions ensures stability and resilience in a dynamic market environment.

Looking ahead, WBG will continue driving digital transformation and enhancing client engagement to expand its base of New-To-Bank (NTB) clients. Enhancing client experiences remains a top priority, WBG demonstrated significant improvement in NPS, recovering from a decline in 2022 to achieve a score of 78.9 in 2024, driven by enhanced transactional experiences and a client-centric approach.

By leveraging advanced technology, offering tailored financial solutions, and maintaining robust risk management practices, WBG aims to further solidify its leadership in the Saudi banking landscape. The Group is set to play a pivotal role in financing transformative projects and fostering sustainable economic growth in the Kingdom.

# Personal Banking Group

With over 1.28 million customers, BSF has transformed its digital platforms, offering seamless and secure banking experiences while introducing personalized products tailored to diverse customer needs.

[Introduction](#)[Strategic Report](#)[Corporate Governance](#)[Financial Statements](#)

[BSF at a glance](#) | [Year in Review](#) | [Chairman's Message](#) | [CEO's Message](#) | [Market Overview](#)  
[Our Strategy](#) | [Business Model](#) | [Business Review](#) | [Wholesale Banking Group](#)  
[Personal Banking Group](#) | [Treasury and Investment Group](#) | [BSF Capital](#) | [JB](#)  
[Technology and Operations Group](#) | [Risk Management](#) | [Sustainability at BSF](#)  
[Our People](#) | [Financial Review](#)

The Personal Banking Group (PBG) at BSF serves as a cornerstone of the Bank's retail and wealth management strategy, driving customer-centric growth through a diverse range of financial products and services. PBG is structured into two primary segments, each catering to distinct customer needs:

**Retail Banking (RB):** Focused on the mass market, providing everyday banking solutions, loans, credit cards, and digital services. It operates through an extensive network of 81 branches and a rapidly growing digital ecosystem, ensuring accessibility and convenience for customers.

**Private Banking (PB):** Dedicated to high-net-worth individuals (HNWIs), offering tailored financial solutions, wealth management services, and exclusive advisory support to meet the sophisticated needs of premium clientele.

## Strategic Importance of Personal Banking Group

PBG plays a critical role in BSF's strategy by driving growth in key financial products such as loans, mortgages, and credit cards while expanding its market share. With over 1.28 million customers, it is a key driver of digital transformation, integrating innovative banking platforms to enhance efficiency and accessibility. Through personalized offerings and an omnichannel approach, PBG strengthens customer engagement and retention. Additionally, its focus on high-net-worth clients reinforces BSF's position in private banking, ensuring long-term value creation.

## Profile and Track Record

| Number of clients |           |
|-------------------|-----------|
| Total Customers   | 1,286,516 |

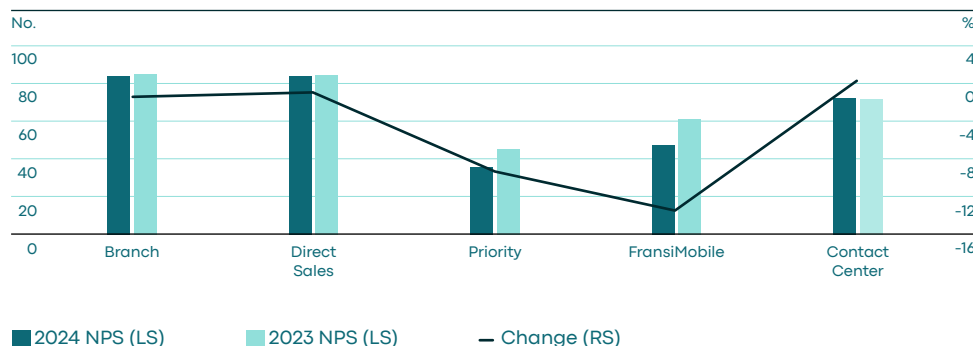
| Number of digital clients       |             |
|---------------------------------|-------------|
| FransiPlus (Total)              | 722,429     |
| FransiMobile (Active and Total) | 729,266     |
| Number of Branches              | 81 Branches |



| Retail Banking                   |                                 |                              |                           |
|----------------------------------|---------------------------------|------------------------------|---------------------------|
| Number of customers increased by | Affluent customers increased by | Retail deposits increased by | PL portfolio increased by |
| 5.6% ▲                           | 2.8% ▲                          | 5.9% ▲                       | 6.4% ▲                    |
| HL portfolio increased by        | HL sales increased by           | CC portfolio increased by    | PL sales increased by     |
| 16.3% ▲                          | 138% ▲                          | 8.8% ▲                       | 4.3% ▲                    |

Customers' experience achievements:

#### YoY NPS Growth



## Strategy

### Strategic Vision and Performance

Banque Saudi Fransi's Retail Banking Group (RBG) has demonstrated strong financial growth and resilience, positioning itself as a key driver of the Bank's retail strategy. In 2024, the group's net income surged 103%, reaching over ₪ 1 billion, compared to 2023, driven by an expanded loan portfolio and improved net interest margins from deposits. Loan portfolio growth of 12% year-on-year outpaced the market's 9% increase, supported by a 6.4% rise in personal loans, a 16.3% increase in mortgages, and a 8.8% growth in credit card receivables. Personal loan sales climbed 4.3% year-on-year, mortgage sales climbed year-on-year while new credit cardholder issuances were at par compared to previous year.

Despite challenges in the mortgage sector, including limited housing supply, rising property values, and higher interest rates, RBG made sharp sales performance driven by multiple activities that includes new products features and competitive offering to the market.

### Strategic Developments and Enhancements

As part of its commitment to customer-centric banking, RBG has introduced tailored loan solutions based on customer asset profiles, providing personalised financial offerings. Additionally, BSF has strengthened its international fund transfer capabilities through a partnership with Western Union, allowing customers to send money seamlessly via the BSF Internet Banking

Platform. With access to over 125 countries and 550,000 agent locations worldwide, this initiative expands BSF's global remittance services, offering greater convenience and accessibility to customers.

### Execution of the Strategy

BSF is implementing key strategic initiatives to enhance Retail Banking, Private Banking, Priority Banking, and Segment Development. While several projects have already been completed, others are in progress, with execution prioritized based on impact and strategic alignment. A core enabler of this strategy is BSF's omnichannel platform, which provides customers with a secure, seamless, and highly efficient banking experience.

### Key Enablers for Retail Growth

To support its retail banking strategy, BSF has identified several key enablers:

- **Enhanced Digital Interfaces** – The Bank launched its Mobile App, internet banking platform, omnichannel dashboard, and employee to improve customer interactions and operational efficiency.
- **Personalization and Data** – Driven Insights – BSF is leveraging data analytics and AI-driven insights to create hyper-personalized banking experiences and predictive financial solutions.
- **Pioneer and tailor Made products** – across all customers' segment compared to market – Aims to launch new products and features to address customers' needs, while also improving existing offering to enhance the overall customers experience

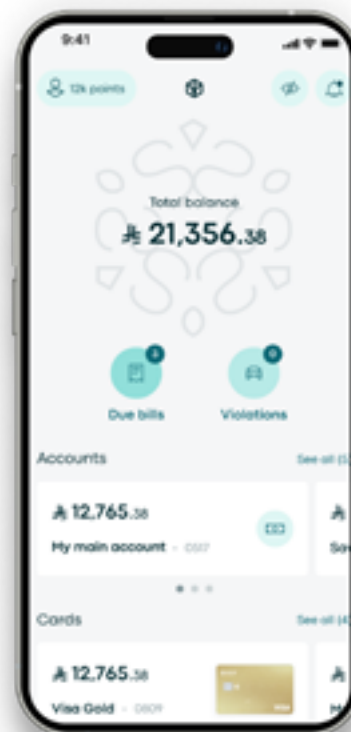
## Current Focus

Great milestones have been planned, with implementation set to begin in January 2025 towards the Branch Transformation optimization Project, shifting branches from operational hubs to sales and advisory-focused centers. The initiative, currently in the design phase, will optimize transactions, policies, and procedures to enhance the customer experience, with implementation set to begin in January 2025.

Product offerings have been streamlined, reducing credit card options from 20 to a core selection of 5, ensuring a more focused and efficient portfolio. In mortgages, the emphasis is on creating a simple, intuitive, and fully digital customer journey. Additionally, RBG is developing new products tailored to emerging customer segments, particularly in personal loans and mortgages.

As part of portfolio enhancements, the Group is expanding its insurance offerings, including motor vehicle policies, to diversify its financial solutions. Additionally, BSF is broadening its market presence through sponsorship initiatives, particularly in the SPL, covering nearly 18 football clubs in Saudi Arabia. A sports-focused program is being developed to create unique value propositions for these clubs, requiring system upgrades and feature enhancements, reinforcing BSF's commitment to innovation and customer engagement.

## Digital Milestones



### • New Digital Channel

In 2024 BSF successfully launched a new digital channel that encompasses all capabilities and services from the

previous platform. In addition, the bank introduced several value-added services and enhancements. Remarkably, over 80% of our customers have migrated to the new digital channel.

BSF conducted comprehensive user experience assessments and usability testing on the new channel, gathering valuable user insights and feedback. These findings will be instrumental in further enhancing the user experience.

### • Open Banking

The Bank successfully onboarded nine Third-Party Providers (TPPs) for Account Information Services (AIS), demonstrating our commitment to seamless and secure data sharing. Looking forward, we are set to launch Payment Initiation Services (PIS) in 2025, introducing innovative payment solutions that enhance convenience, security, and efficiency for both consumers and businesses.

Our goal is to become a Sponsored TPP, enabling us to leverage Open Banking use cases for our customers. This strategic move will optimize our product offerings, reduce manual interventions, and facilitate instant credit decisions, further enhancing our digital banking capabilities.

### • Innovation

In September 2024, BSF launched the Innovation Lab Project as part of its strategic commitment to digital transformation and innovation. This initiative aims to establish a state-of-the-art Innovation Lab that fosters pain-point-led and experience-led innovation, solving real business challenges while enhancing customer experiences. The BSF Innovation Lab will serve as a hub for emerging technologies, fintech partnerships, and design-driven innovation. It will streamline processes, improve cross-functional collaboration, and drive sustainable digital transformation.

## • FIKRA

Launched in 2024, BSF's Ideas Management Platform, FIKRA, empowers employees to propose and develop innovative solutions that enhance banking products, services, and processes. FIKRA fosters a culture of collaboration, turning ideas into actionable initiatives that drive efficiency and customer-centric innovation. With dedicated FIKRA Champions and structured evaluations, the platform has successfully progressed initiatives such as Green Business Operations and Blockchain for Supply Chain Transparency.

## Private Banking

BSF's Private Banking group continues to excel in performance through innovative product offerings across the value chain. Our objective is to transition from a sales-driven model to a fully advisory-based approach. Cross-sell remains a key priority to attract clientele by providing tailored investment and wealth planning solutions in collaboration with BSF Capital.

## Strategic Initiative Overview

BSF is redefining its private banking group by adopting three broad themes including acquiring new customers to diversify client base and balance sheet, launch tailored product and services proposition in alignment with emerging needs of clientele and provide tailored advice and relationship support to our customers.

BSF is conducting a comprehensive review of its customer base to better understand client engagement and strengthen relationships. Active clients are analyzed based on their product usage, with targeted efforts to introduce them to additional offerings.

Beyond traditional banking services, BSF is elevating its after-sales engagement through exclusive, high-value experiences designed to enhance client relationships and loyalty. Initiatives include premium event invitations, offshore gatherings, and tailored entertainment programs, all of which form part of a broader 2024 strategy to improve customer satisfaction and reinforce long-term retention.

## Referrals and Onboarding

To expand our private banking clientele, BSF collaborates closely with the Corporate Banking Team. By directly engaging with these high-value individuals, the Bank aims to onboard them into our private banking services, achieving notable success in this area. Also, similar collaborations are taking place with BSF Capital to ensure presenting BSF Private Banking as a one-stop shop for ultra-high net worth individuals.

## Challenging Environment

### Economic Challenges

Saudi Arabia's ambitious expansion projects are reshaping the financial landscape, increasing demand for liquidity and intensifying competition for liabilities. While this presents challenges, it also creates opportunities for financial institutions to innovate and diversify.

The rise of digital platforms, alternative investment channels like Sukuk, and crowdfunding solutions is transforming market dynamics. To stay ahead, banks must enhance their product offerings, optimize cost structures, and develop tailored solutions that align with evolving client needs. By embracing innovation, BSF is well-positioned to navigate liquidity pressures while strengthening its market presence.

Moreover, high borrowing and deposit rates are intensifying competition among banks to attract liabilities. These dynamics underscore the growing difficulty in navigating the liquidity challenges while maintaining cost efficiency and sustaining growth in this competitive economic landscape.

## Market Challenges

At present, the Bank is focused on capturing a larger market share in terms of liabilities and Assets Under Management. The competitive landscape has shifted with the introduction of new sources of credit, all of which are adding to the strain on liquidity. Furthermore, interest rates remain relatively high leading to intense competition among banks for acquiring liabilities. These dynamics are also impacting private banking business, as clients are exploring a wide range of investment opportunities with higher returns.

## Future Focus



In 2025, BSF aims to deepen relationships with existing clients while also acquiring new ones to create a more robust and mature balance sheet. The Bank will achieve this by aligning our offerings with emerging client needs and launching innovative products and customized services across the value chain to enhance the client experience.

# Treasury and Investment Group

By focusing on strategic asset allocation, the group optimizes returns while maintaining financial stability through high-quality liquid assets (HQLA) and advanced risk management frameworks. With successful transactions like the landmark USD 750 million Asian syndicated loan and innovative hedging products, BSF is positioned to support long-term growth and navigate market complexities.

The Treasury & Investment Group (TIG) at Banque Saudi Fransi (BSF) plays a pivotal role in managing the Bank's liquidity and interest rate risks, optimising balance sheet deployment and delivering tailored hedging solutions to clients. By ensuring a robust funding infrastructure, TIG supports franchise growth in alignment with Vision 2030's mega-capex cycle and the Kingdom's evolving economic landscape.

BSF's strong presence in loan markets, both bilateral and syndicated, combined with its well-established Euro Medium-Term Note (EMTN) and Sukuk Programme, reinforces its leadership in capital markets.

## Funding Strategy & Capital Market Leadership

BSF's funding strategy is formally documented and approved annually by the Board of Directors, with an extensive review conducted with the Saudi Central Bank (SAMA) as part of the Internal Liquidity Adequacy Assessment Process (ILAAP).

To maintain balance sheet resilience and mitigate liquidity mismatches, BSF employs a structured liquidity monitoring framework that integrates Basel III and SAMA regulatory metrics, including:

- Net Stable Funding Ratio (NSFR)
- Liquidity Coverage Ratio (LCR)
- SAMA Liquidity Ratio (SLR)
- Loan-to-Deposit Ratio (LDR)
- Interest Rate Risk in the Banking Book (IRRBB).

Given the expansion of mortgage financing and the increasing maturity of corporate lending, especially in structured finance linked to Vision 2030 mega-projects, BSF remains committed to securing sufficient mid-term and long-term funding to ensure sustainable franchise growth.

The Bank employs diverse funding tools, including:

- Debt capital market issuances
- Bilateral and Syndicated loan facilities
- Innovative structured financing solutions.

## Landmark USD 750 million Asian Syndicated Loan

BSF successfully executed a USD 750 million (¥ 2.8 billion) five-year Asian syndicated loan facility, exclusively coordinated by Mizuho Bank. The transaction saw strong investor demand, achieving more than twice the required subscription, with 26 investors joining the syndicate.

The deal followed a strategic roadshow across key Asian financial hubs — Tokyo, Taipei, Hong Kong, and Singapore — where BSF engaged with 64 investors managing a combined USD 25 Tn in assets.

This transaction marks BSF's successful entry into the Asian syndicated loan market, unlocking fresh liquidity and establishing a benchmark for Saudi financial institutions in global capital markets.



## Liquidity and Risk Management

By optimising an asset-liability structure and implementing hedging strategies, BSF mitigates interest rate volatility and safeguards its balance sheet. Liquidity management remains central to sustaining franchise growth, with a focus on maintaining regulatory compliance and capital efficiency.

BSF maintains a robust asset-liability management framework, incorporating hedging strategies to mitigate interest rate volatility and optimise balance sheet stability.

Liquidity management remains a core pillar in sustaining franchise growth, with a focus on regulatory compliance and capital efficiency.

## Proactive Interest Rate Risk Management

BSF has implemented a proactive hedging strategy to protect net interest income in response to fluctuating market conditions. Key initiatives include:

- Utilisation of cash flow hedges to stabilise interest margins
- Extension of investment risk duration to enhance income stability
- Expansion of the retail franchise.

## Targeted Investments

BSF follows a strategic and disciplined investment approach, ensuring that asset allocation aligns with well-defined risk parameters. The Bank carefully balances return optimisation with prudent risk management, leveraging market opportunities while maintaining financial stability.

A significant portion of BSF's holdings consists of high-quality liquid assets (HQLA), ensuring portfolio stability and maintaining sufficient liquidity reserves to mitigate balance sheet and liquidity risks. Additionally, these holdings support the Bank's interest rate risk management framework, reinforcing resilience against market fluctuations.

## Debt Capital Market (DCM) Expansion

Historically, BSF's funding strategy has relied heavily on customer deposits and, to a lesser extent, short-term interbank funding. However, recent balance sheet developments have driven BSF to broaden its funding sources beyond traditional methods.

The Bank has actively leveraged Debt Capital Markets (DCM) to secure regular medium-term funding issuances through both public offerings and private placements across multiple geographies.

BSF ensures consistent access to international and domestic capital markets through:

- Euro Medium-Term Note (EMTN) Programme – Facilitating medium-term funding through global debt issuances
- Sukuk Programme – Expanding Shariah-compliant funding options
- Local AT1 Programme – Introduced in Q1-24 to support capital adequacy
- USD AT1 Capital Note Programme – Established to diversify capital sources further

Additionally, BSF has executed multiple loan borrowings, including club loans, bilateral loans, and syndicated loans ensuring a resilient funding base.

## Customer Hedging Solutions and Transactions

At BSF, we provide a comprehensive range of hedging solutions, enabling clients to effectively manage risks across foreign exchange, interest rates and commodities. Our fully integrated platform offers both linear and non-linear hedging instruments, ensuring customised solutions that align with diverse financial and risk management needs.

## Foreign Exchange (FX) Solutions

BSF offers a full spectrum of FX hedging tools, helping clients mitigate currency risk and optimise cross-border transactions:

- FX Forwards & Swaps – Standard linear instruments for managing currency exposure with predictable cash flows
- FX Options (Vanilla & Exotic) – Non-linear solutions providing flexibility and potential upside while managing downside risks
- Structured FX Deposits – Deposit products linked to FX performance, offering enhanced returns while managing currency fluctuations.

## Commodity Hedging Solutions

BSF provides commodity risk management strategies tailored to mitigate price volatility and secure long-term cost stability:

- Commodity Forwards and Swaps – Linear hedging solutions that lock in fixed prices for effective cost planning
- Options & Structured Solutions – Non-linear instruments enabling clients to hedge while benefiting from favourable price movements
- Structured Deposits Linked to Commodities – Yield-enhancing deposits that integrate exposure to commodity markets.

## Interest Rate Hedging Solutions

The Bank offers a full suite of interest rate risk management tools, ensuring stability in borrowing costs and investment returns:

- Interest Rate Swaps (IRS) – Convert fixed-rate obligations into floating or vice versa
- Caps, Floors & Collars – Flexible non-linear solutions to hedge against adverse interest rate movements
- Structured Interest Rate Products – Custom hybrid solutions tailored to client-specific balance sheet needs

With a fully developed hedging infrastructure, BSF delivers tailored solutions to meet customer requirements, combining structured deposits, derivatives and risk management strategies across FX, commodities, and interest rates. Our expertise ensures efficient risk mitigation, financial stability, and long-term value creation for our clients.

## Treasury as a Key Enabler of Growth

Treasury is integral to BSF's growth strategy, driving balance sheet efficiency and ensuring income stability through proactive risk management and strategic asset allocation.

Strategic Focus Areas:

- Enhanced hedging capabilities to manage interest rate gaps and mitigate income volatility, while enabling efficient access to funding and deployment in non-functional currencies
- Expansion and diversification of BSF's funding base across a broader range of instruments and geographies
- Measured investment growth to optimize risk-adjusted returns while maintaining capital discipline
- Sustained franchise expansion, underpinned by a robust and resilient funding infrastructure as a core priority

With a strong liquidity position, diversified funding base and advanced hedging solutions, BSF is well-positioned to navigate market complexities and drive sustainable long-term financial success.

2024 marked a transformative year for BSF Capital, strengthening its leadership in investment banking, asset management, and capital markets. The firm's rebranding from Saudi Fransi Capital to BSF Capital signified a strategic evolution, aligning with Saudi Vision 2030 and a client-centric, innovation-driven approach.

**The Company's financial performance demonstrates exceptional growth. AUM increased by 29%, driven mainly by growth in domestic equities and alternative investments.**

BSF Capital retained its #1 IPO advisory position in Saudi Arabia, managing five main market IPOs, including the year's largest, raising  $\text{SAR}$  2.85 billion. It also led M&A transactions, notably the  $\text{SAR}$  45 billion Aramco secondary offering.

## Business Segment Performance

### Asset Management

In 2024, we reinforced our position as one of the leading forces in asset management, achieving substantial growth across key investment verticals. Our assets under management saw a robust expansion, driven by domestic equities and alternative investments. The year was marked by the successful launch of multiple new real estate funds, supporting large-scale development projects and strengthening our role in advancing the sector. BSF also maintained strong momentum in domestic equities, securing new discretionary mandates and significant inflows into both public and private funds.

Looking ahead, our strategy is aligned with Vision 2030 and its realization programs, particularly in fostering economic diversification and strengthening capital markets. With an ambitious pipeline of real estate, infrastructure, and private market strategies, BSF remains committed to delivering long-term value for investors while contributing to the broader transformation of the financial sector.

## Investment Banking

BSF Capital continued to lead Saudi Arabia's investment banking sector, 2024 proved to be a stellar year for the Investment Banking business, with BSF Capital continuing to provide world-class advisory services to its wide client base, in equity and debt capital markets as well as mergers and acquisitions. BSF Capital has shown its market dominance through ranking 1st by deal count and 2nd by volume in the local equity capital market league tables, while maintaining a leadership position in SAR denominated debt capital markets.

BSFC's Investment Banking advised and executed six IPOs in 2024, as follows:

- **Almoosa Health IPO** – The second largest IPO of 2024, setting new execution standards within a volatile, mature market. Almoosa's leading position in Rehab facilities and state-of-the-art facilities was highlighted in the investment thesis, allowing BSFC to build a compelling and attractive equity story. BSFC marketed the deal based on extensive investor engagement and

With a 29% increase in assets under management and dominance in IPO advisory, BSF Capital has driven substantial growth, including leading the largest IPO of the year at  $\text{SAR}$  2.85 billion. The firm's strategic expansion in asset management, real estate funds, and IPO advisory, coupled with its strong performance in capital markets, sets a solid foundation for continued success.



marketing strategy orchestrated by the investment bank, with marketing ranging from an early look presentation to a pre-deal investor education session reaching 175+ meetings and distributing research to 1,500+ investors

- **OQ Base Industries IPO** – Cross-border advisory on one of the, major companies in Oman, as it expanded its reach in the Middle East.
- **Tamkeen HR IPO** – Founded in 2018, Tamkeen is the youngest company to enter the main-market (excluding de-mergers), with the transaction being propelled by regulatory tailwinds and vast opportunity for innovation. Tamkeen is the fifth largest player in the Saudi manpower supply market, differentiating itself by focusing on high-value and high-margin specialized workforce. The Company's margin profile outshines competition driven by specialized services, efficient resource mobilization and high growth
- **Almajed for Oud IPO** – The first perfume company to be listed on Tadawul and the region solidifying BSFC's position as a pioneer within a unique new sector. BSFC successfully navigated unfamiliar waters in this novel sector by orchestrating an extensive marketing exercise and strong investor education, capitalizing on its previous experiences in such transactions and on its strong investor outreach
- **Saudi Aramco FMSO** – BSFC acted as one of the five local Bookrunners of Saudi Aramco – the largest secondary offering in the EMEA region and the largest ECM transaction globally since 2021

- **Rasan Information Technology Company** – Rasan, a Saudi Insurtech/ Fintech Company, was the 1st of its kind in the market. This groundbreaking transaction places substantial emphasis on the financial advisors' expertise in conducting detailed benchmarking and comprehensive price discovery processes
- **Miahona IPO** – Second water and wastewater treatment IPO, a Vision Invest subsidiary following the pioneering AlKhorayef Water & Power Technologies (AWPT) which BSF Capital acted as the sole Financial Advisor. Miahona was priced at an LTM P/E of 32.5x, and recorded an oversubscription rate of c. 170x
- Furthermore, BSFC's Investment Banking reach has also delivered in the debt capital markets where BSFC advised on the following:
- **BSFs USD 700 million Reg.S senior unsecured Sukuk** – BSFC acted as a joint-lead manager and bookrunner on the international issuance
- **Aramcos USD 6.0 billion multi-tranche global bond offering** – BSFC acted as a joint-lead manager and bookrunner on the multi-tranche groundbreaking transaction
- **BSFs Additional Tier 1 Sukuk** – BSFC acted as the sole lead arranger and bookrunner on the deal, spearheading a strong orderbook and attracting a diverse range of investors
- **IsDBs USD 1,250 million Reg.S senior, unsecured Sukuk** – BSFC acted as a joint-lead manager and bookrunner on its first supranational bond deal

## Capital Markets

The Group as part of its contribution to the FSDP program and to maximize returns for the company's shareholders is actively engaged in increasing the number of local and international investors who are actively participating in the Saudi Arabian capital markets. This is through a variety of functions including adopting state-of-the-art trading solutions, producing and distributing quality research to a wide range of local and international investors and hosting corporate events to provide access for investors to Saudi issuers. Furthermore, the group has participated in other international events to educate global investors regarding Saudi Arabia's growth and diversification efforts and thus drive greater international investment into the country.

The capital markets group benefited from increased market liquidity and trading volumes. BSF Capital maintained a strong presence in local brokerage despite competition. Investments in Technology will enhance the trading infrastructure and provide clients with advanced tools.

Overall, the group saw a 4.4% increase in active clients versus the previous year. The group also grew its custody business, wherein assets under custody have grown by 32% over 2024.

During 2024, the research team stepped up to the challenge of providing support to a larger set of ECM mandates. Sell-side research played a key role in successful listings on TASI through written research and other pre-deal investor education activities including calls with large domestic and foreign institutional investors. Alongside this, research continued with its primary mandate of providing coverage on the Saudi markets, which facilitates participation of institutional and retail investors in the Saudi market. The team has expanded its coverage to 61 TASI-listed companies across 17 sectors, and representing 70% of TASI's free-float market capitalization. Overall, the team issued over a thousand research documents during the year across a variety of research products.

## Financial Performance

BSF Capital contributed to a strong financial performance in 2024, delivering ₪ 285.6 million in reported profit before tax, compared to ₪ 240.7 million in 2023. This reflects strategic expansion into new financial services offerings.



## Awards and Recognition

BSF Capital's achievements in 2024 have been recognized with several prestigious awards, highlighting the firm's excellence in investment banking, asset management, and its positive work environment.

- "Most Innovative Wealth Management Company in Saudi Arabia" from International Finance magazine
- "Best Equity House in the Middle East" from EMEA Finance
- "Local Equity Capital Markets House of the Year" from GFC Media Group
- "Best Performance Investment Fund in Arab Equity Funds category" and "Best Performance Investment Fund in Murabaha and Liquidity category" from Sanadeq Media Group
- "Excellence in Recruitment of Local Candidates (For Saudization)" and "Excellence in Reward & Recognition Strategy" from The Economic Times

## Strategic Initiatives

BSF Capital is pursuing a dynamic growth strategy, aiming to solidify its leadership in Saudi Arabia's financial sector. Focusing on client needs and market opportunities, the firm is expanding its services, embracing technology, and strengthening its core capabilities. Key initiatives include broadening product offerings, forging strategic partnerships with global fund managers, and delivering an exceptional client experience. BSF Capital is also committed to attracting and retaining top talent, while maintaining financial discipline.

Significant progress is already evident. A robust pipeline of alternative investments, particularly in real estate, is being developed. Cross-selling initiatives are being streamlined, public equity AuMs are targeted for growth, and collaboration with government entities is being enhanced. DCM mandates are being pursued, distribution partnerships are finalized, IT infrastructure is being upgraded, and the trading platform is being automated. The custody business is being enhanced, marketing efforts are underway, and talent acquisition is a priority.

Looking ahead to 2027, BSF Capital has set ambitious goals: increased brokerage market share, doubled asset management AuM, recognition as the preferred wealth manager, and a top-tier ranking in investment banking. These targets, combined with ongoing initiatives and a commitment to innovation and client service, position BSF Capital for continued success in the evolving Saudi Arabian market. The firm will continue to diversify its asset management portfolio, launch a transformative wealth management program, and maintain its strong presence in IPO and investment banking, with a focus on growing its debt capital market business.





JB, a wholly owned subsidiary of BSF, has significantly transformed from a traditional single-product company focused on leasing into a diversified financial services provider.

This evolution aligns with BSF's overarching strategy to drive sustainable growth, innovation, and market leadership in the rapidly evolving financial services ecosystem. JB's strategic vision focuses on becoming a market leader in auto-lease and a top 3 player in personal finance, primarily through leveraging digital-first solutions, expanding into high-margin consumer segments, and enhancing cross-sell opportunities within the BSF ecosystem.

The Company is strategically positioned to deliver modern, tech-savvy financial solutions, encompassing a comprehensive suite of products including auto leasing, personal finance, and fleet financing, catering to both individual and business clients. Performance benchmarks demonstrate JB's growing strength, with market leadership in auto finance with a 34.4% market share amongst non-banking financial institutions and significant growth in personal finance with a 5.1% sales market share amongst non-banking financial institutions.

## Digital Lending

JB's strategy for growth is centered around offering digital lending solutions, including auto-lease and personal financing. Through its hybrid approach, JB provides auto-lease via a combination of app sales,

direct sales agents, and its BSF retail franchise. This diverse sales channel is supported by a robust digital infrastructure, allowing JB to penetrate high-margin, fast-growing consumer segments. By focusing on scalable digital operations, JB aims to enhance its market position in the consumer segment, driving volume growth with lean operations and high synergies across BSF's network.

The Company is also expanding its digital capabilities by partnering with strategic national platforms and large retailers, ensuring broader customer reach. These partnerships, combined with in-house technological advancements, will help JB strengthen its position in the Saudi fintech market and further drive growth through cross-selling opportunities within BSF's broader financial ecosystem.

To support its growth ambitions, JB is investing in core system upgrades, including cloud migration and the development of advanced data analytics capabilities. This will enhance JB's ability to scale operations and support its expansion into digital-first services. The implementation of a dynamic fee structure for after-sales services and optimized branch operations, including relocating JB's branches into BSF locations, will further drive cost efficiencies and improve profitability.

## Market Leadership

The Company's diversified sales channels; digital app, direct sales agents, and tele-sales are key drivers in expanding JB's reach. Its expanded product portfolio is designed to enable BSF to penetrate new customer segments and deepen its reach

JB's key growth strategies is its embrace of digital lending, offering a seamless experience through a combination of app-based sales, direct agents, and partnerships within BSF's extensive retail network. The Company's focus on tech-driven operations has already delivered impressive results, including a 34.4% market share (amongst non-banking financial institutions) in auto finance, with personal finance seeing significant growth.

within existing markets, maximizing its impact on the Saudi financial landscape.

The Company offers a wide array of Shariah-compliant financial products for both individuals and businesses. These include auto leasing, with specialized fleet financing options for businesses, flexible personal finance solutions tailored to individual needs, and convenient auto lease after-sales services. Looking ahead, JB has plans to introduce further financial products such as credit cards and SME finance, expanding its reach and solidifying its position as a one-stop shop for financial solutions.

This strategic diversification not only broadens JB's reach and strengthens its competitive standing within the market but also reduces its reliance on any single product, creating a more resilient and sustainable business model. The tangible results of this diversification strategy are evident in the Company's revenue generation, with personal finance now contributing a significant portion of profits, approximately 25% in 2024, with a target of 50% by 2025.

JB remains the market leader in the auto leasing space, holding the largest market share in the non-bank financial institution (NBFI) sector. The Company's continued dominance in auto leasing, supported by its hybrid digital and traditional sales channels, drives a significant portion of JB's revenue. This success, alongside new product introductions, reinforces JB's competitive positioning in both the retail and corporate sectors.

JB is also committed to sustainability, with a growing focus on offering eco-friendly products such as electric vehicles. This aligns with BSF's broader sustainability goals and allows JB to cater to the rising demand for green financial products. In addition, JB is actively forging strategic partnerships with national platforms across a diverse range of sectors, including real estate, education, large retail chains, car dealerships, and insurance providers, creating valuable touchpoints for customer acquisition. The development of new Customer Value Propositions (CVPs) and specialized programs tailored to the affluent segment is also expected to play a significant role in stimulating cross-selling activities between BSF and JB, maximizing the value proposition for high-net-worth individuals.

## Employer Branding

JB understands that attracting and retaining top talent is essential for driving its ambitious vision and achieving its strategic objectives. The Company actively cultivates a vibrant and tech-savvy work environment to attract skilled professionals, particularly in the financial and technology sectors. JB's rebranding efforts have created a compelling narrative that resonates with young, digitally-minded individuals who aspire to contribute to the Company's ongoing transformation and be part of a success story. A strong emphasis is placed on fostering a positive and supportive work environment, offering competitive benefits packages, and providing employees with access to modern and inspiring office spaces.

## Data Protection

The Company recognizes that robust cybersecurity is paramount in maintaining customer trust and ensuring the long-term success of its digital transformation initiatives. The Company invests heavily in implementing advanced security measures to protect sensitive customer data and mitigate potential risks. Comprehensive counter-fraud frameworks are in place, and all customer verifications are conducted securely through government e-services, digitally retrieving information directly from the national data center. Additional security rules and protocols are implemented within the mobile app to proactively detect and prevent fraudulent activities. Furthermore, JB benefits from robust security monitoring capabilities, leveraging BSF's extensive expertise and resources in the cybersecurity domain to create a secure and trustworthy environment for its customers.

## Strategic Initiatives

One key initiative is the plan to tap into the substantial potential of the used car market, focusing on online marketplaces and other channels where pre-owned vehicles are sold. This strategic move is expected to contribute significantly to JB's overall growth strategy, providing a first-mover advantage in a segment that is ripe for disruption.

JB is committed to enhancing the digital journey for personal financing (PF) sales, with plans to introduce new features such as loan buyouts, flexible payment terms, and a simplified loan application

process. By upgrading IT infrastructure and migrating additional after-sales services to digital platforms, the Company aims to streamline operations, reduce costs, and improve the customer experience.

Continuous investment in technology, talent, and sustainability will drive JB's growth and solidify its position as a leading player in Saudi Arabia's fintech sector. Through ongoing investments in technology, sustainability, and talent, JB will strengthen its competitive position and contribute to the broader goals of BSF, ensuring sustained growth and innovation in the years to come.



# Technology and Operations Group

In 2024, TOG focused on enhancing core banking systems, streamlining payment processing, and integrating digital and branch channels for a seamless customer experience. Advanced security protocols and regulatory compliance frameworks were strengthened to mitigate cyber threats and ensure data protection.

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[Personal Banking Group](#) | [Treasury and Investment Group](#) | [BSF Capital](#) | [JB](#)  
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The Group's commitment to innovation and resilience has been instrumental in positioning BSF at the forefront of the banking sector's digital transformation.

In 2024, the Technology and Operations Group (TOG) continued to be the driving force behind BSF's strategic evolution, ensuring technological advancement, operational efficiency, and regulatory compliance.

## Strengthening Digital Capabilities and Operational Efficiency

BSF's TOG remained proactive in adapting to the ever-evolving technology landscape, ensuring seamless integration of advanced solutions across all business lines. With a firm focus on operational excellence, the Group spearheaded multiple initiatives aimed at enhancing efficiency, reducing complexity, and reinforcing governance structures. These efforts not only optimized the Bank's digital infrastructure but also bolstered its ability to respond swiftly to market shifts and regulatory expectations.

## Payment Systems and Core Banking Transformation

A key milestone in 2024 was the successful implementation of the enhanced Core Banking System (CBS), which significantly improved BSF's payment processing and transaction management capabilities. This upgrade, coupled with the continued evolution of the Bank's new Payment Hub, elevated straight-through processing (STP) rates and reinforcing BSF's leadership in seamless payment solutions.

Further, integration with branch and digital channels was strengthened, ensuring greater operational agility and enhanced customer experience. Extensive testing, training, and certification programs were conducted to equip employees with the necessary skills to maximize the benefits of these advancements.

## Cybersecurity and Regulatory Compliance

Cybersecurity remained a top priority, with TOG implementing cutting-edge security protocols to safeguard the Bank's digital ecosystem. Enhanced security measures were introduced across multiple systems fortifying BSF's defense mechanisms against cyber threats and fraud.

In line with regulatory requirements, TOG ensured strict adherence to data protection standards, IT governance, and counter-fraud frameworks. The Group worked closely with regulatory authorities to maintain compliance with the Saudi Central Bank's mandates, reinforcing BSF's commitment to a secure and transparent banking environment.



## Empowering Talent and Fostering Innovation

BSF's TOG continued to foster a culture of innovation and high performance through strategic workforce development initiatives. Employee engagement programs, including town halls and knowledge-sharing platforms, were expanded to encourage collaboration and knowledge transfer.

Key leadership appointments within the technology and operations functions further strengthened BSF's expertise in IT governance, cybersecurity, and digital transformation. With a skilled and agile workforce, BSF is well-positioned to navigate the complexities of an evolving financial landscape.

### Future-Readiness



Looking ahead, TOG is committed to accelerating BSF's digital transformation. The 2024 roadmap includes optimizing IT operations, simplifying enterprise architecture, leveraging data and artificial intelligence, and investing in talent development. These initiatives aim to enhance customer experiences, improve operational efficiency, and provide a

competitive edge through advanced technologies and data analytics.

With a clear focus on digital-first strategies and customer-centric innovations, BSF's TOG is set to unlock new growth opportunities, ensuring the Bank remains agile, efficient, and future-ready in an increasingly competitive financial landscape.

# Risk Management

Risk management is integral to our organizational framework, ensuring long-term stability and alignment with regulatory standards. Led by the Chief Risk Officer (CRO), our Risk Management Group (RMG) operates independently from business lines and is responsible for implementing the Bank's comprehensive risk management framework. This framework is based on key risk indicators, SAMA regulations, and adheres to Basel Committee on Banking Supervision (BCBS) governance principles.

BSF is committed to maintaining a strong and proactive risk management framework that supports its growth, sustainability, and regulatory compliance. This includes an embedded risk culture, a well-defined risk appetite, and a comprehensive Enterprise Risk Management Framework (ERMF).

These elements work together to ensure that the Bank can effectively identify, assess, and mitigate risks, aligning with regulatory standards and its strategic objectives. Sound risk management practices are fundamental to BSF's ability to preserve financial stability and support

## Risk Management Framework and Principles

The cornerstone of BSF's Risk Management Framework (RMF) is the integration of strong risk governance, clear risk appetite, and adherence to regulatory requirements. The key objectives of the framework are to institutionalize risk management across all levels of the Bank and ensure that BSF identifies, measures and mitigates risks in a manner that supports sustainable growth while protecting the Bank's financial position.

The framework is evolutionary to meet challenges from the global environment, demanding regulatory standards, competitive customer demands, and resilience in facing global event risk uncertainties (e.g. supply shocks, inflation, interest and growth fluctuations, and the impacts of climate risks on liquidity and credit perceptions).

- 1. Alignment with Strategic Goals and Risk Appetite:** BSF's business and risk decisions are aligned with its strategic objectives and clearly defined risk appetite. The Bank's risk appetite represents the maximum level of risk it is willing to accept in pursuit of its business goals, ensuring that risk-taking activities remain balanced and consistent with long-term objectives.
- 2. Comprehensive Risk Identification and Quantification:** BSF employs a robust approach to identifying all material risks — both financial and non-financial. This includes credit, market, operational, technology, cyber,

business continuity, and environmental, social, and governance (ESG) risks. Advanced analytical tools and methodologies support the quantification of these risks, ensuring they are effectively understood and managed.

- 3. Proactive Risk Management:** The Bank continuously monitors internal and external environments to detect and assess emerging risks and vulnerabilities. Technological advancements, regulatory changes, and evolving environmental risks are actively analyzed to ensure BSF stays ahead of potential threats.
- 4. Shared Responsibility Across the Organization:** Risk management at BSF is a collective responsibility involving all levels of the organization. From the Board of Directors and Senior Management to operational teams, all employees are accountable for identifying and managing risks. This shared responsibility fosters a strong risk-aware culture that strengthens the Bank's resilience and risk mitigation capabilities.
- 5. Building Resilience to Adverse Events:** A fundamental goal of BSF's risk management framework is to ensure that the Bank remains resilient in the face of adverse events. The framework supports operational continuity strategies, maintains strong financial buffers, and enables rapid responses to economic downturns, regulatory shifts, and unforeseen disruptions.

## Governance and Oversight

Effective governance is integral to the success of BSF's risk management approach. The Bank operates under a well-established governance structure that ensures the continuous monitoring and oversight of risks across all levels. The governance structure is based on a three-lines-of-defense model.

### First Line of Defense

The business units within BSF own and manage the risks associated with their day-to-day activities. These units are responsible for ensuring that their operations comply with BSF's risk policies and procedures and that the risks generated are within the Bank's risk appetite. Business units also conduct regular risk assessments to identify potential risks and ensure that appropriate controls are in place to manage them.

### Second Line of Defense

The Risk Management Group (RMG), along with Compliance and Legal functions, plays a critical role in the Second Line of Defense. RMG establishes the risk management framework, defines risk appetite, sets limits, and monitors risk exposures across the Bank. The Second Line provides oversight and ensures that risks are effectively managed in line with regulatory requirements and best practices.

### Third Line of Defense

Internal Audit provides independent assurance regarding the effectiveness of the risk management processes. The Audit function evaluates the design

and operation of the Bank's internal controls, governance processes, and risk management framework, ensuring that they are aligned with the Bank's strategic objectives and regulatory obligations.

The Board Risk Committee (BRC) plays an important role in overseeing risk governance and ensures that all decisions taken by the Board are aligned with BSF's risk appetite and strategic goals. The BRC regularly reviews the effectiveness of the risk management framework, reports on emerging risks, and makes recommendations for improvements where necessary.

## Key Achievements in 2024

**Risk Appetite Framework:** Enhanced in 2024 to incorporate business efficiency-driven changes, aligning risk appetite with corporate and retail business growth, NPL reduction, and operational resilience.

**Capital Planning:** ICAAP and stress testing scenarios were enhanced to include medium-term capital and profitability plans, asset quality, funding patterns, and Basel III enhancements.

**Credit Risk Management:** Focused on portfolio resilience, early identification of problem accounts, corporate credit transformation, and strengthened early warning systems.

### Corporate Information Security:

Strengthened cybersecurity measures, enhanced endpoint security, and obtained compliance with PCI DSS v4.0 and ISO 27001:2022.

### Business Continuity Management:

Conducted risk assessments, business impact analyses, and improved communication protocols to ensure uninterrupted service during disruptions.

**Data Privacy Compliance:** Established a Data Privacy Office to align with the Saudi Data and Artificial Intelligence Authority's (SDAIA) Personal Data Protection Law (PDPL), ensuring compliance with regulatory mandates.

## Emerging Risk Trends

As part of its continuous risk governance, BSF has identified several emerging risks for 2025. These include:

## Regulatory and Legal Risks

The regulatory environment is constantly evolving, and BSF must stay ahead of new regulations, particularly those related to ESG compliance, data privacy, and financial crime. The Bank has implemented a comprehensive regulatory compliance framework to ensure that it remains fully compliant with evolving regulations.

## Climate Change and Transition Risks

The Bank has recognized the need to address both physical and transition risks associated with climate change. BSF is integrating these risks into its strategic risk

assessments and is actively working on climate-related financial disclosures in line with global best practices.

## Technological Disruptions

The pace of technological change continues to increase, introducing new risks such as cybersecurity vulnerabilities and operational disruptions. BSF has prioritized investments in technology to ensure that it can respond effectively to emerging technological risks.

## Risk Appetite and Management

The Risk Appetite Statement is reviewed annually by the Board of Directors to ensure that it accurately reflects the Bank's strategic objectives, business growth, and changing risk landscape. The Risk Appetite Framework defines the types and levels of risk BSF is willing to take on in pursuit of its goals. This statement guides decision-making at all levels, from credit approvals to capital management, ensuring that the Bank's risk exposure remains within acceptable limits.

The Bank's Capital and Liquidity Management strategy integrates the Risk Appetite Framework to ensure that BSF can absorb shocks from adverse events while maintaining sufficient liquidity to meet operational needs. Stress tests, conducted at regular intervals, evaluate the impact of various scenarios on the Bank's capital and liquidity positions, ensuring that the Bank is adequately prepared for unexpected market events.

## Operational Resilience and Business Continuity

BSF's Business Continuity Management (BCM) program is designed to ensure that the Bank can continue to operate even in the face of major disruptions. In 2024, the Bank enhanced its crisis management capabilities by implementing disaster recovery (DR) systems, conducting regular crisis simulation exercises, and refining business continuity plans across all departments. The BCM program ensures that BSF can maintain the continuity of critical operations during crises, protecting the interests of stakeholders.

## Continuous Improvement and Risk Culture

At BSF, the commitment to continuous improvement and a strong risk culture is embedded in every aspect of the Organization. The Bank places significant emphasis on ongoing risk training and awareness initiatives to ensure that all employees understand their role in managing risks. The risk management process is continuously reviewed and refined to adapt to changing market conditions and emerging threats. This commitment to improvement ensures that BSF remains resilient and adaptable, enabling the Bank to thrive even in uncertain environments.



# Sustainability at BSF

BSF prioritizes responsible business practices and is committed to sharing its sustainability performance to foster transparency and trust with stakeholders. BSF recognizes the integral role of Environmental, Social and Governance (ESG) principles in driving long-term value creation. Guided by the Bank's Sustainability Framework and aligned with the United Nations Sustainable Development Goals (UN SDGs), our ESG strategy defines our commitment and approach.

Aligned with our ESG strategy and Saudi Vision 2030, BSF has prioritised the following key initiatives:

|                                     |                                                                                                                                                                                                                    |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ESG KPIs                            | Established comprehensive ESG key performance indicators to enhance our contributions to sustainable development ensuring accountability and driving impactful results that support our sustainability objectives. |
| Sustainable Finance Framework (SFF) | Developed and published framework for classifying financial products as sustainable or transitional.                                                                                                               |
| ESG Training and Awareness          | Launched two ESG training and awareness programs for BSF employees through the BSF Academy portal.                                                                                                                 |

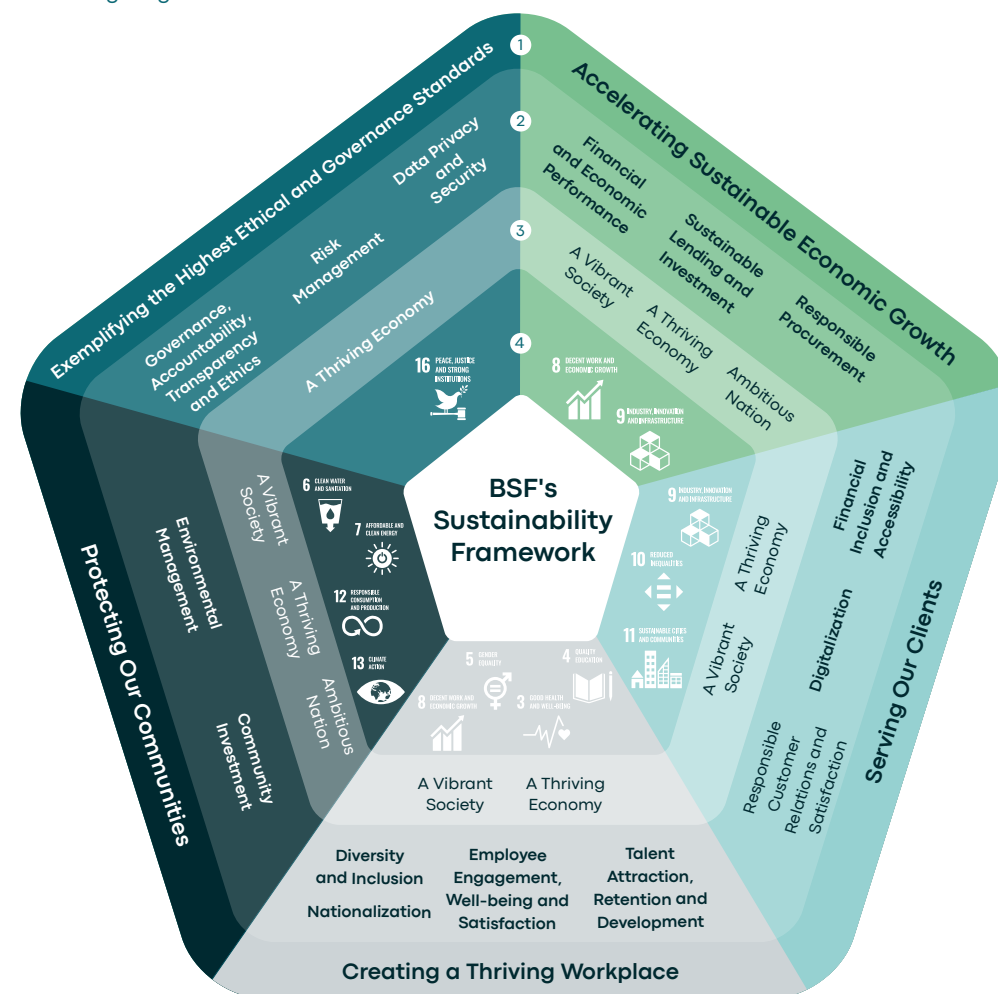
A more detailed manuscript of related overview, disclosure, metrics, and analysis will be found in our 2024 ESG Report.

## Materiality and Sustainability Framework

At BSF, material topics are identified to prioritize areas that have the most significant impact on the Bank and its stakeholders, ensuring resources are allocated efficiently to drive meaningful outcomes.

Through close collaboration with key stakeholders, we have identified and prioritized 15 material topics, organized under five core ESG pillars. These topics align with the UN SDGs, Sustainability Accounting Standards Board (SASB), Principles of Responsible Banking (PRB), World Federation of Exchanges (WFE), and Saudi Vision 2030.

BSF's Sustainability Framework, rooted in the five ESG pillars defines what sustainability means to the Bank. It acts as a foundational guide for driving our ESG initiatives and delivering long-term value.



1 Framework Pillar 2 Material ESG Issues 3 Vision 2030 Objectives 4 UN Sustainable Development Goals



## Exemplifying the Highest Ethical and Governance Standards

Good governance is fundamental to BSF ESG framework – emphasizing both transparency and accountability at the highest level of the Bank. In line with the Code of Conduct Policy for Board and Board committees' members, BSF's Board members and Board committees are required to act with the highest ethical standards when engaged in BSF business and should always act in accordance with the duties of their office and take effective measures to avoid conflicts of interests that could impact proper discharge of their duties.

## Accelerating Sustainable Economic Growth

BSF believes in integrating ESG principles in lending and investment activities. This involves identifying material issues that affect business decisions, following-up on these issues within the due diligence processes and subsequent credit/investment reviews. BSF applies responsible lending rules in accordance with SAMA rules, taking into consideration a robust internal credit policy where credit history and scoring is applied to calculate an accurate debt burden ratio. In alignment with the Government vision to promote small businesses, BSF aims to finance more micro and small businesses.

## Serving Our Clients

BSF's success depends on maintaining strong and healthy relationships with its customers. The Bank strives to remain close to the customer and offer the best financial services, providing transparent and responsible financial advice and communication to enable better financial decisions. Through its Customer Relationship Management System, BSF maintains clear visibility on customer activity, identifies prospects, and creates customizable internal reports while evaluating customer needs through market research to ensure competitive services and products. All financial products and services are accompanied by complete and correct information. The Bank resolves all complaints in a timely and fair manner, rectifies process weaknesses, and promotes complaints as a tool for continuous improvement. Additionally, BSF prioritizes digitization to enhance customer experience, provide seamless integration with stakeholders, and ensure simple and convenient access to its offerings.

## Creating a Thriving Workplace

BSF is committed to enhance all areas that support service and professionalism for its employees. This commitment is fundamental to the Bank in achieving its vision and strategic objectives as well as maintaining an outstanding workforce by attracting, training, and retaining talented individuals. Our employees undergo the necessary training to develop their full potential.

## Protecting Our Communities

BSF is committed to support the communities it operates in to make a difference. BSF aims to deliver targeted activities and initiatives that further socio-economic development through innovative, social and philanthropic initiatives. It also provides donations to different organizations, sponsorship initiatives, and youth development. BSF aims to support the largest possible segment of the community in all fields, to be an active participant in developing social, economic, and cultural welfare in the community as a whole, and to work on increasing the level of awareness and guidance.

BSF has established Key Performance Indicators (KPIs) in alignment with the five pillars from our ESG framework and with our corporate strategy, values and ESG objectives, alongside insights from ESG rating agency assessments, implementation feasibility, and emerging market trends within the banking industry. Each KPI is assigned to the relevant business line within the Bank, wherein the Bank is committed to setting specific targets for each KPI, which are periodically reviewed to ensure consistent progress as we take actionable steps toward achieving them.

From responsible lending to ESG-driven investments, governance excellence, and community empowerment, our commitment to ethical, transparent, and impactful banking fuels long-term value. Together, we're building a thriving economy and a resilient tomorrow.

## BSF ESG KPIs

| Exemplifying the Highest Ethical and Governance Standards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Accelerating Sustainable Economic Growth                                                                                                                                                                                                                                                                                                          | Serving Our Clients                                                                                                                                                                                                                                                                        | Creating a Thriving Workplace                                                                                                                                                                                                                                                                                                                                                                           | Protecting Our Communities                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Training provided to Board members</li> <li>• Percentage of independent Board members</li> <li>• Total attendance rates for the Board and each Board committee</li> <li>• Number of material data security breaches</li> <li>• Percentage of employees acknowledging BSF's Code of Conduct/Ethics</li> <li>• Percentage of independent members in the Board Remuneration Committee</li> <li>• Establish climate risk strategy to review and address climate-related risks across BSF's portfolio and operations</li> <li>• Incorporate sustainability/ESG risks into BSF's risk register</li> </ul> | <ul style="list-style-type: none"> <li>• Develop and approve a sustainable financing framework in preparation for issuance of sustainable/green bond/sukuk and obtaining Second Party Opinion for BSF's sustainability framework</li> <li>• Amount of Sustainable Finance Mobilized</li> <li>• Develop Responsible Procurement Program</li> </ul> | <ul style="list-style-type: none"> <li>• Customer satisfaction – calculated based on percentage of complaint resolutions accepted by customers</li> <li>• Publicly disclose a standalone policy or position statement highlighting a formal commitment to responsible marketing</li> </ul> | <ul style="list-style-type: none"> <li>• Percentage of employees receiving training each year on all levels</li> <li>• Employee satisfaction rate</li> <li>• Percentage of female employees</li> <li>• Percentage of youth employees</li> <li>• Percentage of full-time Saudi Arabian employees</li> <li>• BSF maintains diversity programs which support and promote women in the workplace</li> </ul> | <ul style="list-style-type: none"> <li>• Direct GHG emissions (Scope 1)</li> <li>• Indirect GHG emissions (Scope 2)</li> </ul> |

## Future Outlook



Looking ahead, BSF aims to build on its ESG strategy by expanding its efforts across all five pillars of the framework. In 2024 Our main outlook and goal for the upcoming years is the achievement of ESG KPIs and targets, and enhancing employee engagement and training. Through these initiatives, BSF reaffirms its commitment to long-term value creation and alignment with the goals of Saudi Vision 2030.

ESG considerations impact critical business areas, including overall operations, human capital, and strategic planning. Specific initiatives and progress related to these considerations will be reflected in our 2024 ESG Report.

## ESG Priorities and Highlights for 2024

BSF remains steadfast in its commitment to sustainable development, guided by our ESG strategy and alignment with Saudi Vision 2030. As we advance in our journey, the Bank has identified identified the following key priorities and highlights for 2024:

- ① **Publication of the Sustainable Finance Framework:** Providing a structured approach for classifying financial products as sustainable or transitional.

- ② **Establishment of ESG KPI Targets:** Setting clear objectives to measure and track progress across our ESG pillars.
- ③ **Publication of the DE&I Strategy:** Outlining our commitment to diversity, equity, and inclusion to enhance workforce representation and foster an inclusive workplace.
- ④ **Dedicated ESG Page on BSF Website:** Enhancing transparency and accessibility for stakeholders by centralizing ESG-related updates and information.

- ⑤ **BSF's ESG Rating Evolvement:** Strengthening our ESG performance and positioning within the financial sector.
- ⑥ **ESG Training and Awareness:** Introducing two ESG training and awareness programs for BSF employees through the BSF Academy portal.

# Our People

## The Heart of Our Vision

In 2024, BSF continued its mission to lead as a modern, innovative, and customer-centric Bank. Central to this vision is its people - a diverse, skilled workforce driving the Bank's strategic priorities - cultural transformation, digital innovation, and customer-focused excellence.

Following the conclusion of BSF's 2023 People Strategy, it marked significant achievements in advancing workforce digitalization, boosting employee engagement, embedding diversity and inclusion into its culture. Building on this foundation, the 2024 HR strategy introduced new objectives aligned with the Bank's five-year plan and Saudi Vision 2030. Key priorities of the 2024 strategy included future-proofing the organization through leadership development, scaling digital upskilling programs, and fostering agility across operations to drive sustainable growth.

Through initiatives such as reviewing the total rewards strategy, targeted leadership development, and partnerships for digital learning, BSF is empowering employees to thrive in a rapidly evolving banking landscape. These efforts reinforced the Bank's commitment to becoming an employer of choice by enhancing employee engagement, strengthening diversity, equity, and inclusion, and cultivating internal talent pipelines.

## People Metrics and Workforce Profile



Employees  
**3,056**



Male employees  
**75.62%**



Female employees  
**24.38%**



Saudization rate  
**92.5%**

BSF's workforce reflects its commitment to a diverse and inclusive workforce that aligns seamlessly with Saudi Vision 2030. As of December 2024, the Bank employs 3,056 employees to support the Bank's operations, underscoring the scale of BSF's human capital efforts.

The workforce is strategically distributed to meet business needs and advance the Bank's priorities and long-term aspirations, between:

- **Front Office roles:** which include customer-facing roles such as branch staff, direct sales, collections and customer service teams. These roles reflect BSF's dedication to fostering a customer-centric culture and enhancing service delivery.

- **Middle Office roles:** which comprise support and control functions, including risk management, finance, and compliance, as well as central strategy.
- **Back Office roles:** which comprise technology, digital, central operations, property and security.

The Bank boasts a Saudization rate of 92.5%, reflecting its alignment with national goals, and employs professionals from over 30 nationalities. Female representation stands at 24.38%, with ongoing efforts to enhance gender diversity across all levels of the Organization.

This holistic approach to workforce management highlights BSF's commitment to nurturing talent, embracing diversity, and aligning its human capital strategy with long-term organizational goals.

## Cultural Transformation and Engagement

BSF's cultural transformation journey, initiated in 2021, remains a cornerstone of its HR strategy. By fostering a culture of innovation, collaboration, and inclusivity, the Bank continues to align its organizational values with its long-term strategic goals. BSF has defined a set of core behaviors and values - such as simplicity, integrity, and customer-centricity that serve as the foundation for its cultural initiatives.

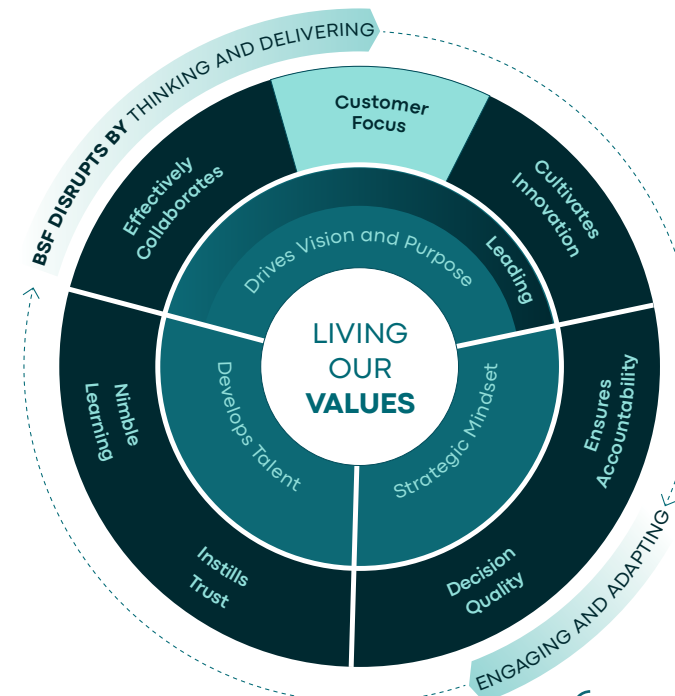
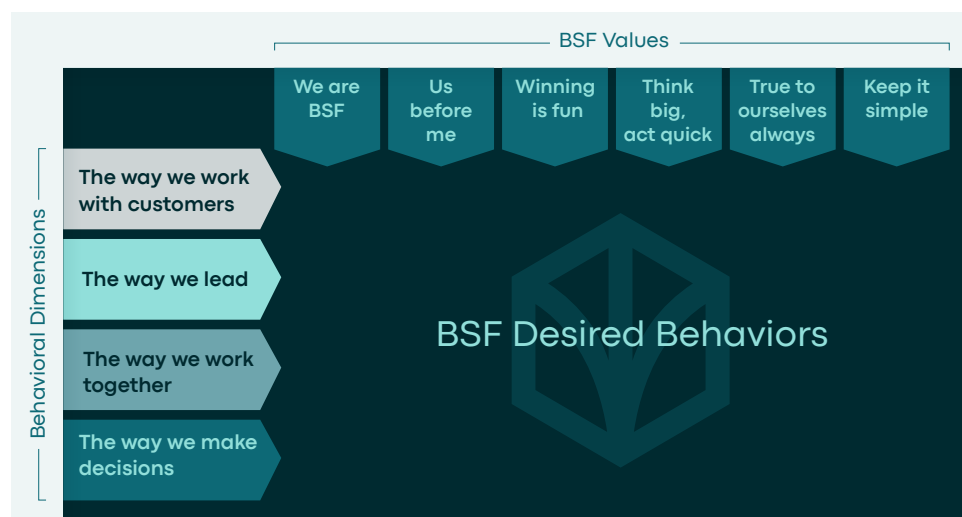
As part of the culture framework, BSF has broken down its six (6) core values into actionable behaviors, centered around how BSF employees work with customers, lead teams, make decisions, and collaborate internally, thus reinforcing a culture aligned with the Bank's core values.

Key to this transformation has been the implementation of a comprehensive culture audit process through employee surveys, focus groups, and one-on-one discussions. This process identified critical gaps and opportunities, resulting in a roadmap with over 60 targeted initiatives.

It has also helped BSF identify the behavioral competencies that reflect its desired culture, resulting in the launch of the BSF Disrupts framework. The framework identifies seven comprehensive behaviors, along with three leadership behaviors, reinforced across all BSF HR processes, such as recruitment, performance management, learning, and leadership development to name a few.

One of the most impactful outcomes of these efforts is the significant improvement in employee engagement. Over the course of six (6) years (between the years of 2018 and 2024), the engagement survey revealed a gradual and consistent improvement in the Employee Net Promoter Score (eNPS), **from -18 (in 2018) to +38 (in 2024)**. This progress reflects the Bank's commitment to listening to employees and implementing changes in key areas like recognition, work-life balance, and rewards.

Diversity, equity, and inclusion (DEI) have also emerged as central pillars of BSF's cultural strategy. Flexible working policies, enhanced parental leave, well-being programs like "Testahil", and empowerment





programs like the “Red Line Campaign,” underscore BSF's dedication to employee satisfaction and retention by addressing physical, emotional, and financial health – including enhanced parental leave, mental health resources, and team-building events.

Talent Acquisition and Development

BSF's recruitment strategy focuses on providing internal opportunities for our people as they are always prioritized for growth and development. BSF attracts top talent by aligning the right people with the right roles at the right time. Salaries and benefits are benchmarked with the market on an annual basis to

maintain competitiveness within the local banking sector. Diversity and inclusion remain priorities, with intentional efforts to recognize and support talented females, while advocating for opportunities for individuals with disabilities.

BSF employs creative sourcing strategies, leveraging referral programs for junior roles, external professional networks, and international hiring for specialized positions. Fresh graduate employees, who are new to the workforce, are supported by comprehensive development programs through BSF Academy. The Academy run Bank-wide programs and initiatives that are designed to equip employees with the technical, leadership, and behavioral skills necessary for their roles. Retention is equally prioritized through comprehensive development opportunities and targeted succession planning.

|                               |                                                                                                                                                                                                                 |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Graduate Development Pathways | Structured initiatives such as the Banker Associate and Banker Technologist programs offer fresh graduates a combination of classroom instruction and hands-on experience tailored to their career aspirations. |
| Leadership Training           | Collaborations with global institutions equip emerging and experienced leaders to navigate the challenges of a dynamic banking environment.                                                                     |
| Digital Upskilling            | Partnerships with different learning platforms ensure employees gain expertise in high-demand areas like artificial intelligence, digital marketing, and process optimization.                                  |

Rewards and Performance

BSF's approach to rewards and retention is designed to attract, motivate, and retain top talent while fostering a culture of recognition and well-being. Compensation at BSF is anchored by a performance-driven framework that rewards strong contributions. Annual salary benchmarking ensures market competitiveness, while annual bonus plans provide additional recognition for exceptional performance. For members of the Senior Management team, those who are classified as “Material Risk Takers” or “MRTs” and those occupying roles which require SAMA's non-objection prior to appointment, BSF applies performance bonus deferral, in alignment with SAMA's requirements, and in order to reinforce prudent risk-taking behaviors and to promote the financial soundness of BSF.

The Long-Term Retention Plan (LTRP), known as “Thrive,” provides equity ownership opportunities to Senior Management and key and high-potential employees. With a three-year vesting period, this plan strengthens employee retention. Programs like the “Shukran” and the Testahil Well-being initiative encourage cross-team collaboration and appreciation and work-life balance.

Through this integrated rewards and retention strategy, BSF strengthens its employee value proposition and reinforces its reputation as an employer of choice.

Future Outlook



BSF's HR strategy for 2025 and beyond focuses on organizational effectiveness, strategic workforce planning, talent and leadership bench strength and readiness, enhancing customer-centricity by expanding front-office capabilities and fostering a sales-driven culture. Simultaneously, BSF is investing in technology functions to build internal expertise and strengthen operational efficiency.

Looking ahead, BSF will continue fostering innovation with AI-driven tools, maintaining an inclusive culture, and aligning workforce strategies with national and organizational priorities.

BSF is shaping a resilient and motivated workforce to define the future of the financial industry, by prioritizing employee development and operational excellence using predictive-analytics, AI-powered processes, and streamlined workflows to improve decision-making.

# Financial Review

Saudi Arabia's banking sector achieved record-breaking earnings in 2024. In the third quarter alone, the sector posted an all-time high quarterly profit of **ﷲ 20.5 billion**, marking a 13.5% year-on-year increase.

The ongoing realization of Vision 2030 opportunities and a projected 4.4% growth in non-oil GDP are expected to drive corporate activity and sustain credit demand in 2025. Interest rates are likely to remain stable, with a possible reduction of up to 50 basis points over the year.

## Operating Environment

Saudi Arabia's economy rebounded in 2024, with real GDP rising by 1.3%, recovering from a 0.8% contraction the previous year. The fourth quarter recorded the strongest quarterly growth in two years at 4.4%.

- **Non-oil sectors** led economic expansion, growing **4.3%** — outpacing overall GDP growth.
- **Oil activities** declined by **4.5%**, weighing on overall performance.
- **Government activities** contributed positively, increasing by **2.6%**.

With strong non-oil growth and stable banking sector performance, Saudi Arabia is positioned for continued economic momentum in 2025.

According to the U.S. Energy Information Administration (EIA), Brent crude oil averaged USD 81 per barrel in 2024, a slight decrease from the USD 82 per barrel recorded in 2023. This decline in oil prices can be attributed to production cuts by OPEC+ members, aimed to stabilize the market amid rising geopolitical tensions in the Middle East and disruptions in shipping routes through the Red Sea.

As of December 2024, Saudi Arabia's interbank rate stood at 5.52%, slightly down from 5.53% in November. On 18 December, the Saudi Central Bank (SAMA) reduced its repurchase agreement (repo) rate by 25 basis points to 5% and lowered the reverse repo rate by the same margin to 4.5%.

Additionally, the seasonally adjusted Purchasing Managers' Index (PMI) for Saudi Arabia, previously known as the S&P Global Saudi Arabia PMI and published by Riyadh Bank, declined to 58.4 points in December 2024. Despite the drop, the latest reading signalled a strong improvement in operating conditions within the non-oil private sector. The index has remained above the neutral 50.0 mark since September 2020.

By the end of 2024, the Tadawul All Share Index (TASI) closed at 12,036.50 points, up from 11,967.39 points the previous year, reflecting a gain of 69.11 points (0.58%). The index reached its highest level of the year at 12,835.65 points on 21st March.

Total market capitalization stood at **ﷲ 10,200.24 billion** (USD 2,720.06 billion), reflecting a 9.41% decline from the previous year. However, trading activity surged, with the total value of shares traded increasing by 39.70% to **ﷲ 1,862.33 billion** (USD 496.62 billion), compared to **ﷲ 1,333.12 billion** (USD 355.50 billion) in 2023.

## Financial Performance

BSF's growth in 2024 was driven by revenue diversification, effective risk management, and digital transformation, supported by a positive market environment that further enhanced the Bank's performance.

Banque Saudi Fransi (BSF) registered an 8% year-on-year increase in net income, reaching **ﷲ 4,544 million** for FY 2024. This growth was driven by a 19% rise in non-interest income and a 26% reduction in impairment charges, partially offset by a 13% increase in operating expenses.

Total operating income for FY 2024 rose 4% year-on-year to **ﷲ 9,658 million**. Net interest income saw a modest 1% increase to **ﷲ 7,883 million**, as a 16% year-on-year expansion in average interest-earning assets was nearly offset by a 48-basis-point margin contraction to 3.05%.

Non-interest income rose by 19% to **ﷲ 1,774 million**, supported by increased trading income, growth in net fee and commission income, and improved investment-related and exchange income.

Operating expenses for FY 2024 climbed 13% year-on-year to **ﷲ 3,409 million**, reflecting higher general and administrative expenses and increased employee-related costs. The cost-to-income ratio increased by 289 basis points year-on-year to 35.3%, driven by rising expenses.

The impairment charge for FY 2024 totaled **ﷲ 1,180 million**, down from **ﷲ 1,594 million** in FY 2023. This 26% improvement was mainly due to lower commercial impairments, though it was partially offset by higher impairments in consumer, investment, and other segments.



Loans, Assets and Liabilities

As of 31 December, 2024, total assets stood at ₪ 292.8 billion, reflecting a 15% year-on-year increase, primarily due to 14% loan growth and a 24% rise in the investment portfolio. Total customer deposits grew by 7% year-on-year to reach ₪ 185.1 billion, driven by a 9% increase in interest-bearing deposits and a 6% rise in non-interest-bearing deposits.

Total liabilities as of end 2024 stood at ₪ 246.2 billion, compared to ₪ 212.3 billion at the end of the previous year: an increase of 14.79%.

Total equity was ₪ 46.6 billion. as at 31 December, 2024, which is a 11.82% increase over ₪ 41.4 billion a year ago. Thus, total liabilities and equity as at end 2024 was ₪ 292.8 billion, compared to ₪ 253.7 billion the previous year, which is an increase of 14.32%.

The investment portfolio grew by 24% year-over-year, focusing on high-quality liquid assets to manage interest rate risk while achieving higher yields.

Borrowings from SAMA increased from ₪ 5.1 billion last year to ₪ 12.1 billion in 2024, marking an increase of 137.25%.

In FY 2024, the Bank issued debt securities and term loans amounting to USD 1,855 million. The non-performing loans (NPL) ratio further decreased to 0.93% as of 31 December, 2024, reflecting an improvement of 12 basis points during the fiscal year, despite a 1% rise in NPLs compared to a 14% growth in gross loans. Additionally, the coverage ratio for non-performing loans increased to 181.7% as of 31 December, 2024, up from 137.7% at the beginning of the year.

Share Price Performance

In 2024, the Bank's share has been trading between ₪ 15.84 and ₪ 19.71 which is the pre-adjusted price after the increase in capital. The Bank's Board recommended a 5% dividend for the second half of 2024.

Key Performance Metrics

|                                           |   |
|-------------------------------------------|---|
| Net income:                               | ▲ |
| 8%                                        |   |
| increase in 2024                          |   |
| Capital adequacy ratio:                   | ▲ |
| Improved to                               |   |
| 19.7%                                     |   |
| Capital:                                  | ▲ |
| Increased to                              |   |
| ₪ 25 billion                              |   |
| through a bonus share issuance            |   |
| Board of Directors' recommend a:          |   |
| 5%                                        |   |
| cash dividend for the second half of 2024 |   |



Diversified Funding Strategy

BSF has a well-diversified funding profile, primarily relying on customer deposits as its main source of funds. Since June 2021, customer deposits have consistently accounted for a significant portion of the balance sheet, ranging from 65% to 70%. The Bank's strategic plan aims to maintain this profile.

BSF also has a balanced funding mix in terms of product types and maturities. Customer deposits include both Commission Bearing Deposits (CBDs) and Non-Commission Bearing Deposits

(NCBDs). The CBDs are distributed across various maturities, from very short term (less than three months) to short term (three months to two years) and mid-term (two to five years). This maturity distribution enhances funding stability, as a significant portion of CBDs is held in short to mid-term maturities, providing reliable funding. This reliability is further evidenced by the stability of the core NCBD base.



# Corporate Governance

Board of Directors  
Executive Management Team  
Board of Directors' Report

## BSF governs with purpose, integrity, and transparency.

Our corporate governance framework ensures robust oversight, sound risk management, and alignment with stakeholder expectations. Guided by our commitment to ethical leadership and regulatory excellence, we continue to enhance our structures, policies, and practices to support accountability, long-term value creation, and sustained stakeholder trust.



# Board of Directors

[Board of Directors](#)  
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[Board of Directors' Report](#)



**Mazin Al Romaih**

Chairman of the Board  
Non-executive



**Talal Al Maiman**

Vice Chairman of the Board  
Non-executive



**Abdulrahman Al Rashed**

Member  
Non-executive



**Bader Al Issa**

Member  
Independent



**Abdullatif Al Othman**

Member  
Independent



**Khalid Al Omran**

Member  
Independent



**Rayan Fayez**

Member  
Non-executive



**Khalid Al Sharif**

Member  
Non-executive



**Abdulaziz Algudaimi**

Member  
Independent

Board of Directors

Executive Management Team

Board of Directors' Report



**Mazin Al Romaih**  
Chairman of the Board

#### Current Positions

- CEO of Future Generation Investment Company.

#### Previous Positions

- Member of the Board of Capital Market Authority, 2009-2014.
- Chief Executive Officer at Samba Capital & Investment Group Company 2007-2009.
- General Manager of Corporate Finance Department at Capital Market Authority, 2004-2007.
- Director of Mergers and Acquisitions Department - SAMBA Financial Group, 2003-2004.
- Senior Manager - Gulf International Bank, 2002-2003.
- Senior Associate - Merrill Lynch International Group, 1998-2002.
- Senior Auditor and Consultant - Ernst & Young Law Firm, 1993-1998.

#### Qualifications

- Bachelor of Accounting and Financial Management, University of Buckingham, 1992.



**Talal Al Maiman**  
Vice Chairman of the Board

#### Current Positions

- CEO & Board Member of Kingdom Holding Company.
- Chairman & CEO of Kingdom Real Estate Development Company

#### Previous Positions

- Executive Director for Development & Domestic Investments, Kingdom Holding Company, 1996-2016.
- Director of Computer Department at Saudi Central Bank, 1986-1996.
- Director of Operations and Maintenance at Ministry of Interior, 1979-1986.

#### Qualifications

- Master of Business Administration, University of Liverpool, UK, 2009.
- Bachelor of Sciences in Electrical Engineering, University of Evansville Indiana, US, 1979
- Executive Management Program, Harvard University, 1986.
- Diploma in Computer Science, Computer Sciences Corporation (CSC), Herndon, Virginia, 1981.



**Abdulrahman Al Rashed**  
Member

#### Current Positions

- Executive partner at Rashed Abdul Rahman Al Rashed & Sons Company.

#### Previous Positions

- Member of Al Shura Council.

#### Qualifications

- Bachelor of Business Administration, Department of Finance, University of Seattle, 1985.



**Bader Al Issa**  
Member

#### Current Positions

- CEO of Assila Investment Company

#### Previous Positions

- CFO of Assila Investment Company, 2010 – 2019.
- CEO – AMIAS Holding, 2008-2019.
- Investment Portfolios Manager at HSBC Saudi Arabia Limited, 2006-2008.
- Financial and Marketing Analyst at SABIC America, Houston, Texas, 2002-2004.
- Financial Analyst at JP Morgan, London, 2001-2002.

#### Qualifications

- MBA, Rice University, 2006.
- Bachelor of Economy, The University of Virginia, Virginia, 2001.



**Abdullatif Al Othman**  
Member

#### Current Positions

- Owner and CEO of Al-Othman Engineering Consultants.

#### Previous Positions

- Governor and Chairman of the Board of Directors, General Authority for Investment, 2012-2016.
- More than 35 years in the field of planning and managing oil and gas projects, financial management, investment, business and international relations development.

#### Qualifications

- MBA, Sloan Fellows program, Massachusetts Institute of Technology, 1998.
- Bachelor of Civil Engineering, King Fahad University of Petroleum and Minerals, 1979.



**Khalid Al Omran**  
Member

#### Current Positions

- General Manager of Daily Food Company.

#### Previous Positions

- Board Member at Goldman Sachs Saudi Arabia, 2018-2021.
- Executive Project Manager, Banque Saudi Fransi, 2009-2010.
- Business Development Manager, Almarai Company, 2009.
- Business Analyst, Mckinsey & Company 2006-2009.

#### Qualifications

- Master's in Business Administration, IESE Business School, Spain, 2012
- Bachelor of Finance, King Fahad University of Petroleum and Minerals, 2006.



**Rayan Fayez**  
Member

#### Current Positions

- Deputy CEO of NEOM.

#### Previous Positions

- Managing Director and CEO of Banque Saudi Fransi 2018-2022.
- CEO of Savola Group, 2016-2018.
- General Manager at JPMorgan Chase N.A, Riyadh Branch, 2013-2016.
- CEO of JP Morgan Saudi Arabia Limited, 2012-2013.
- CEO of Goldman Sachs, Saudi Arabia, 2009-2012.
- Executive Director at Goldman Sachs International, London, 2007-2009.

#### Qualifications

- Bachelor of Science in Mechanical Engineering, Massachusetts Institute of Technology (MIT), 2001.



**Khalid Al Sharif**  
Member

#### Current Positions

- Retired

#### Previous Positions

- Senior Executive Vice president, Head, Retail Banking Group Senior Credit Officer. Saudi National Bank 2018-2020.
- Senior Executive Vice President, Head, Corporate Banking Group, Senior Credit Officer. Saudi National Bank 2010-2018.
- Progressed in several positions in Saudi National
- Bank, the latest is the Head, Retail Banking Group, 2000 – 2010.
- Progressed in several positions in Riyadh Bank, the latest is the Executive Vice President – 1986 – 2000.

#### Qualifications

- Master's in Business Administration, College of Notre Dame, USA, 1985.
- B.S in Business Administration, College of Notre Dame, USA, 1984.



**Abdulaziz Algudaimi**  
Member

### Current Positions

- Retired
- Member of Al Shura Council.

### Previous Positions

- Senior vice chairman – Aramco 2015-2022.
- Vice chairman- Aramco 2006-2014.
- Department Manager – Aramco 1996-2006.

### Qualifications

- Master of Business Administration - Sloan Fellowship from the Massachusetts Institute of Technology, 2001.
- Bachelor of Engineering - King Fahd University of Petroleum and Minerals, 1983.



# Executive Management Team

[Board of Directors](#)  
[Executive Management Team](#)  
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**Bader Alsallloom**  
Chief Executive Officer



**Ramzy Darwish**  
Chief Strategy and  
Finance Officer



**Majed Alsadhan**  
Chief Wholesale Banking  
Officer



**Mohammed Abdulrahman  
Alsheikh**  
Chief Personal Banking Officer



**Mutasim Mufti**  
Chief Risk Officer



**Zuhair Mardam**  
Chief Treasury and  
Investment Officer



**Mohammed AlModaimeegh**  
Chief Operations Officer



**Mohammed S. Almisfer**  
Chief Business Technology &  
Digital Officer



**Abdallah Alshaikh**  
Chief Legal, Governance,  
and ESG Officer, Corporate  
Secretary



**May Alhoshan**  
Chief Human Capital Officer



**Ibrahim Alsanebi**  
Chief Audit Executive



**Yasser Al-Anssari**  
Chief Compliance Officer



**Bader Alsallloom**  
Chief Executive Officer

## Previous Positions

- Head of Wholesale Banking – BSF

## Qualifications

- Bachelors of Science and Finance – 2004

## Experience

- 20 years' of experience in the Banking sector



**Ramzy Darwish**  
Chief Strategy and Finance Officer

## Previous Positions

- Head, Treasury group – Saudi National Bank.

## Qualifications

- Bachelors of Science in Industrial and Labor Relations – 2005.

## Experience

- 19 years' of experience in the Banking sector



**Majed Alsadhan**  
Chief Wholesale Banking Officer

## Previous Positions

- Head of Corporate Banking – BSF

## Qualifications

- Bachelors of Accounting – 2004
- Masters of Accounting and Finance – 2007

## Experience

- 20 years' of experience in the Banking sector



**Mohammad Alsheikh**  
Chief Personal Banking Officer

## Previous Positions

- Head of Branch Network for Retail Banking – Al Rajhi Bank

## Qualifications

- Bachelor of Industrial Engineering – 2005

## Experience

- 19 years' of experience in Islamic and Retail Banking



**Mutasim Mufti**  
Chief Risk Officer

## Previous Positions

- Deputy Chief Risk Officer – BSF

## Qualifications

- Bachelors of Accounting & Finance – 1991.
- MBA – 1993

## Experience

- 30 years' of experience in the Banking sector



**Zuhair Mardam**  
Chief Treasury and Investment Officer

## Previous Positions

- Head of Global Markets – BSF

## Qualifications

- Bachelors of Finance – 2004
- Masters of Accounting and Finance – 2007

## Experience

- 20 years of experience in treasury.



**Mohammed Almodaimeegh**  
Chief Operations Officer

## Previous Positions

- Head of central operation – BSF

## Qualifications

- Bachelors of Business Administration – 2004

## Experience

- 20 years of experience in Banking sector



**Mohammed S. Almisfer**  
Chief Business Technology and Digital Officer

## Previous Positions

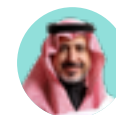
- General Director of Business Technology – Saudi Central Bank

## Qualifications

- Bachelor of Science – 1995
- Master of Science – 1999

## Experience

- 22 years of experience in the Banking sector



**Abdallah Alshaikh**  
Chief Legal, Governance, and ESG, Officer, Corporate Secretary

## Previous Positions

- Head of Legal Affairs and Secretary of the Board of Directors - Samba Financial Group

## Qualifications

- LL.M. – 2008

## Experience

- 21 years of legal experience in several positions in the financial sector



**May Alhoshan**  
Chief Human Capital Officer

## Previous Positions

- Director of Human Resources - AlAwwal Bank

## Qualifications

- Master of Engineering Management – 2004

## Experience

- 19 years of experience in Human Resources



**Ibrahim Alsanebi**  
Chief Audit Executive

## Previous Positions

- Head of Banking Audit - BSF

## Qualifications

- Bachelors of Business Accounting – 2009

## Experience

- 15 years of experience in the Banking sector



**Yasser Alanssari**  
Chief Compliance Officer

## Previous Positions

- Director of Compliance Group and anti-money laundering- Gulf International Bank.

## Qualifications

- Bachelors of Science – 2015

## Experience

- 26 years of experience in Compliance

# Board of Directors' Report

Board of Directors  
Executive Management Team  
Board of Directors' Report

## Introduction

### Ladies and Gentlemen: Shareholders of Banque Saudi Fransi (BSF)

Greetings,

Banque Saudi Fransi (BSF) Board members are pleased to present their Annual Board Report for the fiscal year 2024.

BSF is a Saudi Joint Stock Company established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 4, 1977), after taking over the operations of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank formally commenced its activities on Muharram 1, 1398H (corresponding to December 11, 1977). It operates under Commercial Registration Number. 1010073368 dated Safar 4, 1410H (corresponding to September 5, 1989), through its 81 branches and 3 self-service centers in the Kingdom of Saudi Arabia, with 3,056 employees. The objective of the Bank is to provide a full range of banking services, including Islamic products and services, which are approved and supervised by an independent Shariah Committee. The Bank's Head Office is located at King Saud Road (AlMa'ather previously), AlMuraba' District, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia.

Net income after Zakat for 2024 financial year amounted to ﷲ 4,544 million compared to ﷲ 4,223 million in 2023. Net income increased by 7.6% mainly due to higher revenue (ﷲ 334 million) and decline in impairment charges (ﷲ 415 million) which was offset by higher expenses (ﷲ 387 million).

Total operating income increased by 3.6% driven by net special commission income, net fee and commission income, exchange income, trading income and gain on non-trading investment.

Meanwhile, total operating expenses excluding impairment charges increased by 12.8%. This increase was primarily due to increase in Salaries and staff related expenses, depreciation and amortization and other operating and general and administration expenses. Net impairment charges amounted to ﷲ 1,180 million, decrease by 26.0% or ﷲ 415 million, reflecting normalization of provisioning charges.

Net special commission income increased to ﷲ 7,883 million, an increase of 0.61% (ﷲ 48 million) compared to ﷲ 7,835 million in previous year. Total assets amounted to ﷲ 292,776 million at the end of 2024, an increase of 15.4% compared to ﷲ 253,666 million in 2023. The investment portfolio grew by 23.7% to ﷲ 60,289 million at the end of December 2024 compared to ﷲ 48,750 million at the end of previous year. Net loans and advances also increased by 13.8% to ﷲ 204,168 million at the end of 2024 compared to ﷲ 179,391 million for the previous year. Customer deposits increased by 7.5% to ﷲ 185,118 million at the end of December 2024 compared to ﷲ 172,209 million for the previous year.

BSF will continue to achieve its strategic objectives to enhance its position in the banking sector, improve its profitability and deliver a seamless customer and employee experience.

In this report, information is given on the Bank's activities, major indicators during 2024 and details on the governance framework of the Board of Directors, its committees and internal controls.



## (1) Bank's strategy and future plans:

In 2023, BSF launched a Strategy Refocus exercise that concentrated on simplifying the Bank's strategy to ten (10) key focus areas across all business lines. Geared towards capitalizing on our strengths and realizing inter-group synergies, the

strategy incorporated focus areas for our subsidiaries (JB and BSF Capital) for the first time. The result was a well-integrated strategy with balanced targets that prioritize profitability, segment market share, and customer experience. Following its approval by our Board of Directors in March 2023, the Strategy Refocus was subsequently shared with the investor community.

## Ten (10) Focus Areas:

The 2023 strategy refocus paved the way towards achieving our strategic ambitions through ten focus areas across all business lines:

|                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>Bank-wide</b> <ul style="list-style-type: none"> <li>Technology infrastructure upgrade: a focus area that encompasses the development of the Core Banking System (CBS), Integrated Corporate Banking Portal (ICP), and an omnichannel platform.</li> </ul>                 |  <b>Wholesale Banking</b> <ul style="list-style-type: none"> <li>Expand lending in Corporate Financial, multinational, micro, small, and medium enterprises and government.</li> <li>Grow deposit balances in corporates and government.</li> <li>Optimize cross-sells through trade and loan &amp; credit management.</li> </ul> |  <b>Personal Banking</b> <ul style="list-style-type: none"> <li>Increase affluent customer base and deposits.</li> <li>Revamp product and value propositions</li> <li>Optimize footprint and build future branch network.</li> <li>Enhance digital offering and customer experience.</li> </ul> |
|  <b>Private Banking</b> <ul style="list-style-type: none"> <li>Increase deposits and assets under management.</li> <li>Increase new customer acquisition.</li> <li>Lead product and service offering with distinctive propositions targeted to the right segments</li> </ul> |  <b>JB</b> <ul style="list-style-type: none"> <li>Offer digital lending solutions — Personal loans &amp; Credit cards.</li> <li>Penetrate into high-margin, fast-growing consumer segments.</li> <li>Collaborate with the Bank on leads, sales, and cross-sells.</li> </ul>                                                     |  <b>BSF Capital</b> <ul style="list-style-type: none"> <li>Expand offerings and provide high-return products.</li> <li>Transform wealth management end-to-end.</li> <li>Improve penetration to affluent customers by distinctive products.</li> </ul>                                         |

## Strategy Execution:

BSF has institutionalized the role of the Transformation Office Division in organizing Transformation Management for the Bank. Transformation Management is a set of processes, tools and governance to ensure that the Bank implements its strategy in a seamless way. The objective of Transformation Management is to optimize the business impact and value created for the Bank and its customers from the implementation of change initiatives.

In 2024, the Bank continued to execute on its strategy with remarkable progress:

- In wholesale banking**, key advancements include an increase in our new-to-bank government customers, helped by refined account segmentation. We've also expanded our global reach in financial institutions, and transformed our Global Transactional Solutions by successfully launching three new trade finance products and enhanced its liquidity and cash management operating model.
- In personal banking**, we've strengthened our collaboration with BSF Capital to offer investment products and improved cross-sell framework with JB. The new digital app was launched and we initiated our branch network transformation project to improve efficiency in sales. And finally, we've successfully launched several new products, including LOMBARD lending for our upper-affluent clients, new affluent credit card offerings and an auto lease program with JB.



- **In private banking**, the Bank launched key offerings in partnership with BSF Capital and introduced tailored family products. In addition, a new private banking strategy revamp is underway to further enhance our private banking offering and coverage by revamping our operating model.
- **In JB**, JB is focused on its 2024 transformation plan with notable progress in modernizing its core systems, improving digital customer journeys and optimizing mobile app services. In addition, BSF Capital is advancing on key partnerships and collaboration initiatives. Real estate advisory and solutions are also being strengthened in partnership with BSF Private Banking and our pipeline for real estate funds is developing well.
- **As for the technology infrastructure upgrade**, the Bank has successfully launched its Core Banking System in the first quarter of 2024, and re-baselined the implementation plan for the Integrated Corporate Portal, ICP, with a target go-live date in the first half of 2025. Our omnichannel platform has successfully released features from release 2, and the official public release will follow.

## (2) A description of the main scope of business of the Bank and its affiliates and a statement showing each activity and how it affects the Bank businesses and results:

The main activities of the Bank are as follows:

**A. Personal Banking** – offers individual customers through physical channels and digital platforms with their daily banking needs such as fund transfers, cash withdrawals, deposits and bill payments as well as products like demand deposit account, savings account, fixed deposit, personal finance, mortgage, debit & credit card and car lease.

**B. Wholesale Banking** – one of the largest providers of corporate banking services in the Kingdom, among the top tier banks in terms of key volume and profitability matrices. WBG provides a wide range of corporate banking services to large local and international corporates, government and public sector entities, financial and non-banking financial entities as well as Medium, Small and Micro (MSME) enterprises. It operates under the banner "One Client, One Bank" as the group offers integrated lending, payments, deposits, trade finance, liquidity and cash management solutions.

**C. Treasury** – is responsible for managing the overall balance sheet and liquidity of the Bank. Including trading, investments and capital market activities. Moreover, Treasury has a dedicated market advisory team, which caters for clients' hedging and market needs through bespoke financial products offering.

**D. Investment Banking, Asset Management and Brokerage** – It includes managing investment solutions for individuals, corporations and institutions including, portfolios and investment funds, brokerage and custody of securities, and providing investment banking services including arranging and advice.

The impact of these major activities on the Bank's size and contribution to the results is as follows:

| Activity type                                      | Net income before Zakat (in thousands of Saudi Riyals) | Percentage  |
|----------------------------------------------------|--------------------------------------------------------|-------------|
| Personal Banking                                   | 1,918,908                                              | 37.9%       |
| Wholesale Banking                                  | 3,137,707                                              | 61.9%       |
| Treasury                                           | (272,849)                                              | (5.4%)      |
| Investment Banking, Asset Management and Brokerage | 285,560                                                | 5.6%        |
| <b>Total</b>                                       | <b>5,069,326</b>                                       | <b>100%</b> |

The activities of major subsidiaries and their impact on the Bank's business volume and its contribution to the results are as follows:

| Subsidiary                                     | Activity                                                                                                                                                            | Net income before Zakat (in thousands of Saudi Riyals) | Percentage |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------|
| Saudi Fransi Capital (BSF Capital)             | Acts as principal and agent, and undertake, manage, arrange, advise and file in securities trading                                                                  | 285,560                                                | 5.6%       |
| JB (formerly Saudi Fransi for Finance Leasing) | Leasing and financing of vehicle assets (Cars, motorcycles, trucks) and heavy equipment and machinery, in addition to the purchase and registration of these assets | 35,173                                                 | 0.7%       |

The Bank also owns Saudi Fransi Insurance Agency (SAFIA), Sofinco Saudi Fransi and Saudi Fransi Digital Ventures having 100% share in equity in each of these subsidiaries. The Bank owns 100% (95% direct ownership and 5% indirect ownership through its subsidiary) share in Sakan Real Estate Financing. These subsidiaries are incorporated in the Kingdom of Saudi Arabia.

The Bank also formed subsidiaries, BSF Markets Limited and BSF Finance Limited registered in Cayman Islands having 100% share in equity in each of these subsidiaries. The objective of BSF Markets Limited is derivative trading and Repo activities. BSF Finance Limited is a special purpose vehicle established to raise capital for Banque Saudi Fransi by the issuance of debt instruments.

The Bank formed a subsidiary Sur Multi Family Office Limited registered in United Kingdom having 100% share in equity. The objective of this subsidiary is to provide a wide range of wealth management services to BSF's high net worth clients and their families. The contribution to the results for the mentioned subsidiaries are insignificant (less than 0.005%).

### (3) Credit ratings of the Banque Saudi Fransi granted by international rating agencies:

| Ratings                       | Standard & Poor's Ratings Services | Moody's Investors Service | Fitch Ratings |
|-------------------------------|------------------------------------|---------------------------|---------------|
| Long-term ratings             | A-                                 | A1                        | A-            |
| Short-term ratings            | A-2                                | P-1                       | F2            |
| Outlook/Review                | Stable                             | Stable                    | Stable        |
| Last published credit opinion | May 23, 2024                       | December 3, 2024          | May 15, 2024  |

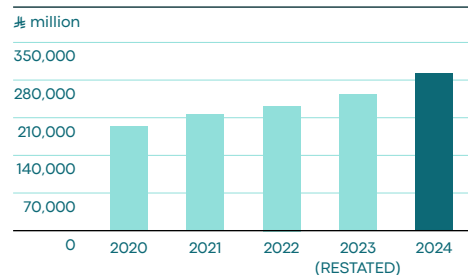
### (4) The Bank's assets, liabilities and financial results in the last five financial years:

| (in thousands of Saudi Riyals)                                      | 2024        | 2023<br>*(restated) | 2022        | 2021        | 2020        |
|---------------------------------------------------------------------|-------------|---------------------|-------------|-------------|-------------|
| Total assets*                                                       | 292,775,662 | 253,665,626         | 232,078,119 | 215,802,026 | 194,073,584 |
| Investments and investments in associates, net*                     | 60,298,553  | 48,759,761          | 44,527,244  | 43,867,936  | 37,688,336  |
| Loans and advances, net                                             | 204,168,275 | 179,391,223         | 159,011,525 | 147,812,759 | 130,564,835 |
| Total liabilities                                                   | 246,168,660 | 212,261,628         | 193,332,794 | 176,116,356 | 155,437,639 |
| Customer Deposits                                                   | 185,118,179 | 172,208,983         | 157,592,320 | 141,950,208 | 127,111,644 |
| Total equity*                                                       | 46,607,002  | 41,403,998          | 38,745,325  | 39,685,670  | 38,635,945  |
| Total operating income                                              | 9,657,679   | 9,323,994           | 8,017,275   | 7,127,926   | 7,044,594   |
| Total operating expenses                                            | 4,588,353   | 4,616,161           | 4,013,372   | 3,290,549   | 5,034,358   |
| Share in earnings of associates, net                                | 0           | 0                   | 0           | 0           | 0           |
| Net income before Zakat                                             | 5,069,326   | 4,707,833           | 4,003,903   | 3,837,377   | 2,010,236   |
| Net special commission income                                       | 7,883,383   | 7,835,197           | 6,426,553   | 5,698,645   | 5,240,388   |
| Fees from banking services, net                                     | 972,213     | 914,675             | 896,861     | 887,929     | 1,081,816   |
| Impairment charge for credit losses and other financial assets, net | 1,179,667   | 1,594,455           | 1,359,797   | 843,605     | 2,670,268   |
| Salaries and employees related expenses                             | 1,883,247   | 1,741,583           | 1,494,960   | 1,397,452   | 1,418,703   |
| Number of employees                                                 | 3,056       | 3,154               | 3,105       | 2,997       | 2,881       |

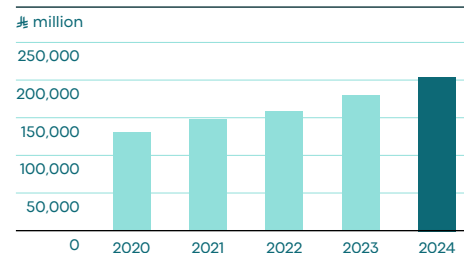
\* During the year ended December 31, 2024, management identified equity investments in which the Bank held interest, in prior years. These were not recorded in the prior year's consolidated financial statements. Upon identifying these equity investments, management decided to classify this as fair value through profit or loss and sold these investments during Q4 2024. Consequently, the Bank's investments and retained earning balances were understated as of December 31, 2023 and as of January 01, 2023. The Bank's management has rectified this by restating the affected consolidated financial statement line items.

## Financial indicators for the last five years:

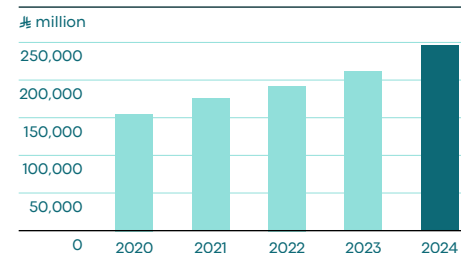
### Total Assets



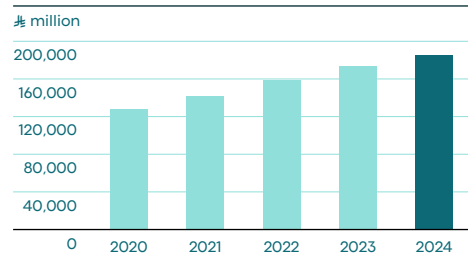
### Loans and Advances, Net



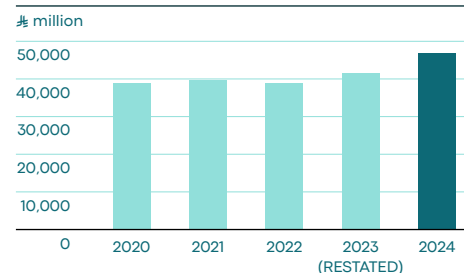
### Total Liabilities



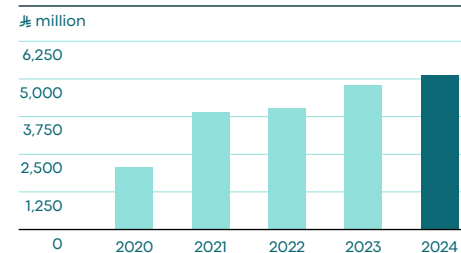
### Customer Deposits



### Total Equity



### Net Income Before Zakat



## (5) Geographical analysis of the Bank's and its affiliates' revenues:

The following table shows the income for each region (Eastern, Western, Central, Head Office, and subsidiaries) for 2024:

| Banque Saudi Fransi and its subsidiaries, excluding Saudi Fransi Capital |           |           |           |             |             |
|--------------------------------------------------------------------------|-----------|-----------|-----------|-------------|-------------|
| (in thousands of Saudi Riyals)                                           | Western   | Eastern   | Central   | Head Office | Total       |
| Total income                                                             | 1,914,918 | 1,766,515 | 4,104,288 | 1,322,838   | 9,108,559   |
| Total Expenses (before provisions)                                       | (201,002) | (185,753) | (430,433) | (2,327,938) | (3,145,126) |
| Provisions                                                               | 57,359    | (331,992) | (905,034) | 0           | (1,179,667) |
| Net income before Zakat                                                  | 1,771,275 | 1,248,770 | 2,768,821 | (1,005,100) | 4,783,766   |

| Saudi Fransi Capital               |         |         |         |             |           |
|------------------------------------|---------|---------|---------|-------------|-----------|
| (in thousands of Saudi Riyals)     | Western | Eastern | Central | Head Office | Total     |
| Total income                       | 33,756  | 76,233  | 55,020  | 384,111     | 549,120   |
| Total Expenses (before provisions) | (81)    | (256)   | (356)   | (262,867)   | (263,560) |
| Provisions                         | 0       | 0       | 0       | 0           | 0         |
| Net income before Zakat            | 33,675  | 75,977  | 54,664  | 121,244     | 285,560   |

| Banque Saudi Fransi Group          |           |           |           |             |             |
|------------------------------------|-----------|-----------|-----------|-------------|-------------|
| (in thousands of Saudi Riyals)     | Western   | Eastern   | Central   | Head Office | Total       |
| Total income                       | 1,948,674 | 1,842,748 | 4,159,308 | 1,706,949   | 9,657,679   |
| Total Expenses (before provisions) | (201,083) | (186,009) | (430,789) | (2,590,805) | (3,408,686) |
| Provisions                         | 57,359    | (331,992) | (905,034) | 0           | (1,179,667) |
| Net income before Zakat            | 1,804,950 | 1,324,747 | 2,823,485 | (883,856)   | 5,069,326   |

(6) Material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Bank:

(6/A) Consolidated income statement for the years ended on 31 December, 2024 and 2023:

| (in thousands of Saudi Riyals)                                                 | 2024             | 2023             |
|--------------------------------------------------------------------------------|------------------|------------------|
| Special commission income                                                      | 16,371,966       | 13,218,031       |
| Special commission expense                                                     | 8,488,583        | 5,382,834        |
| <b>Net special commission income</b>                                           | <b>7,883,383</b> | <b>7,835,197</b> |
| Fee and commission income                                                      | 1,650,703        | 1,491,777        |
| Fee and commission expense                                                     | 678,490          | 577,102          |
| <b>Net fee and commission income</b>                                           | <b>972,213</b>   | <b>914,675</b>   |
| Exchange income, net                                                           | 482,103          | 455,222          |
| Trading income, net                                                            | 275,691          | 114,016          |
| Dividend income                                                                | 16,316           | 15,213           |
| Gains/(losses) on FVOCI/non-trading investments, net                           | 27,267           | (16,260)         |
| Other operating income                                                         | 706              | 5,931            |
| <b>Total operating income</b>                                                  | <b>9,657,679</b> | <b>9,323,994</b> |
| Salaries and employee related expenses                                         | 1,883,247        | 1,741,583        |
| Rent and premises related expenses                                             | 74,734           | 67,464           |
| Depreciation and amortization                                                  | 299,213          | 250,658          |
| Other operating and general and administrative expenses                        | 1,151,492        | 962,001          |
| <b>Total operating expenses before impairment charge</b>                       | <b>3,408,686</b> | <b>3,021,706</b> |
| Impairment charge for expected credit losses on loans and advances, net        | 1,143,899        | 1,668,817        |
| Impairment charge/(reversal) for investments, financial assets and others, net | 35,768           | (74,362)         |
| <b>Total operating expenses, net</b>                                           | <b>4,588,353</b> | <b>4,616,161</b> |
| <b>Net income for the year before zakat</b>                                    | <b>5,069,326</b> | <b>4,707,833</b> |
| Zakat for the year                                                             | 525,255          | 485,100          |
| <b>Net income for the year after zakat</b>                                     | <b>4,544,071</b> | <b>4,222,733</b> |
| Basic and diluted earnings per share (ﷲ)                                       | 1.72             | 1.61             |



## (6/B) Summary of financial results as follows:

| (In millions of Saudi Riyals) | 2024    | 2023*<br>(restated) | Change | %      |
|-------------------------------|---------|---------------------|--------|--------|
| Net income after Zakat        | 4,544   | 4,223               | 321    | 7.60%  |
| Net income before Zakat       | 5,069   | 4,708               | 361    | 7.67%  |
| Total Operating income        | 9,658   | 9,324               | 334    | 3.58%  |
| Net special commission income | 7,883   | 7,835               | 48     | 0.61%  |
| Assets                        | 292,776 | 253,666             | 39,110 | 15.42% |
| Investments                   | 60,289  | 48,750              | 11,539 | 23.67% |
| Loan and advances portfolio   | 204,168 | 179,391             | 24,777 | 13.81% |
| Customer Deposits             | 185,118 | 172,209             | 12,909 | 7.50%  |
| Total equity                  | 46,607  | 41,404              | 5,203  | 12.57% |
| Earnings per share (ﷲ)        | 1.72    | 1.61                | 0.11   | 6.83%  |

## (7) The name of each affiliate, its capital, the Bank's ownership percentage, the main scope of business, the country of operation, and the country of incorporation:

| Company Name                                   | Capital                   | Equity percentage | Activity                                                                                                                                                                     | Main State of its Operations | State of Incorporation  |
|------------------------------------------------|---------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------|
| Saudi Fransi Capital (BSF Capital)             | 500 million Saudi Riyals  | 100               | Acting as a principal and an agent, undertaking management, arranging, advising and custody in securities trading                                                            | Kingdom of Saudi Arabia      | Kingdom of Saudi Arabia |
| JB (formerly Saudi Fransi for Finance Leasing) | 750 million Saudi Riyals  | 100               | Islamic lease financing for vehicles and personal financing                                                                                                                  | Kingdom of Saudi Arabia      | Kingdom of Saudi Arabia |
| Sakan Real Estate Company                      | 500 thousand Saudi Riyals | 100               | Sakan holds title deeds on behalf of Banque Saudi Fransi (Banque Saudi Fransi holds 95% direct ownership and 5% indirect ownership through its subsidiary)                   | Kingdom of Saudi Arabia      | Kingdom of Saudi Arabia |
| Saudi Fransi Insurance Agency Co.              | 500 thousand Saudi Riyals | 100               | Insurance agent for Banque Saudi Fransi in Saudi Arabia (under liquidation)                                                                                                  | Kingdom of Saudi Arabia      | Kingdom of Saudi Arabia |
| Sofinco Saudi Fransi                           | 100 million Saudi Riyals  | 100               | Lease financing of automobiles and household equipment (under liquidation)                                                                                                   | Kingdom of Saudi Arabia      | Kingdom of Saudi Arabia |
| Saudi Fransi Digital Venture (SFDV)            | 35 million Saudi Riyal    | 100               | SFDV is a Sole Shareholder joint stock company, a subsidiary of BSF, focuses on technology services for the Bank and its subsidiaries, adhering to Central Bank regulations. | Kingdom of Saudi Arabia      | Kingdom of Saudi Arabia |
| Sur Multi Family Office Limited                | 1 GBP                     | 100%              | Provides a wide range of wealth management services to BSF's high net worth clients and their families                                                                       | United Kingdom               | United Kingdom          |

Banque Saudi Fransi has a share in the Saudi Credit Bureau (SIMAH) of 10.9% of its capital of ٢٠ million. It also owns shares in the Saudi Financial Support Services Company (SANID) (formerly Saudi Traveler Cheques Company) of 5% of its capital of ٢٥ million. The Bank also invested ١.٨ million in the Saudi Financial Lease Registration Company (4.65% ownership).

All of the companies listed above are existing and established in Saudi Arabi except for SUR multi Family Office Limited which is incorporated in the United Kingdom.

The Bank sold its share (10.88%) in Halalah company (incorporated in UAE) for ٧٤ million during 2024.

In addition, the Banque Saudi Fransi Markets Co. Ltd., a limited liability company owned 100% by the Bank with authorized capital of USD 50,000, has been established in the Cayman Islands. This company is engaged in derivative trading and repo activities. The Bank also owns BSF Finance Limited company, which is a special purpose vehicle established to raise capital for Banque Saudi Fransi by the issuance of debt instruments, it is incorporated in the Cayman Islands, having a 100% share in equity (authorised capital of USD 50,000), which has no material impact on the Group financial statements.

The Bank has investments in other companies. It owns 27% of the capital of Banque BEMO Saudi Fransi, a joint stock company established in 2004 in Syria. It has issued share capital of SYP 17.7 billion (as of 30.06.2024). The Bank also owns 10.33% of Banque BEMO Lebanon, a company incorporated in 2003 in Lebanon, Beirut. It has issued share capital of LBP 77.8 billion (as of 31.12.2022). All legal and contractual procedures are being followed to complete the sale of Banque Saudi Fransi's share in Banque BEMO Saudi Fransi, Syria, and Banque BEMO Lebanon based on the announcement on 26/11/2011 through Tadawul; that the Board of Directors of the Banque Saudi Fransi has decided to sell its shares in Banque BEMO Saudi Fransi, Syria (27%) and its shares in Banque BEMO Lebanon (10.33%). Banque Saudi Fransi is not represented on the boards of the Banque BEMO Saudi Fransi, Syria or Banque BEMO Lebanon as of 26/11/2011, and its main partners in Banque BEMO Lebanon were informed of this decision.

The Bank also owns 8,400,000 shares in Allianz Saudi Fransi Cooperative Insurance Company (Mutakamela Insurance Company) i.e. 14% of the company's share capital of SR 600 million (60 million shares). During the companies extraordinary general assembly meeting on 25.11.2024 the company name was rebranded as Mutakamela Insurance Company.

## (8) Details of shares and debt instruments issued for each affiliate Company:

A. No shares or debt instruments were issued to subsidiaries during 2024.

B. Loans provided by the Bank to its subsidiaries:

The following table shows the loans made on 31/12/2024 by Banque Saudi Fransi to its subsidiaries:

| Name of Subsidiary         | (in thousands of Saudi Riyals) |
|----------------------------|--------------------------------|
| BSF Capital*               | 803,734                        |
| JB**                       | 2,888,333                      |
| Sur Multi Family Office*** | 30,000                         |

Saudi Fransi Capital has an overdraft facility and JB has a term loan facility from Banque Saudi Fransi. During 2024 BSF provided a loan of ٣٠ million to SUR Multi Family Office. There is no other loan available to the subsidiaries, except for the above loans provided by Banque Saudi Fransi.

\*Details of BSF Capital loans:

| (in thousands of Saudi Riyals)       | 2024      | 2023      |
|--------------------------------------|-----------|-----------|
| Opening balance                      | 617,384   | 1,460,759 |
| Loan granted during the period       | 4,016,945 | 3,240,815 |
| Repayment of loans during the period | 3,830,595 | 4,084,190 |
| Closing balance of loans             | 803,734   | 617,384   |

\*\* Details of loans to JB

| (in thousands of Saudi Riyals)       | 2024      | 2023      |
|--------------------------------------|-----------|-----------|
| Opening balance                      | 2,732,505 | 2,869,800 |
| Loan granted during the period       | 2,871,958 | 750,000   |
| Repayment of loans during the period | 2,716,130 | 887,295   |
| Closing balance of loans             | 2,888,333 | 2,732,505 |

\*\*\*Details of loan to SUR Multi Family Office

| (in thousands of Saudi Riyals)       | 2024   | 2023 |
|--------------------------------------|--------|------|
| Opening balance                      | 0      | 0    |
| Loan granted during the period       | 30,000 | 0    |
| Repayment of loans during the period | 0      | 0    |
| Closing balance of loans             | 30,000 | 0    |

**(9) Main shareholders of the Bank, and a description of any interest in a class of voting shares held by persons (other than the Bank's Directors, Senior Executives and their relatives) who have notified the Bank of their holdings, together with any change to such interests during the last fiscal year:**

The table below shows the equity of the main shareholders in the Bank's shares during the fiscal year 2024:

| Main shareholders in the capital of the Bank as at 31/12/2024 |                                          |                                               |                                                |                                         |                                          |             |                   |
|---------------------------------------------------------------|------------------------------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------|------------------------------------------|-------------|-------------------|
|                                                               | Shareholder                              | Number of Shares at the beginning of the year | Equity percentage at the beginning of the year | Number of Shares at the end of the year | Equity percentage at the end of the year | Net change  | Change percentage |
| 1                                                             | Kingdom Holding Company                  | 195,267,861                                   | 16.199%                                        | 404,999,996                             | 16.199%                                  | 209,732,135 | 107%              |
| 2                                                             | Rashed Abdul Rahman Al Rashed & Sons Co. | 118,488,534                                   | 9.830%                                         | 249,999,996                             | 9.999%                                   | 131,511,462 | 111%              |

No person (other than the Bank's Directors, Senior Executives and their relatives) has notified the Bank about any interest in a class of voting shares.

**(10) A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Bank or its affiliates, and any change on these interests or rights during the last fiscal year:**

| Description of any interest, contractual securities and subscription rights of the Board members and their relatives in the Bank's shares or debt instruments |                                                                                  |                       |                  |                  |                  |            |                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|------------------|------------------|------------------|------------|-------------------|
|                                                                                                                                                               | Name of those who have interest or contractual securities or subscription rights | Beginning of the year |                  | End of the year  |                  | Net change | Change percentage |
|                                                                                                                                                               |                                                                                  | Number of Shares      | Debt instruments | Number of Shares | Debt instruments |            |                   |
| 1                                                                                                                                                             | Mazin Al Romainh                                                                 | 6,000                 | —                | 12,444           | —                | 6,444      | 107%              |
| 2                                                                                                                                                             | Talal Al Maiman                                                                  | 50,000                | —                | 103,703          | —                | 53,703     | 107%              |
| 3                                                                                                                                                             | Abdulrahman Al Rashed                                                            | 312,685               | —                | 648,531          | —                | 335,846    | 107%              |
| 4                                                                                                                                                             | Relatives of Abdulrahman Al Rashed                                               | 4,689,480             | —                | 10,244,843       | —                | 5,555,363  | 118%              |
| 5                                                                                                                                                             | Bader Al Issa                                                                    | 1,000                 | —                | 2,074            | —                | 1,074      | 107%              |
| 6                                                                                                                                                             | Abdullatif Al Othman                                                             | 1                     | —                | 2                | —                | 1          | 100%              |
| 7                                                                                                                                                             | Ghazi Al Rawi                                                                    | 1,000                 | —                | 0                | —                | (1,000)    | (100%)            |
| 8                                                                                                                                                             | Khalid Al Omran                                                                  | 40                    | —                | 82               | —                | 42         | 105%              |
| 9                                                                                                                                                             | Relatives of Khalid Al Omran                                                     | 19,366,352            | —                | 40,167,241       | —                | 20,800,889 | 107%              |
| 10                                                                                                                                                            | Rayan Fayez                                                                      | 322,310               | —                | 732,776          | —                | 410,466    | 127%              |
| 11                                                                                                                                                            | Khalid Al Sharif                                                                 | 100                   | —                | 207              | —                | 107        | 107%              |
| 12                                                                                                                                                            | Relatives of Khalid Al Sharif                                                    | 500                   | —                | 1,866            | —                | 1,366      | 273%              |

Description of any interest, contractual securities and subscription rights of Senior Executives and their relatives in the Bank's shares or debt instruments

|    | Name of those who have interest | Beginning of the year |                  | End of the year  |                  | Net change | Change percentage |
|----|---------------------------------|-----------------------|------------------|------------------|------------------|------------|-------------------|
|    |                                 | Number of Shares      | Debt instruments | Number of Shares | Debt instruments |            |                   |
| 1  | Mohammed Al-Sheikh              | 73,614                | –                | 262,575          | –                | 188,961    | 257%              |
| 2  | Relatives of Mohammed Al-Sheikh | 0                     | –                | 8,482            | –                | 8,482      | 100%              |
| 3  | Zuhair Mardam                   | 111,700               | –                | 341,288          | –                | 229,588    | 206%              |
| 4  | Relatives of Zuhair Mardam      | 13,779                | –                | 66,423           | –                | 52,644     | 382%              |
| 5  | Abdallah Alshaikh               | 49,811                | –                | 158,260          | –                | 108,449    | 218 %             |
| 6  | Relatives of Abdallah Alshaikh  | 22,621                | –                | 46,916           | –                | 24,295     | 107%              |
| 7  | Majed Alsadhan                  | 0                     | –                | 54,948           | –                | 54,948     | 100%              |
| 8  | Thamer Yousef*                  | 99,621                | –                | 316,516          | –                | 216,895    | 218%              |
| 9  | Abdulaziz Al Molhem**           | 220,588               | –                | 567,410          | –                | 346,822    | 157%              |
| 10 | Mutasim Mufti                   | 39,811                | –                | 103,703          | –                | 63,892     | 160%              |
| 11 | Relatives of Mutasim Mufti      | 10,000                | –                | 20,740           | –                | 10,740     | 107%              |
| 12 | Ramzi Darwish                   | 68,106                | –                | 222,691          | –                | 154,585    | 227%              |

\* Mr. Thamer Yousef Resigned from his position on 30 June 2024

\*\*Mr. Abdulaziz Al Molhem retired on 1 July 2024

**(11) Information on any loans (payable upon request or not), a statement of the total indebtedness of the Bank and its affiliates, any amounts paid by the Bank in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount:**

A. There are no loans on the Bank (loans to subsidiaries are set out in item 8 of this report).

B. Debt instruments and sukuks.

Debt Security and Term Loans:

During 2022 the Bank has established a USD 4 Billion Euro Medium term Note (MTN) Programme. The issuer under the programme is BSF Finance Limited, operating as a special purpose entity for the guarantor Banque Saudi Fransi. In 2023 the Bank established a USD 4 Billion Trust Certificate Issuance Programme. The issuer under the programme is BSF Sukuk Company, which operates as a special purpose entity for the guarantor Banque Saudi Fransi.



Debt Securities and term loans issued by the Bank under its various programs include:

| Issue date  | Type               | Market                                        | Tenure    | Currency | Value       | Term                     | Maturity    |
|-------------|--------------------|-----------------------------------------------|-----------|----------|-------------|--------------------------|-------------|
| Nov 23 2022 | Bond               | London Stock Exchange                         | 5 Years   | USD      | 700 Million | 5.5% Semi Annual         | Nov 23 2027 |
| Dec 22 2022 | Term Loan facility | Syndicated Facility -International FI Lenders | 3 years   | USD      | 500 Million | SOFR + 70 bps Quarterly  | Dec 22 2025 |
| May 31 2023 | Sukuk              | London Stock Exchange                         | 5 years   | USD      | 900 Million | 4.75% Semi Annual        | May 31 2028 |
| Jun 21 2023 | Term Loan facility | Syndicated Facility -International FI Lenders | 2.5 years | USD      | 50 Million  | SOFR + 70 bps Quarterly  | Dec 22 2025 |
| Jul 18 2023 | Sukuk              | Private placement                             | 4 years   | USD      | 100 Million | 5.47% Semi Annual        | Jul 18 2027 |
| Nov 09 2023 | Bond               | Private placement                             | 3 years   | USD      | 50 Million  | SOFR + 115 bps Quarterly | Nov 09 2026 |
| Jan 25 2024 | Sukuk              | London Stock Exchange                         | 5 years   | USD      | 700 Million | Semi Annual              | Jan 25 2029 |
| Feb 29 2024 | Bond               | Private placement                             | 7 years   | USD      | 30 Million  | SOFR + 155 bps Quarterly | Feb 28 2031 |
| Mar 26 2024 | Term loan facility | Syndicated facility -International FI Lenders | 3 Years   | USD      | 250 Million | SOFR + 90 bps Quarterly  | Mar 26 2027 |
| Apr 30 2024 | Bond               | Private placement                             | 7 years   | USD      | 20 Million  | SOFR + 145 bps Quarterly | Apr 30 2031 |
| May 01 2024 | Bond               | Private placement                             | 7 years   | USD      | 20 Million  | SOFR + 145 bps Quarterly | May 01 2031 |
| May 09 2024 | Bond               | Private placement                             | 5 years   | USD      | 50 Million  | SOFR + 120 bps Quarterly | May 09 2029 |
| May 16 2024 | Bond               | Private placement                             | 5 years   | USD      | 20 Million  | SOFR + 116 bps Quarterly | May 16 2029 |
| Nov 20 2024 | Term loan facility | Syndicated facility -International FI Lenders | 5 years   | USD      | 750 Million | SOFR + 100 bps Quarterly | Nov 202029  |
| Dec 12 2024 | Bond               | Private placement                             | 5 Years   | USD      | 15 Million  | SOFR + 130 bps Quarterly | Dec 122029  |

## Tier I Sukuk

During 2020, the Bank through a Shariah compliant arrangement issued Tier 1 Sukuk (the "Sukuk"), amounting to ٢ 5 billion. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 4.5% per annum from date of issue up to 2025 and is subjected to reset every 5 years.

During Q3 2024, the Bank through a Shariah compliant arrangement issued Tier 1 Sukuk (the "Sukuk"), amounting to ٢ 3 billion under its ٢ 8 billion Tier 1 Sukuk Programme established in Q1 2024. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.0% per

annum from date of issue up to 2029 and is subjected to reset every 5 years.

During Q3 2024 the Bank has established a USD 3 Billion Additional Tier 1 Capital Note Programme, the issuer under the programme is Banque Saudi Fransi.

These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuks in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement.

The applicable profit on the Sukuk is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

### Repayment of debt instruments:

During the year 2024, the Bank had no debt settlement.

- There are no convertible debt instruments, contractual securities and subscription rights or similar rights issued or granted by the Bank and its subsidiaries during the fiscal year.
- There are no converting or subscription rights under convertible debt instruments, contractual securities, notes of subscription rights or similar rights issued or granted by the Bank during the fiscal year.
- There is no redemption, purchase or cancellation by the Bank of any redeemable debt instruments.

## (12) Description of the dividend distribution policy:

Cash distribution of dividends by the Bank depends on several factors including assumptions and recommendations of the Board of Directors based on the financial position of the Bank, results of the Bank's operations, current capital adequacy and prospective financial position of the Bank and liquidity requirements in the short and medium term considering the Bank's expansion plans and projects.

The distribution of the annual net profit, after deducting all expenses and other costs, taking the necessary precautions for doubtful debts, investment losses and contingent liabilities as deemed appropriate by the Board in compliance with the provisions of the Banking Control Law, are as follows:

- 1 The amounts required to pay Zakat assessed on the Saudi shareholders and the tax assessed on foreign shareholders are calculated in accordance with the applicable laws and regulations of the Kingdom of Saudi Arabia. The Bank shall pay these amounts to the competent authorities. The Zakat paid on behalf of Saudi shareholders will be deducted from their share in the net profit, and the tax paid on behalf of non-Saudi shareholders will likewise be deducted from their share of the net profit.
- 2 A minimum of 25% of the net profits remaining after the deduction of Zakat and tax as stated above in paragraph (1), shall be transferred to the statutory reserve until the mentioned reserve is equal, at least, to the paid-up capital.

- 3 From the remaining profits, after the deduction of the statutory reserve, Zakat and tax, a minimum of 5% of the paid-up capital shall be allocated to Saudi and non-Saudi shareholders to be distributed prorata to the value of paid-up shares of Saudi and non-Saudi shareholders, as recommended by the Board and decided by the General Assembly. If the remaining profits accruing to any Saudi or non-Saudi shareholder is found to be insufficient to pay such dividends to the respective shareholders, such shareholders shall not have the right to demand such distribution from the following year/s' profits. Moreover, the General Assembly shall not be entitled to distribute any dividends that exceed the limit duly recommended by the Board.

- 4 The remaining profits after the allocation of the amounts mentioned in the aforementioned paragraphs (1), (2) & (3) shall be used as recommended by the Board and determined by the General Assembly.

- 5 The subscription ratio of each Saudi and non-Saudi shareholder must be maintained upon calculation of the allocations needed for the statutory reserve and other reserves from net profits (after Zakat and tax). The two shareholding groups shall contribute to those reserves as per their percentage of the capital, and their contributions will be deducted from their shares of the net profits.

- 6 Cash dividends shall be distributed to shareholders at the place and time determined by the Board of Directors in accordance with applicable regulations.
- 7 The Board may decide not to distribute cash dividends and use such dividends in the settlement of debts, obligations or commitments of shareholders to the Bank.
- 8 The Bank may distribute interim dividends for its shareholders semiannually or quarterly, after satisfying the necessary requirements stipulated in the Articles of Association.

Shareholders must be informed of this policy during the General Assembly meeting.

## Basic and diluted earnings per share:

Basic and diluted earnings per share for the years ended December 31, 2024 and 2023 are calculated on a weighted average basis by dividing the net income adjusted for Tier I Sukuk costs for the year by 2,500 million shares after excluding treasury shares consisting of 19.7 million shares as of December 31, 2024 (December 31, 2023: 7.6 million shares).

## Total dividends:

The Board of Directors have proposed final net dividend of ₪ 1,246 million (2023: ₪ 1,198 million) i.e. ₪ 0.50 (2023: ₪ 1.00) net per share for the year which is subject to the approval of the shareholders at the Annual General Assembly Meeting and the regulatory agencies. The Board of Directors have declared interim net dividend of ₪ 1,200 million (2023: ₪ 1,140 million) i.e. ₪ 1.00 (2023: ₪ 0.95) net per share.

|                                       | Dividends distributed during the year 2024 |              |                                       |                |
|---------------------------------------|--------------------------------------------|--------------|---------------------------------------|----------------|
|                                       | Final for 2023                             | Interim 2024 | Proposed dividend for the end of 2024 | Total for 2024 |
| Amount (in thousands of Saudi Riyals) | 1,197,738                                  | 1,199,541    | 1,245,666                             | 2,445,207      |
| Pay-out Ratio (after Zakat)           | 58%                                        | 53%          | 55%                                   | 54%            |

### (13) Description of any transactions between the Bank and a related party:

The Bank during its normal course of business deals with related parties. The management and the Board of Directors consider that transactions with related parties have been made on the same terms with other parties. Transactions with related parties are subject to the ratios stipulated in the Banking Control Law and the instructions issued by the Saudi Central Bank. The balances resulting from these transactions as of December 31, 2024 and 2023, which are included in the consolidated financial statements, are as follows:

| (in thousands of Saudi Riyals)                                                                      | 2024      | 2023       |
|-----------------------------------------------------------------------------------------------------|-----------|------------|
| <b>Associates</b>                                                                                   |           |            |
| Investments                                                                                         | 9,695     | 9,695      |
| Due to banks and other financial institutions                                                       | 8,781     | 8,462      |
| <b>Directors, senior management, shariah members and their affiliates (key management personal)</b> |           |            |
| Loans and advances                                                                                  | 6,558,236 | 7,442,827  |
| Investments                                                                                         | 683,674   | 1,021,721  |
| Due from banks and other financial institutions                                                     | 395,625   | 395,625    |
| Other assets                                                                                        | 49,182    | 25,736     |
| Customers' deposits                                                                                 | 8,201,695 | 10,020,831 |
| Due to banks and other financial institutions                                                       | 40,000    | 2,822,190  |
| Other liabilities                                                                                   | 247       | 4,550      |
| Derivatives at fair value, net                                                                      | (48,141)  | (13,772)   |
| Commitments and contingencies                                                                       | 2,666,822 | 3,055,299  |
| <b>Major shareholders' and their affiliates</b>                                                     |           |            |
| Loans and advances                                                                                  | 1,532,037 | 671,978    |
| Customers' deposits                                                                                 | 128,146   | 6,284,014  |
| Derivatives at fair value, net                                                                      | 37        | –          |
| Commitments and contingencies                                                                       | 12,500    | –          |

The following table shows the income and expenses of transactions with related parties that are included in the consolidated financial statements:

| (in thousands of Saudi Riyals)                                                                 | 2024    | 2023    |
|------------------------------------------------------------------------------------------------|---------|---------|
| <b>Special commission income</b>                                                               |         |         |
| – Directors, senior management, shariah members and their affiliates (key management personal) | 604,622 | 671,220 |
| – Major shareholders' and their affiliates                                                     | 95,011  | 139,813 |
| Total Special commission income                                                                | 699,633 | 811,033 |
| <b>Special commission expense</b>                                                              |         |         |
| – Directors, senior management, shariah members and their affiliates (key management personal) | 233,423 | 256,253 |
| Major shareholders' and their affiliates                                                       | 12,102  | 221,188 |
| – Associates                                                                                   | 315     | 368     |
| Total Special commission expense                                                               | 245,840 | 477,809 |
| Fees, commission income and others, net                                                        | 76,897  | 89,355  |
| Directors' fees                                                                                | 18,980  | 9,318   |
| Other general and administrative expenses                                                      | 75,840  | 196,715 |

As at December 31, 2024, the Group maintains an ECL provision amounting to **ﷲ 9 million** (2023: **ﷲ 7 million**) for related party exposure.

## (14) Contracts and transactions made with the Bank, in which there is or there was an interest with a Related Party:

|    | The nature of business or contract                                                                                                                                                                                                     | The amount of business or contract                                            | Start date of the contract                                     | End date of the contract | Contract status | Name of the Board member, Senior Executive or any person related to them                        |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------|-----------------|-------------------------------------------------------------------------------------------------|
| 1  | <b>SANID Services:</b><br>A – ATM Replenishment service<br>B – Maintenance of Cash Depository Machines (SANID)<br>*No longer a related party after 24 December 2024.                                                                   | Various based on services<br>Total Amount Paid for 2024:<br>16,919,583.02     | 1-3-2022                                                       | 30-6-2025                | Active          | <b>Mohammed Almodaimeegh</b><br>(Senior Executive of the Bank)                                  |
| 2  | <b>Telecom Service Provisioning</b><br>(Saudi Telecom Company (STC))<br>*No longer a related party after 1-07-2024.                                                                                                                    | Total Amount Paid for 2024:<br>6,332,417.30                                   | 25-8-2019                                                      | 24-8-2025                | Active          | <b>Abdulaziz Almolhem's</b><br>brother Jamel Almolhem<br>(Senior Executive of the Bank)         |
| 3  | <b>Bulk SMS services and Telecom Service Provisioning</b><br>(Saudi Telecom Company (STC))<br>*No longer a related party after 1-07-2024                                                                                               | Total Amount Paid for 2024:<br>13,760,000.00                                  | Variable according to the type of service provided to the Bank |                          | Expired         | <b>Abdulaziz Almolhem's</b><br>brother Jamel Almolhem<br>(Senior Executive of the Bank)         |
| 4  | <b>CCTV lease line services</b><br>V Saudi Telecom Company (STC))<br>*No longer a related party after 1-07-2024                                                                                                                        | Total Amount Paid for 2024:<br>6,313,975.92                                   | 1-6-2021                                                       | 31-5-2026                | Active          | <b>Abdulaziz Almolhem's</b><br>brother Jamel Almolhem<br>(Senior Executive of the Bank)         |
| 5  | <b>ABANA Services:</b><br>A- Maintenance of Cash Counting Machines<br>B- Leasing for Cash Counting Machines (ABANA Enterprise Group)<br>* Some transactions are related to legacy invoices for a service that was provided previously. | Various based on services.<br><br>Total amount paid for 2024:<br>1,325,545.79 | Variable according to the type of service provided to the Bank |                          | Active          | <b>Abdulrahman Alrashed's</b><br>brother Abdulaziz Al Rashed<br>(Board of Directors member)     |
| 6. | <b>Manpower and professional services</b><br>Al Khaleej Training and Education (SMARTLINK)                                                                                                                                             | Total amount paid for 2024<br>11,866,742.94                                   | 1-1-2024                                                       | 31-12-2024               | Active          | <b>Abdulrahman Alrashed's</b><br>brother Abdulaziz Al Rashed<br>(Board of Directors member)     |
| 7  | <b>Rental for the call center desk</b><br>Al Khaleej Training and Education (SMARTLINK)                                                                                                                                                | Total amount paid for 2024:<br>396,000.00                                     | 1-1-2024                                                       | 31-12-2024               | Active          | <b>Abdulrahman Alrashed's</b><br>brother Abdulaziz Al Rashed<br>(Board of Directors member)     |
| 8  | <b>Network and Security Privacy (Cyber) Insurance</b><br>(Wala Cooperative Insurance Company)<br>*No longer a related party after 1-07-2024                                                                                            | 2,175,000.00                                                                  | 1-1-2024                                                       | 14-01-2025               | Expired         | <b>Abdulaziz Almolhem's Brother</b><br><b>Jameel Almolhem</b><br>(Senior Executive of the Bank) |
| 9  | <b>Credit Life and General Insurance Policies</b><br>(Mutakamilah for Insurance, previously Allianz Saudi Fransi Cooperative Insurance Company)                                                                                        | Various based on the policies.<br>Total amount paid for 2024:<br>7,112,774.75 | 1-7-2023                                                       | 30-6-2024                | Expired         | <b>Bader Hamad AlSalloom</b><br>(Senior Executive of the Bank)                                  |



|    | The nature of business or contract                                                                                                                                                                                                                        | The amount of business or contract                                       | Start date of the contract                                      | End date of the contract | Contract status | Name of the Board member, Senior Executive or any person related to them             |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------|-----------------|--------------------------------------------------------------------------------------|
| 10 | <b>Hotel services</b><br>Burj Assila For Hotel Services Company<br>(ShangriLa Jeddah)<br>*No longer a related party after 07-07-2024.                                                                                                                     | Total amount paid for 2024:<br>168,404.35                                | Variable according to the type of service provided to the Bank. |                          |                 | <b>Bader Al Issa</b><br>(Board of Directors member)                                  |
| 11 | <b>ATM Sites</b><br>(Panda Retail Company)                                                                                                                                                                                                                | Total amount paid for 2024:<br>216,500.00                                | 1-12-2021                                                       | 31-1-2025                | Active          | <b>Bader Al Issa</b><br>(Board of Directors member)                                  |
| 12 | <b>Car Parking</b><br>(Malathik Real Estate Investment Company)                                                                                                                                                                                           | 491,000.00                                                               | 1-4-2024                                                        | 31-2-2025                | Active          | <b>Abdulrahman Alrashed's brother Salah Al Rashed</b><br>(Board of Directors member) |
| 13 | <b>Car rental</b><br>[United International Transportation Co. (Budget)]<br>*The company became a related party as of June 21-6-2024 and the transaction is only to pay a legacy invoice for a service that was provided before it became a related party. | Various based on demand.<br>Total amount paid for 2024:<br>481,190.00    | 01-01-2010                                                      | 31-12-2024               | Active          | <b>Abdallah Alshaikh</b><br>(Senior executive of the Bank)                           |
| 14 | <b>National address Services</b><br>[Saudi Postal and Logistics Services (SPL)]<br>*No longer a related party after 1-07-2024<br>** Some transactions are related to a legacy invoice for a service that was provided in the past.                        | Various based on service.<br>Total amount paid for 2024:<br>2,902,983.96 | 4-9-2022                                                        | 3-9-2025                 | Active          | <b>Abdulaziz Almolhem's brother Jamel Almolhem</b><br>(Senior Executive of the Bank) |

### (15) Competing Business with the Bank or with any of its activities that any member of the Board is engaging in or was engaging:

|   | Member's name    | Competing Business Name                             | Nature of the Competing Businesses                                      | Member Relationship with the Competing Business |
|---|------------------|-----------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------|
| 1 | Khalid Alsharif* | The Family Office International Investment Company* | Securities Business activities licensed by the Capital Market Authority | Board member                                    |

\*Resigned from the Board of Directors at the Family Office International Investment Company on 31st of July 2024.

## (16) A statement of the value of any paid and outstanding statutory payment on account of any Zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefore:

| Statement (in thousands of Saudi Riyals)  | 2024    |            |
|-------------------------------------------|---------|------------|
|                                           | Paid    | Due amount |
| Zakat *                                   | 485,412 | –          |
| General Organization for Social Insurance | 117,906 | –          |
| Costs of visas and passports              | 210     | –          |
| Fees of labour office                     | 1,804   | –          |

\* Zakat: Zakat attributable to Saudi shareholders for the year of 2024 amounted to ﷲ 526 million (2023: ﷲ 485 million).

## (17) Disclosures Related to Small, Medium and Micro Enterprises:

### A. Qualitative Disclosures:

BSF established the MSME Unit in 2014 in view of the growing importance of this sector in the Saudi economy and to facilitate providing the best financing solutions and banking services for this customer segment. The Unit comprises of 50 employees distributed among the three main regional offices with each region managed by a coverage manager to oversee business development and reporting progress to the Head of MSME Unit in the Head Office.

### Collaboration with SME Bank

BSF and the Small and Medium Enterprises Bank signed a joint financing agreement, which aims to finance micro, small and medium enterprises to bridge the financing gap by using existing BSF infrastructure, processes, systems and existing customer base.

### The Small and Medium Enterprises Loan Guarantee Program "Kafalah"

The Bank had been actively developing the business with Kafalah program to support financing needs of the MSME sector. It enjoys two portfolio arrangements with Kafalah (for active entities & startups) to issue Kafalah guarantees based on internal approvals.

During the year, the loan portfolio guaranteed by Kafalah increased by 13%, and the number of customers benefiting from this program increased by 21%. Furthermore, the Bank collaborated with Kafalah on many marketing campaigns to boost the financing of MSMEs in emerging sectors such as Entertainment, Cultural, Sport, Technology, and Education.

### The Small and Medium Enterprises General Authority "Monshaat"

General Authority for Small and Medium Enterprises (Monsha'at) was established in 2016 to support & develop the MSME sector. The Bank conducted several Financial Awareness sessions in collaboration with Monsha'at during 2024.

BSF has been an active sponsor and participant in BIBAN24 forum as a major contributing partner, which is focused on fostering the entrepreneurial sector and providing innovative financial solutions for Small and Medium Enterprises (SMEs). On the sidelines of BIBAN24 forum, BSF signed a new collaboration agreement with Monsha'at, encompassing three programs: the Franchise program, ECommerce, and Tumouh.

Additionally, BSF and Tamer Group have entered into a cooperation agreement. This partnership is designed to enhance the promotion of digital distribution and support SMEs, particularly in financing emerging businesses in which the company invests, as well as those benefiting from Tamer's localization initiatives. This

collaboration underscores BSF's ongoing dedication to forming local partnerships with relevant authorities to improve integration and cooperation, thereby creating new opportunities to enhance services for MSMEs.

### MSME staff Training sessions and the Financial Awareness Programs for MSMEs

BSF organized a series of awareness workshops in partnership with Monsha'at across various cities, including Riyadh, Khobar, Jeddah, and Madinah. These workshops targeted diverse sectors and events such as Tourism Week, Retail Week, and Franchise Week. Additionally, MSME Unit took part in the Financial Management Camp, also in collaboration with Monsha'at in Riyadh. Furthermore, MSME Unit participated in the Electronic Applications Exhibition 2024, working alongside SME Bank, and engaged in the campaign titled "You Finance in Two Days," in collaboration with the Eastern Chamber and SME Bank whilst other initiatives were conducted during BIBAN24.

Moreover, training sessions were undertaken to develop staff skills and banking know-how to enhance customer journey.

|                                   |     |
|-----------------------------------|-----|
| Number of training days for staff | 118 |
|-----------------------------------|-----|

### Projects & Initiatives

1. Opened new SME centers located in the Eastern and Western regions in line with the framework of BSF strategy to develop and improve our financing services for this sector.

2. Signed a new collaboration agreement with Cultural Development Fund (CDF) that aims to support corporates working in the cultural sector by providing a guarantee cover up to 90% of the provided facility by the Bank.
  3. Signed a collaboration agreement with Saudi Industrial Development Fund (SIDF) which aims to support MSMEs working in industrial services, energy, mining, manufacturing and logistics sectors by providing Facility Guarantees covering a percentage of the borrower exposure with the Bank.
  4. Signed a collaboration agreement with Saudi EXIM which aims to support non-oil Saudi products and services export activities.
  5. Activated and executed the first transaction under REDF – Tatweer Guarantee Program.
  6. Signed an MOU with Madinah Chamber which aims to support MSMEs through regular workshops on financing products and solutions provided by the Bank.
  7. Digitization of account opening process, credit approval process and account statement analysis.
  8. Collaboration between MSME Unit and Trade & Supply Chain Unit on automating lead management and SME program-based financing.
  9. Developed MSME products/programs for suppliers of Large Corporate Groups within BSF.
  10. Signed Collaboration agreement with AlTurki Group and TAMER Group during BIBAN 2024 Forum which aims to create valuable opportunities for its subsidiaries that are seeking financing solutions.
  11. Signed a collaboration agreement with Monsha'at (Tomouh, franchise & e-commerce) during BIBAN24.
  12. Sponsored the Inspiring Leadership event as a Strategic Partner in collaboration with SBWA.
  13. Conducted a Client's workshop in partnership with Silver Lining Co. and Tomouh Team (Monsha'at), to educate clients to set the financial goals and create action plans to achieve it.
- All initiatives are part of BSF's endeavor to support and develop the MSME sector in order to improve their contribution to the country's GDP in line with the objectives of the Kingdom of Saudi Arabia Vision 2030.

## B. Quantitative Disclosures:

| (In Saudi Riyals)                                                                 | On December 31, 2024 |       |        |        | On December 31, 2023 |       |        |        |
|-----------------------------------------------------------------------------------|----------------------|-------|--------|--------|----------------------|-------|--------|--------|
|                                                                                   | Micro                | Small | Medium | Total  | Micro                | Small | Medium | Total  |
| Loans to MSMEs – on balance sheet (ﷲ millions)                                    | 17                   | 1,619 | 10,238 | 11,875 | 26                   | 2,193 | 9,701  | 11,921 |
| Loans to MSMEs – off balance sheet (ﷲ millions)                                   | 108                  | 924   | 3,220  | 4,253  | 84                   | 797   | 3,424  | 4,305  |
| On balance sheet loans to MSMEs as a percentage of total on balance sheet loans   | 0.01%                | 1.02% | 6.48%  | 7.51%  | 0.02%                | 1.56% | 6.88%  | 8.46%  |
| Off balance sheet loans to MSMEs as a percentage of total off balance sheet loans | 0.17%                | 1.42% | 4.96%  | 6.55%  | 0.16%                | 1.48% | 6.38%  | 8.02%  |
| Number of loans (on and off-balance sheet)                                        | 806                  | 662   | 1,087  | 2,555  | 466                  | 827   | 1,144  | 2,437  |
| Number of customers (Finance Applicants)                                          | 1,720                | 1,669 | 389    | 3,778  | 184                  | 430   | 206    | 820    |
| Number of loans guaranteed by the Kafalah Program (on and off-balance sheet)      | 33                   | 112   | 65     | 210    | 16                   | 127   | 60     | 203    |
| Amount of loans guaranteed by the Kafalah Program (on and off-balance sheet)      | 11                   | 281   | 216    | 508    | 17                   | 318   | 243    | 578    |

## (18) Disclosure of details of treasury shares held by the Bank and details of the uses of these shares:

The below table demonstrates Banque Saudi Fransi's outstanding obligations under the Bank's Long-Term Incentive Plan (LTIP), bi annual cycle, in chronological order.

The total number of treasury shares outstanding as of 31 December 2024 was 19.7 million shares.

### The significant features of these plans are as follows:

| Nature of plan                          | Long Term Incentive Plan                            | Long Term Incentive Plan                            | Long Term Incentive Plan                            |
|-----------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Number of outstanding plans             | 1                                                   | 1                                                   | 1                                                   |
| Grant date                              | March 31, 2022                                      | March 31, 2023                                      | March 31, 2024                                      |
| Maturity date                           | April 01, 2025                                      | April 01, 2026                                      | April 01, 2027                                      |
| Grant price (ﷲ)*                        | 51.141                                              | 37.338                                              | 39.32                                               |
| Vesting period                          | 3 years                                             | 3 years                                             | 3 years                                             |
| Vesting conditions                      | Employees remain in service, meets service criteria | Employees remain in service, meets service criteria | Employees remain in service, meets service criteria |
| Method of settlement                    | Equity                                              | Equity                                              | Equity                                              |
| Valuation model                         | Monte-Carlo                                         | Monte-Carlo                                         | Monte-Carlo                                         |
| Fair value per share on grant date (ﷲ)* | 46.745                                              | 30.862                                              | 31.298                                              |

\*prior to the capital increase and share split

The share performance will be granted under a service condition along with market condition associated with them. The total amount of expense recognized in the consolidated financial statements in respect to the equity-based payment plans as mentioned above for the year is ﷲ 61 million (2023: ﷲ 47 million).

|                                                                             | 2024        |
|-----------------------------------------------------------------------------|-------------|
| Number of shares allocated for LTR calculation at the beginning of the year | 4,489,407   |
| Vested/forfeited during the year                                            | (1,404,399) |
| Bonus issuance                                                              | 4,689,313   |
| Allocated during the year, net                                              | 1,596,074   |
| Number of shares allocated for LTR calculation at the year end              | 9,370,395   |

Total number of unallocated treasury shares which are not part of LTR plan as of December 31, 2024 was 10.3 million shares (December 31, 2023: 3.1 million shares).

## (19) Statement of the value of any investments made or any reserves set up for the benefit of the employees of the Bank:

The Bank is keen to encourage its employees and provides incentive programs and remuneration that enhances their confidence and loyalty to the Bank. The following is a statement of the Employee Takaful Al Ghad Program and the movement it received during 2024:

| (In thousands of Saudi Riyals)      | Employee share | Bank share | Total    |
|-------------------------------------|----------------|------------|----------|
| Balance as at the beginning of 2024 | 49,891         | 70,017     | 119,908  |
| Amount added during 2024            | 20,774         | 15,625     | 36,399   |
| Amount refunded during 2024         | (34,333)       | (2,066)    | (36,399) |
| Balance at the end of 2024          | 36,332         | 83,576     | 119,908  |



**(20) Any punishment, penalty, precautionary procedure or preventive measure imposed on the Bank by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future:**

#### A. Penal Decisions of the Saudi Central Bank:

| Subject of the violation                                                                                          | 2023                      |                                                       | 2024                      |                                                       | Ways to treat and avoid them in the future                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------------|---------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                   | Number of Penal Decisions | Total amount of financial penalties (In Saudi Riyals) | Number of Penal Decisions | Total amount of financial penalties (In Saudi Riyals) |                                                                                                                                                                        |
| Violation of SAMA's supervisory instructions                                                                      | 15                        | 3,392,700                                             | 17                        | 4,293,500                                             | The required corrective measures have been placed to ensure compliance with the instructions issued by SAMA to avoid the recurrence of these violations in the future. |
| Violation of SAMA's instructions for protecting customers                                                         | None                      | None                                                  | None                      | None                                                  |                                                                                                                                                                        |
| Violation of SAMA's instructions regarding due diligence                                                          | None                      | None                                                  | None                      | None                                                  |                                                                                                                                                                        |
| Violation of SAMA's instructions regarding the performance level of the ATMs and point of sale devices            | None                      | None                                                  | None                      | None                                                  |                                                                                                                                                                        |
| Violation of SAMA's instructions regarding due diligence in combating money laundering and financing of terrorism | None                      | None                                                  | None                      | None                                                  |                                                                                                                                                                        |
| <b>Total</b>                                                                                                      | <b>15</b>                 | <b>3,392,700</b>                                      | <b>17</b>                 | <b>4,293,500</b>                                      |                                                                                                                                                                        |

#### B. Other Penal Decisions:

| Penalty / Sanction / Precautions / Restriction | Reasons for the violation                                                                                                | Violating Body              | Ways to treat and avoid them in the future                                                                                                                                                                                                                                                                                  |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ﷲ 11,000<br>(2 fines)                          | <ul style="list-style-type: none"> <li>Construction waste</li> <li>Building difference from building licence.</li> </ul> | Riyadh Region Municipality. | Violation No. 2: The license amendment has been requested based on the consultant's requirements and the current condition of building to issue the Civil Defence permit. A violation regarding the building was recorded, and efforts are underway to address the noted observation and issue the amended building permit. |

#### **(21) Any inconsistency with the standards approved by the Saudi Organization for Chartered and Professional Accountants:**

These consolidated financial statements of the Group as at and for the year ended December 31, 2024 have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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.

## (22) Auditors' reservations to the financial statements:

The auditors' report did not include any reservations to the annual financial statements.

## (23) Composition of the Board of Directors, and the classification of its members:

### (A) Composition of the Board of Directors

|    | Member's name         | Position                   | Membership classification |
|----|-----------------------|----------------------------|---------------------------|
| 1  | Mazin Al Romaih       | Chairman of the Board      | Non-executive             |
| 2  | Talal Al Maiman       | Vice Chairman of the Board | Non-executive             |
| 3  | Abdulrahman Al Rashed | Member                     | Non-executive             |
| 4  | Bader Al Issa         | Member                     | Independent               |
| 5  | Abdullatif Al Othman  | Member                     | Independent               |
| 6  | Ghazi Al Rawi         | Member                     | Independent               |
| 7  | Khalid Al Omran       | Member                     | Independent               |
| 8  | Rayan Fayez           | Member                     | Non-executive             |
| 9  | Khalid Al Sharif      | Member                     | Non-executive*            |
| 10 | Abdulaziz Algudaimi   | Member                     | Independent               |

\* Membership classification has changed to independent in September 2024 following his resignation from the Board of The Family Office International Investment Company on 31 July 2024.

## (24) Names, qualifications and experience of the Board, Board committees' members and Executive Management:

|                                        |                                                                                                | Experiences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                    |
|----------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Name                                   | Current Positions                                                                              | Previous Positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Qualifications                                                                                                                     |
| <b>(A) Board of Directors Members:</b> |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                    |
| 1 Mazin Al Romaih                      | <ul style="list-style-type: none"> <li>CEO of Future Generation Investment Company.</li> </ul> | <ul style="list-style-type: none"> <li>Member of the Board of Capital Market Authority, 2009-2014.</li> <li>Chief Executive Officer at Samba Capital &amp; Investment Group Company 2007-2009.</li> <li>General Manager of Corporate Finance Department at Capital Market Authority, 2004-2007.</li> <li>Director of Mergers and Acquisitions Department – SAMBA Financial Group, 2003-2004.</li> <li>Senior Manager – Gulf International Bank, 2002-2003.</li> <li>Senior Associate – Merrill Lynch International Group, 1998-2002.</li> <li>Senior Auditor and Consultant – Ernst &amp; Young Law Firm, 1993-1998.</li> </ul> | <ul style="list-style-type: none"> <li>Bachelor of Accounting and Financial Management, University of Buckingham, 1992.</li> </ul> |

| Experiences             |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                    | Current Positions                                                                                                                                                           | Previous Positions                                                                                                                                                                                                                                                                                                                                                          | Qualifications                                                                                                                                                                                                                                                                                                                                                                                   |
| 2 Talal Al Maiman       | <ul style="list-style-type: none"> <li>CEO &amp; Board Member of Kingdom Holding Company.</li> <li>Chairman &amp; CEO of Kingdom Real Estate Development Company</li> </ul> | <ul style="list-style-type: none"> <li>Executive Director for Development &amp; Domestic Investments, Kingdom Holding Company, 1996-2016.</li> <li>Director of Computer Department at Saudi Central Bank, 1986-1996.</li> <li>Director of Operations and Maintenance at Ministry of Interior, 1979-1986.</li> </ul>                                                         | <ul style="list-style-type: none"> <li>Master of Business Administration, University of Liverpool, UK, 2009.</li> <li>Bachelor of Sciences in Electrical Engineering, University of Evansville Indiana, US, 1979</li> <li>Executive Management Program, Harvard University, 1986.</li> <li>Diploma in Computer Science, Computer Sciences Corporation (CSC), Herndon, Virginia, 1981.</li> </ul> |
| 3 Abdulrahman Al Rashed | <ul style="list-style-type: none"> <li>Executive partner at Rashed Abdul Rahman Al Rashed &amp; Sons Company.</li> </ul>                                                    | <ul style="list-style-type: none"> <li>Member of Al Shura Council.</li> </ul>                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Bachelor of Business Administration, Department of Finance, University of Seattle, 1985.</li> </ul>                                                                                                                                                                                                                                                       |
| 4 Bader Al Issa         | <ul style="list-style-type: none"> <li>CEO of Assila Investment Company.</li> </ul>                                                                                         | <ul style="list-style-type: none"> <li>CFO of Assila Investment Company, 2010 – 2019.</li> <li>CEO – AMIAS Holding, 2008-2019.</li> <li>Investment Portfolios Manager at HSBC Saudi Arabia Limited, 2006-2008.</li> <li>Financial and Marketing Analyst at SABIC America, Houston, Texas, 2002-2004.</li> <li>Financial Analyst at JP Morgan, London, 2001-2002.</li> </ul> | <ul style="list-style-type: none"> <li>MBA, Rice University, 2006.</li> <li>Bachelor of Economy, The University of Virginia, Virginia, 2001.</li> </ul>                                                                                                                                                                                                                                          |

| Experiences            |                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                   | Current Positions                                                                                                                       | Previous Positions                                                                                                                                                                                                                                                                                                                                                          | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 5 Abdullatif Al Othman | <ul style="list-style-type: none"> <li>Owner and CEO of Al-Othman Engineering Consultants.</li> </ul>                                   | <ul style="list-style-type: none"> <li>Governor and Chairman of the Board of Directors, General Authority for Investment, 2012-2016.</li> <li>More than 35 years in the field of planning and managing oil and gas projects, financial management, investment, business and international relations development.</li> </ul>                                                 | <ul style="list-style-type: none"> <li>MBA, Sloan Fellows program, Massachusetts Institute of Technology, 1998.</li> <li>Bachelor of Civil Engineering, King Fahad University of Petroleum and Minerals, 1979.</li> </ul>                                                                                                                                                                                                                  |
| 6 Ghazi Al Rawi        | <ul style="list-style-type: none"> <li>Founder and Chairman, Valuegate Company for Investment &amp; Real Estate Development.</li> </ul> | <ul style="list-style-type: none"> <li>Founder and Managing Partner, Eastgate Capital Group, 2006-2015.</li> <li>Advisor, Saudi Commercial Bank, 2005-2006.</li> <li>Assistant Professor, College of Engineering, King Abdulaziz University, 2004-2006.</li> <li>Advisor, Capital Market Authority, 2004.</li> <li>Associate, McKinsey &amp; Company, 2003-2004.</li> </ul> | <ul style="list-style-type: none"> <li>PhD in Electrical Engineering (EE), Communications, Stanford University, 2002.</li> <li>M.S. in Management Science and Engineering (MS&amp;E), Finance and Investment, Stanford University, 2001.</li> <li>M.S. in Electrical Engineering (EE), Communications, Stanford University, 1998.</li> <li>B.S. in Electrical Engineering (EE), Communications, King Abdulaziz University, 1994</li> </ul> |
| 7 Khalid Al Omran      | <ul style="list-style-type: none"> <li>General Manager of Daily Food Company.</li> </ul>                                                | <ul style="list-style-type: none"> <li>Board Member at Goldman Sachs Saudi Arabia, 2018-2021.</li> <li>Executive Project Manager, Banque Saudi Fransi, 2009-2010.</li> <li>Business Development Manager, Almarai Company, 2009.</li> <li>Business Analyst, Mckinsey &amp; Company 2006-2009.</li> </ul>                                                                     | <ul style="list-style-type: none"> <li>Master's in Business Administration, IESE Business School, Spain, 2012</li> <li>Bachelor of Finance, King Fahad University of Petroleum and Minerals, 2006.</li> </ul>                                                                                                                                                                                                                              |

| Experiences        |                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                     |
|--------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name               | Current Positions                                                    | Previous Positions                                                                                                                                                                                                                                                                                                                                                                                                                      | Qualifications                                                                                                                                                                                      |
| 8 Rayan Fayez      | <ul style="list-style-type: none"> <li>Deputy CEO of NEOM</li> </ul> | <ul style="list-style-type: none"> <li>Managing Director and CEO of Banque Saudi Fransi 2018-2022.</li> <li>CEO of Savola Group, 2016-2018.</li> <li>General Manager at JPMorgan Chase N.A, Riyadh Branch, 2013-2016.</li> <li>CEO of JP Morgan Saudi Arabia Limited, 2012-2013.</li> <li>CEO of Goldman Sachs, Saudi Arabia, 2009-2012.</li> <li>Executive Director at Goldman Sachs International, London, 2007-2009.</li> </ul>      | <ul style="list-style-type: none"> <li>Bachelor of Science in Mechanical Engineering, Massachusetts Institute of Technology (MIT), 2001.</li> </ul>                                                 |
| 9 Khalid Al Sharif | Retired                                                              | <ul style="list-style-type: none"> <li>Senior Executive Vice president, Head, Retail Banking Group Senior Credit Officer. Saudi National Bank 2018-2020.</li> <li>Senior Executive Vice President, Head, Corporate Banking Group, Senior Credit Officer. Saudi National Bank 2010-2018.</li> <li>Progressed in several positions in Saudi National</li> <li>Bank, the latest is the Head, Retail Banking Group, 2000 – 2010.</li> </ul> | <ul style="list-style-type: none"> <li>Master's in Business Administration, College of Notre Dame, USA, 1985.</li> <li>B.S in Business Administration, College of Notre Dame, USA, 1984.</li> </ul> |

| Experiences            |                                                                                               |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                       |
|------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                   | Current Positions                                                                             | Previous Positions                                                                                                                                                                                                                                                                                  | Qualifications                                                                                                                                                                                                                                        |
| 10 Abdulaziz Algudaimi | <ul style="list-style-type: none"> <li>Retired</li> <li>Member of Al Shura Council</li> </ul> | <ul style="list-style-type: none"> <li>Progressed in several positions in Riyadh Bank, the latest is the Executive Vice President – 1986-2000.</li> <li>Senior vice chairman – Aramco 2015-2022</li> <li>Vice chairman – Aramco 2006-2014</li> <li>Department Manager – Aramco 1996-2006</li> </ul> | <ul style="list-style-type: none"> <li>Master of Business Administration – Sloan Fellowship from the Massachusetts Institute of Technology, 2001.</li> <li>Bachelor of Engineering – King Fahd University of Petroleum and Minerals, 1983.</li> </ul> |



| Experiences                           |                       |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                  | Current Positions     | Previous Positions                                                                                                       | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>(B) Board Committees' Members:</b> |                       |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>(B/1) Executive Committee:</b>     |                       |                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1                                     | Mazin Al Romaih       | <ul style="list-style-type: none"> <li>CEO of Future Generation Investment Company</li> </ul>                            | <ul style="list-style-type: none"> <li>Member of the Board of Capital Market Authority, 2009-2014.</li> <li>Chief Executive Officer at Samba Capital &amp; Investment Group Company 2007-2009.</li> <li>General Manager of Corporate Finance Department at Capital Market Authority, 2004-2007.</li> <li>Director of Mergers and Acquisitions Department – SAMBA Financial Group, 2003-2004.</li> <li>Senior Manager – Gulf International Bank, 2002-2003.</li> <li>Senior Associate – Merrill Lynch International Group, 1998-2002.</li> <li>Senior Auditor and Consultant – Ernst &amp; Young Law Firm, 1993-1998.</li> </ul> |
| 2                                     | Abdulrahman Al Rashed | <ul style="list-style-type: none"> <li>Executive partner at Rashed Abdul Rahman Al Rashed &amp; Sons Company.</li> </ul> | <ul style="list-style-type: none"> <li>Member of Al Shura Council.</li> <li>Bachelor of Business Administration, Department of Finance, University of Seattle, 1985.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| Experiences |                   |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name        | Current Positions | Previous Positions                                                                                                                                                          | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 3           | Talal Al Maiman   | <ul style="list-style-type: none"> <li>CEO &amp; Board Member of Kingdom Holding Company.</li> <li>Chairman &amp; CEO of Kingdom Real Estate Development Company</li> </ul> | <ul style="list-style-type: none"> <li>Executive Director Development &amp; Domestic Investments, Kingdom Holding Company, 1996-2016.</li> <li>Director of Computer Department at Saudi Central Bank, 1986-1996.</li> <li>Director of Operations and Maintenance at Ministry of Interior, 1979-1986.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 4           | Rayan Fayez       | <ul style="list-style-type: none"> <li>Deputy CEO of NEOM.</li> </ul>                                                                                                       | <ul style="list-style-type: none"> <li>Master of Business Administration, University of Liverpool, UK, 2009.</li> <li>Bachelor of Sciences in Electrical Engineering, University of Evansville Indiana, US, 1979.</li> <li>Executive Management Program, Harvard University, 1986.</li> <li>Diploma in Computer Science, Computer Sciences Corporation (CSC), Herndon, Virginia, 1981.</li> <li>Managing Director and CEO of Banque Saudi Fransi 2018-2022.</li> <li>CEO of Savola Group, 2016-2018.</li> <li>General Manager at JPMorgan Chase N.A. Riyadh Branch, 2013-2016.</li> <li>CEO of JP Morgan Saudi Arabia Limited, 2012-2013.</li> <li>CEO of Goldman Sachs, Saudi Arabia, 2009-2012.</li> <li>Bachelor of Science in Mechanical Engineering, Massachusetts Institute of Technology (MIT), 2001.</li> </ul> |

| Experiences |                   |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------|-------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name        | Current Positions | Previous Positions | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 5           | Khalid Al Sharif  | Retired            | <ul style="list-style-type: none"> <li>Executive Director at Goldman Sachs International, London, 2007-2009.</li> <li>Senior Executive Vice President, Head, Retail Banking Group, Senior Credit Officer. Saudi National Bank 2018-2020.</li> <li>Senior Executive Vice President, Head, Corporate Banking Group, Senior Credit Officer. Saudi National Bank 2010-2018.</li> <li>Progressed in several positions in Saudi National Bank, the latest is the Head, Retail Banking Group, 2000-2010.</li> <li>Progressed in several positions in Riyadh Bank, the latest is the Executive Vice President – 1986-2000.</li> </ul> <ul style="list-style-type: none"> <li>Master's in Business Administration, College of Notre Dame, USA, 1985.</li> <li>B.S in Business Administration, College of Notre Dame, USA, 1984.</li> </ul> |

| Experiences                   |                   |                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                          | Current Positions | Previous Positions                                                                                                                                                                                                                                                                                                                                                                                                   | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>(B/2) Audit Committee:</b> |                   |                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1                             | Bader Al Issa     | <ul style="list-style-type: none"> <li>CEO of Assila Investment Company.</li> <li>CFO of Assila Investment Company, 2010-2019.</li> <li>CEO – AMIAS Holding, 2008-2019.</li> <li>Investment Portfolios Manager at HSBC Saudi Arabia Limited, 2006-2008.</li> <li>Financial and Marketing Analyst at SABIC America, Houston, Texas, 2002-2004.</li> <li>Financial Analyst at JP Morgan, London, 2001-2002.</li> </ul> | <ul style="list-style-type: none"> <li>MBA, Rice University, 2006.</li> <li>Bachelor of Economy, The University of Virginia, Virginia, 2001.</li> </ul>                                                                                                                                                                                                                                                                                       |
| 2                             | Ghazi Al Rawi     | <ul style="list-style-type: none"> <li>Founder and Chairman, Valuegate Company for Investment and Real Estate Development</li> <li>Founder and Managing Partner, Eastgate Capital Group, 2006-2015.</li> <li>Assistant Professor, College of Engineering, King Abdulaziz University, 2004-2006.</li> <li>Advisor, Capital Market Authority, 2004.</li> <li>Associate, McKinsey &amp; Company, 2003-2004.</li> </ul>  | <ul style="list-style-type: none"> <li>Ph.D. in Electrical Engineering (EE), Communications, Stanford University, 2002.</li> <li>M.S. in Management Science and Engineering (MS&amp;E), Finance and Investment, Stanford University, 2001.</li> <li>M.S. in Electrical Engineering (EE), Communications, Stanford University, 1998.</li> <li>B.S. in Electrical Engineering (EE), Communications, King Abdulaziz University, 1994.</li> </ul> |

Board of Directors

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| Experiences                                   |                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                          | Current Positions                                                                                                                                          | Previous Positions                                                                                                                                                                                                                                                                                                                                  | Qualifications                                                                                                                                                                                                                                                                                                                               |
| 3 Mamdoh Al Majed (from outside the Board)    | <ul style="list-style-type: none"> <li>Managing Partner – Mamdoh Al-Majed and Faisal Al-Enzi Company Certified Public Accountants and Auditors.</li> </ul> | <ul style="list-style-type: none"> <li>Finance Manager at Kingdom Holding Company, 2004-2010.</li> <li>Financial Controller at Kingdom Holding Company, 1997-2003.</li> </ul>                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Saudi Fellowship in Accounting and Auditing – Saudi Organization for Accountants and Auditors 1999.</li> <li>Bachelor of Arts in Accounting, King Saud University, 1995.</li> </ul>                                                                                                                   |
| 4 Khalid Al Faddagh (from outside the Board)  | <ul style="list-style-type: none"> <li>Retired.</li> </ul>                                                                                                 | <ul style="list-style-type: none"> <li>Chief Audit Executive (General Auditor) at Saudi Aramco, 2009-2015.</li> <li>Corporate Planning at Saudi Aramco, 2007-2009.</li> <li>President &amp; CEO at Petron Corporation – Manila, Philippines, 2003-2007.</li> <li>Engineering and Operation &amp; Maintenance at Saudi Aramco, 1983-2003.</li> </ul> | <ul style="list-style-type: none"> <li>PhD, DIC, Mechanical Eng., Imperial College – London, UK, 1983.</li> <li>Master of Science, Mechanical Eng., University of Manchester (UMIST) – Manchester, UK, 1979.</li> </ul>                                                                                                                      |
| 5 Homood Al Tuwajiri (from outside the Board) | <ul style="list-style-type: none"> <li>Retired.</li> </ul>                                                                                                 | <ul style="list-style-type: none"> <li>Vice CEO for Legal and Audit at SABIC, 2008-2012.</li> <li>Vice CEO for Petrochemicals at SABIC, 2004-2008.</li> <li>Vice CEO for Finance at SABIC, 2002-2004.</li> </ul>                                                                                                                                    | <ul style="list-style-type: none"> <li>Master of Science in Industrial Engineering, The Georgia Institute of Technology, USA, 1983.</li> <li>Bachelor of Science in Industrial Engineering, The University of Washington, USA, 1980</li> <li>Bachelor of Arts in Business Administration, The University of Washington, USA, 1980</li> </ul> |

| Experiences                                           |                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                                  | Current Positions                                                                                                                      | Previous Positions                                                                                                                                                                                                                                                                                                                                                             | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>(B/3) Nominations and Remunerations Committee:</b> |                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1 Ghazi Al Rawi                                       | <ul style="list-style-type: none"> <li>Founder and Chairman, Valuegate Company for Investment &amp; Real Estate Development</li> </ul> | <ul style="list-style-type: none"> <li>Founder and Managing Partner, Eastgate Capital Group, 2006-2015.</li> <li>Advisor, National Commercial Bank, 2005-2006.</li> <li>Assistant Professor, College of Engineering, King Abdulaziz University, 2004-2006.</li> <li>Advisor, Capital Market Authority, 2004.</li> <li>Associate, McKinsey &amp; Company, 2003-2004.</li> </ul> | <ul style="list-style-type: none"> <li>Ph.D. in Electrical Engineering (EE), Communications, Stanford University, 2002.</li> <li>M.S. in Management Science and Engineering (MS&amp;E), Finance and Investment, Stanford University, 2001.</li> <li>M.S. in Electrical Engineering (EE), Communications, Stanford University, 1998.</li> <li>B.S. in Electrical Engineering (EE), Communications, King Abdulaziz University, 1994.</li> </ul> |
| 2 Abdulrahman Al Rashed                               | <ul style="list-style-type: none"> <li>Executive partner at Rashed Abdul Rahman Al Rashed &amp; Sons Company.</li> </ul>               | <ul style="list-style-type: none"> <li>Member of Al Shura Council.</li> </ul>                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Bachelor of Business Administration, Department of Finance, University of Seattle, 1985.</li> </ul>                                                                                                                                                                                                                                                                                                    |

| Experiences                                   |                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                          | Current Positions                                                                                                                                                            | Previous Positions                                                                                                                                                                                                                                                                                              | Qualifications                                                                                                                                                                                                                                                                                                                                                                                    |
| 3 Talal Al Maiman                             | <ul style="list-style-type: none"> <li>CEO &amp; Board Member of Kingdom Holding Company.</li> <li>Chairman &amp; CEO of Kingdom Real Estate Development Company.</li> </ul> | <ul style="list-style-type: none"> <li>Executive Director Development &amp; Domestic Investments, Kingdom Holding Company, 1996-2016.</li> <li>Director of Computer Department at Saudi Central Bank, 1986-1996.</li> <li>Director of Operations and Maintenance at Ministry of Interior, 1979-1986.</li> </ul> | <ul style="list-style-type: none"> <li>Master of Business Administration, University of Liverpool, UK, 2009.</li> <li>Bachelor of Sciences in Electrical Engineering, University of Evansville Indiana, US, 1979.</li> <li>Executive Management Program, Harvard University, 1986.</li> <li>Diploma in Computer Science, Computer Sciences Corporation (CSC), Herndon, Virginia, 1981.</li> </ul> |
| 4 Khalid Al Omran                             | <ul style="list-style-type: none"> <li>General Manager of Daily Food Company.</li> </ul>                                                                                     | <ul style="list-style-type: none"> <li>Board Member at Goldman Sachs Saudi Arabia, 2018-2021</li> <li>Executive Project Manager, Banque Saudi Fransi, 2009-2010.</li> <li>Business Development Manager, Almarai Company, 2009.</li> <li>Business Analyst, Mckinsey &amp; Company 2006-2009.</li> </ul>          | <ul style="list-style-type: none"> <li>Master's in Business Administration, IESE Business School, Spain, 2012.</li> <li>Bachelor of Finance, King Fahad University of Petroleum and Minerals, 2006.</li> </ul>                                                                                                                                                                                    |
| 5 Mansoor Al Mansoor (From outside the Board) | <ul style="list-style-type: none"> <li>Vice President for Finance and Operation at the King Abdullah Petroleum Studies and Research Center, 2016.</li> </ul>                 | <ul style="list-style-type: none"> <li>Deputy Director General at HRDF, 2014-2016.</li> <li>Vice President, HR &amp; Admin of Arabian Pipes Company, 2006-2014.</li> </ul>                                                                                                                                      | <ul style="list-style-type: none"> <li>Ph.D. in Applied Linguistics, Ball State University, USA, 2004</li> <li>Master of Science in Human Resources, University of Central Missouri, USA, 1997</li> </ul>                                                                                                                                                                                         |

| Experiences                        |                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                           |
|------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                               | Current Positions                                                                                     | Previous Positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Qualifications                                                                                                                                                                                                            |
| <b>(B/4) Board Risk Committee:</b> |                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                           |
| 1 Abdullatif Al Othman             | <ul style="list-style-type: none"> <li>Owner and CEO of Al-Othman Engineering Consultants.</li> </ul> | <ul style="list-style-type: none"> <li>Governor and Chairman of the Board of Directors, General Authority for Investment, 2012-2016.</li> <li>More than 35 years in the field of planning and managing oil and gas projects, financial management, investment, business and international relations development.</li> </ul>                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>MBA, Sloan Fellows program, Massachusetts Institute of Technology, 1998.</li> <li>Bachelor of Civil Engineering, King Fahad University of Petroleum and Minerals, 1979.</li> </ul> |
| 2 Khalid Al Sharif                 | <ul style="list-style-type: none"> <li>Retired</li> </ul>                                             | <ul style="list-style-type: none"> <li>Senior Executive Vice President, Head, Retail Banking Group, Senior Credit Officer. Saudi National Bank 2018-2020.</li> <li>Senior Executive Vice President, Head, Corporate Banking Group, Senior Credit Officer. Saudi National Bank 2010-2018.</li> <li>Progressed in several positions in Saudi National Bank, the latest is the Head, Retail Banking Group, 2000-2010.</li> <li>Progressed in several positions in Riyadh Bank, the latest is the Executive Vice President – 1986-2000.</li> </ul> | <ul style="list-style-type: none"> <li>Master's in Business Administration, College of Notre Dame, USA, 1985.</li> <li>B.S in Business Administration, College of Notre Dame, USA, 1984.</li> </ul>                       |



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| Experiences                                     |                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                            | Current Positions                                                                                                                                                                                                                                                                                                                             | Previous Positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Qualifications                                                                                                                                                                                                 |
| 3 Khalid Al Omran                               | <ul style="list-style-type: none"> <li>General Manager of Daily Food Company.</li> </ul>                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Board Member at Goldman Sachs Saudi Arabia, 2018-2021.</li> <li>Executive Project Manager, Banque Saudi Fransi, 2009-2010.</li> <li>Business Development Manager, Almarai Company, 2009.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Master's in Business Administration, IESE Business School, Spain, 2012.</li> <li>Bachelor of Finance, King Fahad University of Petroleum and Minerals, 2006.</li> </ul> |
| 4 Vanessa Eastham Fisk (From outside the Board) | <ul style="list-style-type: none"> <li>Independent Member, Board Strategy Committee, The National Bank of Ras Al Khaimah.</li> <li>Independent Non-Executive Director, ABC International Bank plc, Europe.</li> <li>Independent Member, Board Risk Committee, Al Marai Company.</li> <li>Advisory Board Member, Ila Bank, Bahrain.</li> </ul> | <ul style="list-style-type: none"> <li>Non-Executive Director, Chair Audit &amp; Risk Committee, Anglo Gulf Trade Bank, UAE, 2018-2020.</li> <li>Independent Member, Board Risk Committee, Commercial Bank International PSC, Abu Dhabi, 2016-2019.</li> <li>Independent Member, Board Credit Committee, Commercial Bank International PSC, Abu Dhabi, 2017-2018.</li> <li>Wholesale Banking Managing Director &amp; Chief Operating Officer, Standard Chartered PLC, Middle East, North Africa, Pakistan, 2010-2015.</li> <li>Managing Director, Ingram Group, Middle East, 2008-2009.</li> <li>Chief Operating Officer and Chief Risk Officer, Barclays Bank PLC, UAE &amp; Middle East, 2006-2008.</li> </ul> | <ul style="list-style-type: none"> <li>Masters Degree in Leadership Studies, Exeter University, UK, 2000.</li> <li>Bachelors in Accountancy, Huddersfield Polytechnic, UK, 1990.</li> </ul>                    |

| Experiences                              |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                       |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                     | Current Positions                                                                                                                                                                      | Previous Positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Qualifications                                                                                                                                                        |
| 5 Brian Byagaba (From outside the Board) | <ul style="list-style-type: none"> <li>Head of data and technology governance, Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM), Abu Dhabi.</li> </ul> | <ul style="list-style-type: none"> <li>General Manager, Pattamar, Abu Dhabi, 2019-2022.</li> <li>Senior Manager (CISO), Information Security (IS) at Commercial Bank International (CBI), Dubai, 2016-2019.</li> <li>Head of Operational Risk &amp; Information Security at Dunia Finance LLC, Dubai, 2015-2016.</li> <li>Internal Audit Manager at Dunia Finance LLC, Dubai, 2014-2015.</li> <li>Co-Founder &amp; CEO at Coin It Africa Limited, Uganda, 2014-2016</li> <li>Vice President, Corporate &amp; Investment Banking at Barclays Africa Group, Johannesburg, 2012-2014.</li> <li>Chief Internal Auditor Barclays Mauritius &amp; Seychelles at Barclays Bank PLC, Mauritius, 2010-2012.</li> <li>Associate Director, Barclays Internal Audit at Barclays Bank PLC, Uganda, 2008-2011.</li> </ul> | <ul style="list-style-type: none"> <li>MBA, Durham University, England, 2018.</li> <li>Bachelor of Commerce, Accounting, Makerere University, Uganda, 2003</li> </ul> |

| Experiences                                                      |                      |                                                                                                       |                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                                             | Current Positions    | Previous Positions                                                                                    | Qualifications                                                                                                                                                                                                                                                                                                              |
| <b>(B/5) Environment, Social and Governance Board Committee:</b> |                      |                                                                                                       |                                                                                                                                                                                                                                                                                                                             |
| 1                                                                | Abdullatif Al Othman | <ul style="list-style-type: none"> <li>Owner and CEO of Al-Othman Engineering Consultants.</li> </ul> | <ul style="list-style-type: none"> <li>Governor and Chairman of the Board of Directors, General Authority for Investment, 2012-2016.</li> <li>More than 35 years in the field of planning and managing oil and gas projects, financial management, investment, business and international relations development.</li> </ul> |
| 2                                                                | Bader Al Issa        | <ul style="list-style-type: none"> <li>CEO of Assila Investment Company.</li> </ul>                   | <ul style="list-style-type: none"> <li>MBA, Rice University, 2006.</li> <li>Bachelor of Economy, The University of Virginia, Virginia, 2001.</li> </ul>                                                                                                                                                                     |

| Experiences |                   |                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------|-------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name        | Current Positions | Previous Positions                                                    | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3           | Rayan Fayez       | <ul style="list-style-type: none"> <li>Deputy CEO of NEOM.</li> </ul> | <ul style="list-style-type: none"> <li>Managing Director and CEO of Banque Saudi Fransi 2018-2022.</li> <li>CEO of Savola Group, 2016-2018.</li> <li>General Manager at JPMorgan Chase N.A, Riyadh Branch, 2013-2016</li> <li>CEO of JP Morgan Saudi Arabia Limited, 2012-2013.</li> <li>CEO of Goldman Sachs, Saudi Arabia, 2009-2012.</li> <li>Executive Director at Goldman Sachs International, London, 2007-2009.</li> </ul> |

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| Experiences                            |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                   | Current Positions                                                                                                                                                           | Previous Positions                                                                                                                                                                                                                                                                                                                                                       | Qualifications                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>(B/6) Board Strategy Committee:</b> |                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1 Talal Al Maiman                      | <ul style="list-style-type: none"> <li>CEO &amp; Board Member of Kingdom Holding Company.</li> <li>Chairman &amp; CEO of Kingdom Real Estate Development Company</li> </ul> | <ul style="list-style-type: none"> <li>Executive Director Development &amp; Domestic Investments, Kingdom Holding Company, 1996-2016.</li> <li>Director of Computer Department at Saudi Central Bank, 1986-1996.</li> <li>Director of Operations and Maintenance at Ministry of Interior, 1979-1986.</li> </ul>                                                          | <ul style="list-style-type: none"> <li>Master of Business Administration, University of Liverpool, UK, 2009.</li> <li>Bachelor of Sciences in Electrical Engineering, University of Evansville Indiana, US, 1979.</li> <li>Executive Management Program, Harvard University, 1986.</li> <li>Diploma in Computer Science, Computer Sciences Corporation (CSC), Herndon, Virginia, 1981.</li> </ul> |
| 2 Bader Al Issa                        | <ul style="list-style-type: none"> <li>CEO of Assila Investment Company.</li> </ul>                                                                                         | <ul style="list-style-type: none"> <li>CFO of Assila Investment Company, 2010-2019.</li> <li>CEO – AMIAS Holding, 2008-2019.</li> <li>Investment Portfolios Manager at HSBC Saudi Arabia Limited, 2006-2008.</li> <li>Financial and Marketing Analyst at SABIC America, Houston, Texas, 2002-2004.</li> <li>Financial Analyst at JP Morgan, London, 2001-2002</li> </ul> | <ul style="list-style-type: none"> <li>MBA, Rice University, 2006.</li> <li>Bachelor of Economy, The University of Virginia, Virginia, 2001.</li> </ul>                                                                                                                                                                                                                                           |

| Experiences           |                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                       |
|-----------------------|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                  | Current Positions                                                                              | Previous Positions                                                                                                                                                                                                                                                                                                                                                                                                                | Qualifications                                                                                                                                                                                                                                        |
| 3 Rayan Fayeze        | <ul style="list-style-type: none"> <li>Deputy CEO of NEOM.</li> </ul>                          | <ul style="list-style-type: none"> <li>Managing Director and CEO of Banque Saudi Fransi 2018-2022.</li> <li>CEO of Savola Group, 2016-2018.</li> <li>General Manager at JPMorgan Chase N.A, Riyadh Branch, 2013-2016</li> <li>CEO of JP Morgan Saudi Arabia Limited, 2012-2013.</li> <li>CEO of Goldman Sachs, Saudi Arabia, 2009-2012.</li> <li>Executive Director at Goldman Sachs International, London, 2007-2009.</li> </ul> | <ul style="list-style-type: none"> <li>Bachelor of Science in Mechanical Engineering, Massachusetts Institute of Technology (MIT), 2001.</li> </ul>                                                                                                   |
| 4 Khalid Al Omran     | General Manager of Daily Food Company.                                                         | <ul style="list-style-type: none"> <li>Board Member at Goldman Sachs Saudi Arabia, 2018-2021.</li> <li>Executive Project Manager, Banque Saudi Fransi, 2009-2010</li> <li>Business Development Manager, Almarai Company, 2009.</li> <li>Business Analyst, McKinsey &amp; Company 2006-2009</li> </ul>                                                                                                                             | <ul style="list-style-type: none"> <li>Master's in Business Administration, IESE Business School, Spain, 2012.</li> <li>Bachelor of Finance, King Fahad University of Petroleum and Minerals, 2006.</li> </ul>                                        |
| 5 Abdulaziz Algudaimi | <ul style="list-style-type: none"> <li>Retired</li> <li>Member of Al Shura Council.</li> </ul> | <ul style="list-style-type: none"> <li>Senior vice chairman – Aramco 2015-2022.</li> <li>Vice chairman – Aramco 2006-2014.</li> <li>Department Manager – Aramco 1996-2006.</li> </ul>                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Master of Business Administration – Sloan Fellowship from the Massachusetts Institute of Technology, 2001.</li> <li>Bachelor of Engineering – King Fahd University of Petroleum and Minerals, 1983.</li> </ul> |

## (C) Executive Management:

|    | Name                  | Current Position                                               | Previous Position                                                                     | Qualifications                                                                          | Experiences                                                               |
|----|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 1  | Bader Alsallloom      | Chief Executive Officer                                        | Head of Wholesale Banking – BSF                                                       | Bachelors of Science and Finance – 2004                                                 | 20 years of experience in the Banking sector                              |
| 2  | Ramzy Darwish         | Chief Strategy and Finance Officer                             | Head, Treasury group – Saudi National Bank.                                           | Bachelors of Science in Industrial and Labor Relations – 2005                           | 19 years of experience in the Banking sector                              |
| 3  | Majed Alsadhan        | Chief Wholesale Banking Officer                                | Head of Corporate Banking – BSF                                                       | Bachelors of Accounting – 2004<br>Masters of Accounting and Finance – 2007              | 20 years of experience in the Banking sector                              |
| 4  | Zuhair Mardam         | Chief Treasury and Investment Officer                          | Head of Global Markets – BSF                                                          | Bachelors of Finance – 2004                                                             | 20 years of experience in treasury.                                       |
| 5  | Mohammad Alsheikh     | Chief Personal Banking Officer                                 | Head of Branch Network for Retail Banking – Al Rajhi Bank                             | Bachelor of Industrial Engineering – 2005                                               | 19 years of experience in Islamic and Retail Banking                      |
| 6  | May Alhoshan          | Chief Human Capital Officer                                    | Director of Human Resources – AlAwwal Bank                                            | Master of Engineering Management – 2004                                                 | 19 years of experience in Human Resources                                 |
| 7  | Ibrahim Alsanebi      | Chief Audit Executive                                          | Head of Banking Audit – BSF                                                           | Bachelors of Business Accounting – 2009                                                 | 15 years of experience in the Banking sector                              |
| 8  | Yasser Alanssari      | Chief Compliance Officer                                       | Director of Compliance Group and anti-money laundering – Gulf International Bank.     | Bachelors of Science – 2015                                                             | 26 years of experience in Compliance                                      |
| 9  | Abdallah Alshaikh     | Chief Legal, Governance, and ESG, Officer, Corporate Secretary | Head of Legal Affairs and Secretary of the Board of Directors – Samba Financial Group | LL.M. – 2008                                                                            | 21 years of legal experience in several positions in the financial sector |
| 10 | Mutasim Mufti         | Chief Risk Officer                                             | Deputy Chief Risk Officer – BSF                                                       | Bachelors of Accounting & Finance – 1991<br>MBA 1993                                    | 30 years of experience in the Banking sector                              |
| 11 | Turki AlMehaid        | Head of Customer care                                          | Senior Business Analyst Private Banking – BSF                                         | Bachelors of Business Administration – 2017<br>Master's in Business Administration 2021 | 19 years of experience in the Banking sector                              |
| 12 | Mohammed Almodaimeegh | Chief Operations Officer                                       | Head of central operation – BSF                                                       | Bachelors of Business Administration – 2004                                             | 20 years of experience in the Banking sector                              |
| 13 | Thamer Yousef*        | Chief Operating Officer                                        | Head of Information Systems Department – SABB                                         | Bachelor of Computer Engineering – 1994                                                 | 30 years of experience in IT & Operations                                 |
| 14 | Abdulmohsen Al-Rayes  | Group Control Advisor                                          | Chief Audit Executive – BSF                                                           | Bachelor of Arabic Grammar – 1981                                                       | 37 years of experience in the Banking sector                              |
| 15 | Abdulaziz Al-Molhem** | Eastern Regional General Manager                               | Credit Officer of Retail Banking, Regional Director – AlAwwal Bank                    | Bachelor of Business Administration – 1983                                              | 39 years of experience in the Banking sector                              |
| 16 | Mohammed S. Almisfer  | Chief Business Technology and Digital Officer                  | General Director of Business Technology – Saudi Central Bank                          | Bachelor of Science – 1995<br>Master of Science – 1999                                  | 22 years of experience in the Banking sector                              |

\* Thamer Yousef Resigned from his position on June 30, 2024

\*\* Abdulaziz Al-Molhem Retired on July 1, 2024.



## (25) Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager:

| Member's name      | Current                                                                                                       |                                            |                            | Previous                                                                                                       |                                            |                            |
|--------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|
|                    | Name of company in which the Board member is a member of its current Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               | Name of company in which the Board member is a member of its previous Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               |
| 1. Mazin AlRomaih  | Future Generation Investment Company                                                                          | Inside the Kingdom                         | Limited Liability Company  | Dr. Sulaiman Al Habib Medical Group                                                                            | Inside the Kingdom                         | Listed Joint Stock Company |
|                    | Sada Company for Investment                                                                                   | Inside the Kingdom                         | Limited Liability Company  | Saudi Fransi Capital                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | –                                                                                                             | –                                          | –                          | Samba Capital & Investment Management Group                                                                    | Inside the Kingdom                         | Joint Stock Company        |
|                    | –                                                                                                             | –                                          | –                          | HSBC Saudi Arabia Limited                                                                                      | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | –                                                                                                             | –                                          | –                          | Al Yamamah Steel Company                                                                                       | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | –                                                                                                             | –                                          | –                          | Food Concepts Ltd.                                                                                             | Inside the Kingdom                         | Limited Liability Company  |
|                    | –                                                                                                             | –                                          | –                          | Alissa Holding Group                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
| 2. Talal Al Maiman | Kingdom Holding company                                                                                       | Inside the Kingdom                         | Listed Joint Stock Company | Savola Group                                                                                                   | Inside the Kingdom                         | Listed Joint Stock Company |
|                    | Tasnee Company                                                                                                | Inside the Kingdom                         | Listed Joint Stock Company | SRMG                                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | NAS Holding Company                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company | Der' alreayah Health Company                                                                                   | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | Real Estate Investment Company                                                                                | Inside the Kingdom                         | Closed Joint Stock Company | Trade Center Company                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | Kingdom School Company limited                                                                                | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Kingdom International School                                                                                  | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Kingdom Investment and Development Company                                                                    | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Jeddah Economic Limited Company                                                                               | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Kingdom Real Estate Development Company                                                                       | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Saudi Fransi Capital                                                                                          | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Dallah Health Care Company                                                                                    | Inside the Kingdom                         | Listed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Four Seasons Hotel Riyadh                                                                                     | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Fly Nas Company                                                                                               | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |
|                    | Five Capital Advisors (DIFC)                                                                                  | Outside the Kingdom                        | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |

| Member's name            | Current                                                                                                       |                                         |                            | Previous                                                                                                       |                                         |                            |
|--------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------|
|                          | Name of company in which the Board member is a member of its current Board of Directors or from its directors | Inside the Kingdom/ Outside the Kingdom | Legal Entity               | Name of company in which the Board member is a member of its previous Board of Directors or from its directors | Inside the Kingdom/ Outside the Kingdom | Legal Entity               |
| 3. Abdulrahman Al Rashed | Rashed Abdul Rahman Al Rashed & Sons Company                                                                  | Inside the Kingdom                      | General Partnership        | Al Yamama Investment Company                                                                                   | Inside the Kingdom                      | Closed Joint Stock Company |
|                          | Dhahran Techno Valley Company                                                                                 | Inside the Kingdom                      | Closed Joint Stock Company | Rashed Al Rashed & Sons Donaldson Company Ltd                                                                  | Inside the Kingdom                      | Limited Liability Company  |
|                          | Al Awael Investment Holding                                                                                   | Inside the Kingdom                      | Limited Liability Company  | Sanad Healthcare Company                                                                                       | Inside the Kingdom                      | Limited Liability Company  |
|                          | UNICOIL, Universal Metal Coating Company                                                                      | Inside the Kingdom                      | Closed Joint Stock Company | –                                                                                                              | –                                       | –                          |
|                          | Dammam Hotels Company                                                                                         | Inside the Kingdom                      | Closed Joint Stock Company | –                                                                                                              | –                                       | –                          |
|                          | Beit Al Tawazun Holding Company                                                                               | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Company of Crystal Ice Factory                                                                                | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Rashed Development Company – RASHEDCO                                                                         | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Rashed Alrashed & Partners Commercial Investment Company                                                      | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Rashed Alrashed & Partners Business Development Company                                                       | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Rashed Alrashed & Partners Development & Real Estate Investment company                                       | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Ibhar Albenaa Real Estate Company                                                                             | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Aqar & Amaar Company                                                                                          | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Alrashed Global United Investment Company                                                                     | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Denys Arabia Company                                                                                          | Inside the Kingdom                      | Limited Liability Company  | –                                                                                                              | –                                       | –                          |
|                          | Al–Awael Al–Asriya Contracting Company                                                                        | Inside the Kingdom                      | Limited Liability Company  |                                                                                                                |                                         |                            |

| Member's name           | Current                                                                                                       |                                            |                            | Previous                                                                                                       |                                            |                            |
|-------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|
|                         | Name of company in which the Board member is a member of its current Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               | Name of company in which the Board member is a member of its previous Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               |
| 4. Bader Al Issa        | Savola Group                                                                                                  | Inside the Kingdom                         | Listed Joint Stock Company | Dur Hospitality Company                                                                                        | Inside the Kingdom                         | Listed Joint Stock Company |
|                         | United Sugar Company                                                                                          | Inside the Kingdom                         | Closed Joint Stock Company | AMIAS Holding                                                                                                  | Inside the Kingdom                         | Limited Liability Company  |
|                         | Afia International Company                                                                                    | Inside the Kingdom                         | Closed Joint Stock Company | Saudi Fransi Capital                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | Savola Foods                                                                                                  | Inside the Kingdom                         | Closed Joint Stock Company | Kinan International for Real Estate Development Company                                                        | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | Panda Retail Company                                                                                          | Inside the Kingdom                         | Closed Joint Stock Company | Knowledge Economic City                                                                                        | Inside the Kingdom                         | Listed Joint Stock Company |
|                         | Almarai                                                                                                       | Inside the Kingdom                         | Listed Joint Stock Company | Savola for Packaging Company                                                                                   | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | Assila Investments                                                                                            | Inside the Kingdom                         | Closed Joint Stock Company | Al Aqiq for Real Estate Development                                                                            | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | Taiba Investments Company                                                                                     | Inside the kingdom                         | Listed Joint Stock Company | Sukoon International Company                                                                                   | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Burj Assilah For Hotel Services Company                                                                        | Inside the Kingdom                         | Limited Liability Company  |
|                         | –                                                                                                             | –                                          | –                          | –                                                                                                              | –                                          | –                          |
| 5. Abdullatif Al Othman | Al-Othman Engineering Consultants                                                                             | Inside the Kingdom                         | Closed Joint Stock Company | Aramco Trading Company                                                                                         | Inside the Kingdom                         | Joint Stock Company        |
|                         | Olayan Saudi Holding                                                                                          | Inside the Kingdom                         | Closed Joint Stock Company | Wa'ed, established by Aramco to support small and medium enterprises                                           | Inside the Kingdom                         | Joint Stock Company        |
|                         | Investcorp Bahrain                                                                                            | Outside the Kingdom                        | Joint Stock Company        | Sadara Chemical Company, partnership between Saudi Aramco and The Dow Chemical Company                         | Inside the Kingdom                         | Joint Stock Company        |
|                         | Business Park Complex (Amaad)                                                                                 | Inside the Kingdom                         | Closed Joint Stock Company | Dussur, The Saudi Industrial Investments Company                                                               | Inside the Kingdom                         | Joint Stock Company        |
|                         | –                                                                                                             | –                                          | –                          | Saudi Aramco Investment Management Co.                                                                         | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Aramco Services Company – Houston                                                                              | Outside the Kingdom                        | Closed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Petron – Philippines                                                                                           | Outside the Kingdom                        | Closed Joint Stock Company |

| Member's name      | Current                                                                                                       |                                            |                            | Previous                                                                                                       |                                            |                            |
|--------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|
|                    | Name of company in which the Board member is a member of its current Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               | Name of company in which the Board member is a member of its previous Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               |
| 6. Ghazi Al Rawi   | MATARAT Holding Company                                                                                       | Inside the Kingdom                         | Closed Joint Stock Company | Saudi Fransi Capital                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | Riyadh Airports Company                                                                                       | Inside the Kingdom                         | Limited Liability Company  | National Medical Care Company                                                                                  | Inside the Kingdom                         | Listed Joint Stock Company |
|                    | Valuegate Company for Investment & Real Estate Development                                                    | Inside the Kingdom                         | Limited Liability Company  | Sanabil Investment                                                                                             | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | Green Oasis Hotel Company                                                                                     | Inside the Kingdom                         | Limited Liability Company  | Eastgate Capital Group                                                                                         | Outside the Kingdom                        | Limited Liability Company  |
|                    | Ithmar Taiba Dates Company                                                                                    | Inside the Kingdom                         | Limited Liability Company  | L'azurde                                                                                                       | Inside the Kingdom                         | Listed Joint Stock Company |
|                    | Valuegate Investments International                                                                           | Outside the Kingdom                        | Limited Liability Company  | Tadrees Holding                                                                                                | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | Valuegate Astro SPV1                                                                                          | Outside the Kingdom                        | Limited Liability Company  | SIGMA Pharmaceutical Industries                                                                                | Outside the Kingdom                        | Closed Joint Stock Company |
|                    | Qasim Cement Company                                                                                          | Inside the Kingdom                         | Listed Joint Stock Company | Multiple Investments Company for Medical Services (Future Lab)                                                 | Inside the Kingdom                         | Limited Liability Company  |
|                    | Rua Al Madinah Holding Company                                                                                | Inside the Kingdom                         | Closed Joint Stock Company | Creative Spirit Food Management Company                                                                        | Inside the Kingdom                         | Limited Liability Company  |
|                    | –                                                                                                             | –                                          | –                          | Al-Safa Company for Medicine and Medical Supplies                                                              | Inside the Kingdom                         | Limited Liability Company  |
|                    | –                                                                                                             | –                                          | –                          | Maedat Aljood                                                                                                  | Inside the Kingdom                         | Limited Liability Company  |
|                    | –                                                                                                             | –                                          | –                          | Smart Health Solutions for Information Technology                                                              | Inside the Kingdom                         | Limited Liability Company  |
|                    | –                                                                                                             | –                                          | –                          | Adaptive Spectrum & Signal Alignment, Inc                                                                      | Outside the Kingdom                        | Closed Joint Stock Company |
| 7. Khalid Al Omran | Daily Food Company                                                                                            | Inside the Kingdom                         | Limited Liability Company  | Goldman Sachs Saudi Arabia                                                                                     | Inside the Kingdom                         | Closed Joint Stock Company |
|                    | Namaya Investment Company                                                                                     | Inside the Kingdom                         | Limited Liability Company  | –                                                                                                              | –                                          | –                          |

| Member's name           | Current                                                                                                       |                                            |                            | Previous                                                                                                       |                                            |                            |
|-------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|
|                         | Name of company in which the Board member is a member of its current Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               | Name of company in which the Board member is a member of its previous Board of Directors or from its directors | Inside the Kingdom/<br>Outside the Kingdom | Legal Entity               |
| 8. Rayan Fayez          | Al Ula Company for Development                                                                                | Inside the Kingdom                         | Closed Joint Stock Company | Hala Payments Company                                                                                          | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | Neom                                                                                                          | Inside the Kingdom                         | Closed Joint Stock Company | Saudi Fransi Capital                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | Gulf coast development company                                                                                | Inside the Kingdom                         | Closed Joint Stock Company | Hassana Investment Company                                                                                     | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | TONOMUS Company                                                                                               | Inside the Kingdom                         | Limited Liability Company  | Saudi Stock Exchange (Tadawul)                                                                                 | Inside the Kingdom                         | Listed Joint Stock Company |
|                         | NEOM StaffCo Limited Company                                                                                  | Inside the Kingdom                         | Limited Liability Company  | Saudi Agricultural & Livestock Investment Company (SALIC)                                                      | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | NEOM Investment Fund Company                                                                                  | Inside the Kingdom                         | Limited Liability Company  | Herfy for Food Services Company                                                                                | Inside the Kingdom                         | Listed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Almarai                                                                                                        | Inside the Kingdom                         | Listed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Knowledge Economic City                                                                                        | Inside the kingdom                         | Listed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Panda Retail Company                                                                                           | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Savola for Foods                                                                                               | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Kinan International Real Estate Development Company                                                            | Inside the Kingdom                         | Closed Joint Stock Company |
| 9. Khalid Al Sharif     | –                                                                                                             | –                                          | –                          | JP Morgan Chase NA, Riyadh Branch                                                                              | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | The Arabian Cement Company                                                                                    | Inside the Kingdom                         | Listed Joint Stock Company | United Electronics Company (eXtra)                                                                             | Inside the Kingdom                         | Listed Joint Stock Company |
|                         | Rua Al Madinah Holding Company                                                                                | Inside the Kingdom                         | Closed Joint Stock Company | Al Ahli Takaful                                                                                                | Inside the Kingdom                         | Listed Joint Stock Company |
|                         | Arabian Petroleum Supply (APSCO)                                                                              | Inside the Kingdom                         | Closed Joint Stock Company | Türkiye Finance Katılım Bankası                                                                                | Outside the Kingdom                        | Closed Joint Stock Company |
|                         | –                                                                                                             | –                                          | –                          | Oryx Mutual Funds (Bahrain)                                                                                    | Outside the Kingdom                        | Investment Fund            |
|                         | –                                                                                                             | –                                          | –                          | Estgate Company (Dubai)                                                                                        | Outside the Kingdom                        | Closed Joint Stock Company |
| 10. Abdulaziz Algudaimi | –                                                                                                             | –                                          | –                          | The Family Office International Investment Company (TFOIIC)                                                    | Inside the Kingdom                         | Closed Joint Stock Company |
|                         | Vision Invest                                                                                                 | Inside the Kingdom                         | Closed Joint Stock Company | –                                                                                                              | –                                          | –                          |



## (26) The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting, listing the names of the attendees:

Board of Directors:

|    | Member Name           | Date of Meetings            |                              |                             |                              |                             | Total | Attendance percentage |
|----|-----------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|-------|-----------------------|
|    |                       | First meeting<br>05.03.2024 | Second meeting<br>06.03.2024 | Third meeting<br>30.05.2024 | Fourth meeting<br>19.09.2024 | Fifth meeting<br>11.12.2024 |       |                       |
| 1  | Mazin Al Romaih       | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 2  | Talal Al Maiman       | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 3  | Abdulrahman Al Rashed | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 4  | Bader Al Issa         | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 5  | Abdullatif Al Othman  | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 6  | Ghazi Al Rawi         | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 7  | Khalid Al Omran       | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 8  | Rayan Fayez           | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 9  | Khalid Al Sharif      | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5     | 100%                  |
| 10 | Abdulaziz Algudaimi   | ✓                           | ✓                            | ✓                           | x                            | ✓                           | 4     | 80%                   |

## (27) A brief description of the competencies and duties of the committees, indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting:

The Board of Directors of BSF has formed the following six committees for a three-year period from 01/01/2022 to 31/12/2024: The Executive Committee, the Audit Committee, the Nominations and Remunerations Committee, the Board Risk Committee, the Environment, Social and Governance Board Committee and the Board Strategy Committee. These committees have powers under their own charters. The details of these committees are as follows:

## (27/A) Executive Committee:

The Committee consists of five members, presided by the Board of Directors Chairman, the members enjoy academic and administrative qualification that enable them to perform duties assigned to them. The committee held Six meetings during 2024. The following are the members of the Committee and its meetings during the year:

|   | Member Name                                      | Date of Meetings            |                              |                             |                              |                             |                             | Total | Attendance percentage |
|---|--------------------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|-------|-----------------------|
|   |                                                  | First meeting<br>15.02.2024 | Second meeting<br>20.03.2024 | Third meeting<br>30.05.2024 | Fourth meeting<br>15.05.2024 | Fifth meeting<br>02.09.2024 | Sixth meeting<br>25.11.2024 |       |                       |
| 1 | Mazin Al Romaih<br>Chairman/<br>Non-Executive    | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | 6     | 100%                  |
| 2 | Abdulrahman Al Rashed<br>Non-Executive<br>Member | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | 6     | 100%                  |
| 3 | Talal Al Maiman<br>Non-Executive<br>Member       | ✓                           | ✓                            | x                           | ✓                            | ✓                           | ✓                           | 5     | 83%                   |
| 4 | Rayan Fayez<br>Non-Executive<br>Member           | ✓                           | ✓                            | x                           | ✓                            | ✓                           | ✓                           | 5     | 83%                   |
| 5 | Khalid Al Sharif<br>Non-Executive<br>Member*     | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | 6     | 100%                  |

\* Membership classification has changed to independent in September 2024 following his resignation from the Board of The Family Office International Investment Company on 31 July 2024.

### The Committee's main responsibilities include but are not limited to the following:

- Approve related party transactions as per the 'Delegation of Authority Manual' and the Related Party Transactions Policy;
- Approve loans and credit facilities to Banque Saudi Fransi's clients, as per the Bank's 'Delegation of Authority Manual', in line with SAMA rules and regulations for granting loans and credit facilities;
- Review periodic management report activities and reports on the execution and completion of the Bank's major projects; and
- Review annual budgets and plans, and verifying material differences in the budget (if any) before submitting its recommendation to the Board for review.

### (27/B) Audit Committee:

The Committee consists of five independent members, presided by an independent member of the Board and most of the members are from outside the Board. The members of the Audit Committee have academic qualifications and professional experience in auditing and risk management, including knowledge of accounting and auditing standards, ability to understand financial reports, in addition to understanding the laws and regulations issued by the competent authorities. The Audit Committee held eight meetings during 2024. The following are the members of the Committee and its meetings during the year:

|   | Name               | Type of membership                 | Date of Meetings            |                              |                             |                              |                             |                             |                               |                              | Total | Attendance percentage |
|---|--------------------|------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|-------------------------------|------------------------------|-------|-----------------------|
|   |                    |                                    | First meeting<br>04.02.2024 | Second meeting<br>10.03.2024 | Third meeting<br>10.03.2024 | Fourth meeting<br>15.05.2024 | Fifth meeting<br>23.07.2024 | Sixth meeting<br>20.08.2024 | Seventh meeting<br>11.10.2024 | Eighth meeting<br>24.11.2024 |       |                       |
| 1 | Bader Al Issa      | Chairman<br>Independent            | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | ✓                             | ✓                            | 8     | 100%                  |
| 2 | Ghazi Al Rawi      | Independent<br>Member              | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | ✓                             | ✓                            | 8     | 100%                  |
| 3 | Mamdoh Al Majed    | Member (from<br>outside the Board) | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | ✓                             | ✓                            | 8     | 100%                  |
| 4 | Khalid Al Faddagh  | Member (from<br>outside the Board) | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | ✓                             | ✓                            | 8     | 100%                  |
| 5 | Homood Al Tuwajiri | Member (from<br>outside the Board) | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | ✓                             | ✓                            | 8     | 100%                  |

#### The Audit Committee's members assist the Bank's Board of Directors in fulfilling its oversight responsibility relating to the following:

- Shareholders, potential shareholders, the investment community and others relating to the financial reporting process;
- The system of Internal Controls;
- The audit process;
- The Bank's financial statements;
- Related parties transactions and conflict of interests' cases; and
- The Bank's process for monitoring compliance with applicable laws and regulations and the Code of Conduct.

## (27/C) Nominations and Remunerations Committee:

The Committee is composed of five members of the Board of Directors and other specialists. The Committee members enjoy academic and administrative qualifications and variety of experience, which include memberships in Nomination and Remuneration committees, in addition to other experiences that qualify the committee members to carry out their duties and responsibilities, the committee held Six meetings during 2024:

|   | Name                  | Type of membership                 | Date of Meetings            |                              |                             |                              |                             |                             | Total | Attendance percentage |
|---|-----------------------|------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|-------|-----------------------|
|   |                       |                                    | First meeting<br>02.01.2024 | Second meeting<br>14.02.2024 | Third meeting<br>21.03.2024 | Fourth meeting<br>26.05.2024 | Fifth meeting<br>05.09.2024 | Sixth meeting<br>05.12.2024 |       |                       |
| 1 | Ghazi Al Rawi         | Chairman Independent               | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | 6     | 100%                  |
| 2 | Talal Al Maiman       | Non-Executive Member               | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | 6     | 100%                  |
| 3 | Abdulrahman Al Rashed | Non-Executive Member               | x                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | 5     | 83%                   |
| 4 | Khalid Al Omran       | Independent Member                 | ✓                           | x                            | ✓                           | ✓                            | ✓                           | x                           | 4     | 67%                   |
| 5 | Mansoor Al Mansoor    | Member<br>(from outside the Board) | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | ✓                           | 6     | 100%                  |

### Functions of the Committee include but are not limited to the following:

- Preparing a clear policy for the remunerations of the Board members and its Committees in accordance with relevant SAMA guidelines, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy.
- Preparing the remuneration policy for Executive Management in accordance with relevant SAMA guidelines, and presenting such policy for the Board approval in preparation for approval by the General Assembly.
- Evaluating practices by which compensation is paid for potential future revenues whose timing and likelihood remain uncertain;
- Making recommendations to the Board on the level and composition of remuneration of key executives of the Bank in accordance with the approved policy. The key executives for this purpose will include all those executives whose appointment is subject to no objection by SAMA;
- Determining the bonus pool based on risk-adjusted profit of the Bank for payment of performance bonus;
- Reviewing compliance of the Remunerations and Compensation policy with the relevant rules and the principles and standards of the Financial Stability Board (FSB); and
- Determine the points of strength and weakness in the Board of Directors and the Board committees through performance assessments and recommend remedies that are compatible with BSF's interests.

## (27/D) Board Risk Committee:

The Board Risk Committee comprises of five members at present, including members of the Board of Directors and other specialists. The committee members hold experience in risk management, academic and practical qualifications that enable them to perform the committee responsibilities and take appropriate decisions, and experience in the financial and administrative affairs, the committee held four meetings during 2024. The Committee's members and meetings during the year are as follows:

|   | Member Name          | Type of membership              | Date of Meetings            |                              |                             |                              | Total | Attendance percentage |
|---|----------------------|---------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-------|-----------------------|
|   |                      |                                 | First meeting<br>05.03.2024 | Second meeting<br>06.03.2024 | Third meeting<br>30.05.2024 | Fourth meeting<br>19.09.2024 |       |                       |
| 1 | Abdullatif Al Othman | Chairman Independent            | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |
| 2 | Khalid Al Omran      | Independent Member              | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |
| 3 | Khalid AlSharif      | Non-Executive Member*           | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |
| 4 | Vanessa Eastham Fisk | Member (from outside the Board) | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |
| 5 | Brian Byagaba        | Member (from outside the Board) | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |

\* Membership classification has changed to independent in September 2024 following his resignation from the Board of The Family Office International Investment Company on 31 July 2024.

The Board Risk Committee has responsibility for Executive management managing risks by providing governance oversight and strategic direction aligned with duly approved risk management framework, policies, procedures and regulatory obligations.

Major functional responsibilities of the Board Risk Committee include but are not limited to:

- Require and review development of strategies, objectives and comprehensive policies for risk management that are consistent with the nature and volume of the Bank's activities, risk profile, risk appetite and risk tolerance for the

Bank taking into account cyber and technology risks and ensuring that the operationalization of these policies, and regular review & update based on the Bank's internal and external changing factors;

- Require assessment and periodic review of Risk Appetite (acceptable level of risk faced by the Bank) and monitoring to ensure that the Bank does not go beyond such level;
- Require establishment of Bank-wide risk measurement methodologies for quantifying risks;

- Require and review management assessment of risks covering credit, market, operational (including technology), cyber /information security, business continuity, fraud, reputational, strategic, AML risk and other material risks;
- Review the adequacy of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP);
- Provide detailed reports to the board on risk exposures and the recommended measures to manage such risks;

- Review periodically the adequacy of the Bank's risk management systems and management's assessment of the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Bank in order to determine areas of inadequacy therein, maintenance of the risk register and recommend appropriate changes;
- Review the organizational structure for risk management and providing recommendations regarding the same before approval by the BoD;
- Review any issues raised by the Audit Committee that may affect the Bank's risk management.

## (27/E) Environment, Social and Governance Board Committee:

The Board of Directors of Banque Saudi Fransi is keen to support the largest possible segment of society and all stakeholders in all fields and to adopt ESG practices, the Board formed ESG Board Committee, in which consists of three members. The Committee held one meeting in 2024. The Committee's members and the meeting attendance record during 2024 are as follows:

|   | Member Name          | Type of membership   | Date of Meeting             | Total | Attendance percentage |
|---|----------------------|----------------------|-----------------------------|-------|-----------------------|
|   |                      |                      | First meeting<br>03.09.2024 |       |                       |
| 1 | Abdullatif Al Othman | Chairman Independent | ✓                           | 1     | 100%                  |
| 2 | Bader Al Issa        | Independent Member   | ✓                           | 1     | 100%                  |
| 3 | Rayan Fayez          | Non-Executive Member | ✓                           | 1     | 100%                  |

The tasks of Environment, Social and Governance Board Committee include but are not limited to the following:

- Review & approve ESG KPIs/Targets recommended by the relevant Management Committee;
- Approve Banque Saudi Fransi's ESG programs & initiatives as recommended by the relevant Management Committee and ensure they are aligned with BSF strategy;
- Oversee the implementation & status of ESG KPIs/targets, programs and initiatives by receiving periodic reports from the relevant Management Committee
- Review the annual report related to ESG prior to Board approval and approve any other disclosures made in regards to ESG;
- Oversee/monitor ESG-related risks and opportunities; and
- Keep updated and aware of ESG developments and attend trainings when needed.

## (27/F) Board Strategy Committee:

The Board Strategy Committee consists of five members of the Board of Directors, and the committee members holds academic and administrative qualifications that enable them to perform the duties assigned to them. The Committee held four meetings during 2024. The Committee's members and meetings during the year are as follow:

|   | Member Name         | Type of membership     | Date of Meetings            |                              |                             |                              | Total | Attendance percentage |
|---|---------------------|------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-------|-----------------------|
|   |                     |                        | First meeting<br>12.02.2024 | Second meeting<br>19.05.2024 | Third meeting<br>26.08.2024 | Fourth meeting<br>28.11.2024 |       |                       |
| 1 | Talal Al Maiman     | Chairman Non-Executive | ✓                           | ✓                            | ✓                           | ×                            | 3     | 75%                   |
| 2 | Bader Al Issa       | Independent Member     | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |
| 3 | Khalid Al Omran     | Independent Member     | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |
| 4 | Rayan Fayez         | Non-Executive Member   | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |
| 5 | Abdulaziz Algudaimi | Independent Member     | ✓                           | ✓                            | ✓                           | ✓                            | 4     | 100%                  |

Major duties and responsibilities of the Board Strategy Committee include but are not limited to the following:

- Review and make recommendations to the Board with respect to BSF's overall Strategy, business plan and all strategy related matters; and
- Monitor and suggest remedial action during the implementation of our Strategy.
- Review and evaluate all recommendations from the Strategy Steering Committee against the strategic direction of the Board;
- Critique said recommendations to ensure they fit with the strategic direction of the Board;



## (28) A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them:

BSF convened two General Assembly Meetings during 2024. The following is the attendance report of the meetings:

|    | Name                                                                                                                        | Attendance Record                                    |                                                      |
|----|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
|    |                                                                                                                             | Extraordinary General Assembly Meeting<br>22.05.2024 | Extraordinary General Assembly Meeting<br>23.12.2024 |
| 1  | Mazin Al Romaih (Chairman of the Board and Executive Committee)                                                             | ✓                                                    | ✓                                                    |
| 2  | Talal Al Maiman (Vice Chairman of the Board and Chairman of Board Strategy Committee)                                       | ✓                                                    | ✓                                                    |
| 3  | Abdulrahman Al Rashed                                                                                                       | ✓                                                    | ✓                                                    |
| 4  | Bader Al Issa (Chairman of the Audit Committee)                                                                             | ✓                                                    | ✓                                                    |
| 5  | Abdullatif Al Othman (Chairman of the Board Risk Committee, Chairman of Environment, Social and Governance Board Committee) | ✓                                                    | ✓                                                    |
| 6  | Ghazi Al Rawi (Chairman of Nomination and Remuneration Committee)                                                           | ✓                                                    | ✓                                                    |
| 7  | Khalid Al Omran                                                                                                             | ✓                                                    | ✓                                                    |
| 8  | Rayan Fayez                                                                                                                 | ✓                                                    | ✓                                                    |
| 9  | Khalid Al Sharif                                                                                                            | ✓                                                    | ✓                                                    |
| 10 | Abdulaziz Algudaimi                                                                                                         | x                                                    | ✓                                                    |
|    |                                                                                                                             | 90%                                                  | 100%                                                 |

## (29) A brief description of the competencies and duties of the Shariah Committee, indicating their names, name of their chairmen, qualifications and experience of the members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting:

The Shariah Committee is composed of three specialized members appointed by the Board of Directors based on a recommendation from the Nomination & Remuneration Committee, and it is chaired by an independent member. The Committee members have academic and shariah qualifications and other diverse experiences. The main role of the Shariah Committee is to ensure that the services and products comply with the principles and concepts of Islamic Shariah where the Shariah committee addresses all matters within its scope of responsibilities, as authorized by the Board of Directors, which includes the Bank and its subsidiaries' commitment with shariah principles and rules. The committee is also fully responsible for all its decisions related to shariah matters.

### A) Shariah Committee Composition, Qualifications and experience:

| Name                          | Experiences                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | Current Positions                                                                                        | Previous Positions                                                                                                                                                                                                                                                                                                                                                                          | Qualifications                                                                                                                                                                                                                                                                                                                                    |
| 1 Dr- Salah Fahad Al Shalhoub | <ul style="list-style-type: none"> <li>Faculty Member at Saudi Electronic University – Riyadh</li> </ul> | <ul style="list-style-type: none"> <li>Faculty Member at King Fahd University of Petroleum and Minerals – Dhahran</li> <li>Director of the Center of Excellence for Islamic Banking and Finance Studies – King Fahd University of Petroleum and Minerals – Dhahran</li> <li>Deputy Dean of the College of Science and Theoretical Studies – Saudi Electronic University – Riyadh</li> </ul> | <ul style="list-style-type: none"> <li>Bachelor's Degree – College of Shariah, Imam Muhammad ibn Saud Islamic University.</li> <li>Master's Degree – Higher Institute of Justice, Imam Muhammad ibn Saud Islamic University.</li> <li>PhD – Department of Islamic and Middle Eastern Studies, University of Edinburgh – United Kingdom</li> </ul> |

| Experiences                           |                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                   |                                                                                                                                                                                                                                                                                           |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                  | Current Positions                                                                                                                                                                                                                                                                                                                                                                                    | Previous Positions                                                                                                                                | Qualifications                                                                                                                                                                                                                                                                            |
| 2 Prof. Hesham Abdulmalik Al Alsheikh | <ul style="list-style-type: none"> <li>Retired</li> <li>Member of the Board of Trustees of the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz for his parents</li> <li>Shari'a Advisor of Allianz Saudi Fransi Cooperative Insurance Co</li> <li>Advisor to the President of the General Commission for The Guardianship of Trust Funds for Minors and Their Counterparts"</li> </ul> | <ul style="list-style-type: none"> <li>Faculty Member at the Higher Institute of Justice, Imam Muhammad bin Saud Islamic University</li> </ul>    | <ul style="list-style-type: none"> <li>PhD in Comparative Jurisprudence</li> </ul>                                                                                                                                                                                                        |
| 3 Dr. Salim Ali Al Ali                | <ul style="list-style-type: none"> <li>Assistant Professor, Sharia and Islamic Studies, College of Law, United Arab Emirates University</li> </ul>                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Teaching Assistant, Sharia and Islamic Studies, College of Law, United Arab Emirates University</li> </ul> | <ul style="list-style-type: none"> <li>PHD Islamic Financial Law, University of London.</li> <li>Master Islamic Banking and Finance, International. Islamic University Malaysia.</li> <li>Bachelor Sharia (Islamic Jurisprudence and its fundamentals), University of Sharjah.</li> </ul> |

## B) Shariah Committee Meetings:

The Committee held four meetings during 2024. The following are the members of the Committee and its meetings during the year:

|   |                                     | Date of Meetings                 |                             |                              |                             | Total                        | Attendance percentage |
|---|-------------------------------------|----------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------|
|   | Member Name                         | Type of membership               | First meeting<br>03/03/2024 | Second meeting<br>09/06/2024 | Third meeting<br>15/09/2024 | Fourth meeting<br>15/12/2024 |                       |
| 1 | Dr. Salah Fahad Al Shalhoub         | Committee Chairman – Independent | ✓                           | ✓                            | ✓                           | ✓                            | 4 100%                |
| 2 | Prof. Hesham Abdulmalik Al Alsheikh | Committee Member – Independent   | ✓                           | ✓                            | ✓                           | ✓                            | 4 100%                |
| 3 | Dr. Salim Ali Al Ali                | Committee Member – Non-Executive | ✓                           | ✓                            | ✓                           | ✓                            | 4 100%                |

## (30) Disclosure of the remuneration of the Board members, Committee Members and Executive Management as stated in the regulations:

Members of the Board of Directors shall receive a certain amount of money as a remuneration for each member in accordance with his performance and the number of meetings he attends, as per the recommendations of the Nominations and Remuneration Committee, according to Companies Law and the laws and controls issued by the Capital Market Authority and the Saudi Central Bank and the internal Remuneration Policy of BSF, emphasizing on the absence of any differences between the approved remunerations and what has been approved by the Board of

Directors based on the recommendations of the Nominations and Remuneration Committee. In regard to Executive Management remunerations, they are determined based on performance criteria and approved by the Nominations and Remuneration Committee.

To ensure compliance with SAMA Banks Remuneration Rules, and to ensure alignment with local and international remuneration best-practices, the Board Nomination and Remuneration Committee (NRC) commissioned an independent recognized third-party to conduct a review of BSF's remuneration policy and practices. Accordingly, the NRC and the Board of Directors took into account the outcomes of the assessment when reviewing and approving BSF's revised remuneration policies. The scope of this review applies to the remuneration and remuneration practices of the BSF's employees and Executive Management.

Remunerations and compensations of the Board of Directors, committees' members and Executive Management are as follows:

### (30/A) The Board's members remunerations:

| Board members remuneration (in thousands of Saudi Riyals) |                       |                                          |                                                    |                   |                                                                                                                                                   |                                                                                                         |              |                        |                        |                            |                          |                                             |          |                   |              |                     |
|-----------------------------------------------------------|-----------------------|------------------------------------------|----------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------|------------------------|------------------------|----------------------------|--------------------------|---------------------------------------------|----------|-------------------|--------------|---------------------|
| Fixed Remunerations                                       |                       |                                          |                                                    |                   |                                                                                                                                                   |                                                                                                         |              | Variable Remunerations |                        |                            |                          |                                             |          |                   |              |                     |
|                                                           | Certain amount        | Allowance for attending Board's sessions | Total allowance for attending committees' sessions | Benefits in kinds | A statement of what members of the Board have received as workers, administrative or as a return for technical, administrative or consulting work | The remuneration of the Chairman of the Board, the Managing Director or the Secretary if he is a member | Total        | Percentage of profits  | Periodic remunerations | Short-term incentive plans | Long-term incentive plan | Granted shares (the value must be inserted) | Total    | Leaving indemnity | Sum total    | Expenses allowances |
| <b>First: Independent members:</b>                        |                       |                                          |                                                    |                   |                                                                                                                                                   |                                                                                                         |              |                        |                        |                            |                          |                                             |          |                   |              |                     |
| 1                                                         | Bader Al Issa         | 1,200                                    | 25                                                 | 65                | —                                                                                                                                                 | —                                                                                                       | 1,290        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,290        | —                   |
| 2                                                         | Abdullatif Al Othman  | 1,200                                    | 25                                                 | 25                | —                                                                                                                                                 | —                                                                                                       | 1,250        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,250        | —                   |
| 3                                                         | Ghazi Al Rawi         | 1,200                                    | 25                                                 | 70                | —                                                                                                                                                 | —                                                                                                       | 1,295        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,295        | —                   |
| 4                                                         | Khalid Al Omran       | 1,200                                    | 25                                                 | 60                | —                                                                                                                                                 | —                                                                                                       | 1,285        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,285        | —                   |
| 5                                                         | Abdulaziz Algudaimi   | 1,200                                    | 20                                                 | 20                | —                                                                                                                                                 | —                                                                                                       | 1,240        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,240        | —                   |
|                                                           | <b>Total</b>          | <b>6,000</b>                             | <b>120</b>                                         | <b>240</b>        | <b>—</b>                                                                                                                                          | <b>—</b>                                                                                                | <b>6,360</b> | <b>—</b>               | <b>—</b>               | <b>—</b>                   | <b>—</b>                 | <b>—</b>                                    | <b>—</b> | <b>—</b>          | <b>6,360</b> | <b>—</b>            |
| <b>Second: Non-executive members:</b>                     |                       |                                          |                                                    |                   |                                                                                                                                                   |                                                                                                         |              |                        |                        |                            |                          |                                             |          |                   |              |                     |
| 1                                                         | Mazin Al Romaih       | —                                        | 25                                                 | 30                | —                                                                                                                                                 | 4,500                                                                                                   | 4,555        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 4,555        | —                   |
| 2                                                         | Talal Al Maiman       | 1,200                                    | 25                                                 | 70                | —                                                                                                                                                 | —                                                                                                       | 1,295        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,295        | —                   |
| 3                                                         | Abdulrahman Al Rashed | 1,200                                    | 25                                                 | 55                | —                                                                                                                                                 | —                                                                                                       | 1,280        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,280        | —                   |
| 4                                                         | Rayan Fayez           | 1,200                                    | 25                                                 | 50                | —                                                                                                                                                 | —                                                                                                       | 1,275        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,275        | —                   |
| 5                                                         | Khalid Al Sharif*     | 1,200                                    | 25                                                 | 50                | —                                                                                                                                                 | —                                                                                                       | 1,275        | —                      | —                      | —                          | —                        | —                                           | —        | —                 | 1,275        | —                   |
|                                                           |                       | <b>4,800</b>                             | <b>125</b>                                         | <b>255</b>        | <b>—</b>                                                                                                                                          | <b>4,500</b>                                                                                            | <b>9,680</b> | <b>—</b>               | <b>—</b>               | <b>—</b>                   | <b>—</b>                 | <b>—</b>                                    | <b>—</b> | <b>—</b>          | <b>9,680</b> | <b>—</b>            |
| <b>Third: Executive members:</b>                          |                       |                                          |                                                    |                   |                                                                                                                                                   |                                                                                                         |              |                        |                        |                            |                          |                                             |          |                   |              |                     |
| 1                                                         | N/A                   | —                                        | —                                                  | —                 | —                                                                                                                                                 | —                                                                                                       | —            | —                      | —                      | —                          | —                        | —                                           | —        | —                 | —            | —                   |
|                                                           | <b>Total</b>          | <b>—</b>                                 | <b>—</b>                                           | <b>—</b>          | <b>—</b>                                                                                                                                          | <b>—</b>                                                                                                | <b>—</b>     | <b>—</b>               | <b>—</b>               | <b>—</b>                   | <b>—</b>                 | <b>—</b>                                    | <b>—</b> | <b>—</b>          | <b>—</b>     | <b>—</b>            |

\* Membership classification has changed to independent in September 2024 following his resignation from the Board of The Family Office International Investment Company on 31 July 2024.

## (30/B) Committees' members remunerations

| Committees' members remunerations (in thousands of Saudi Riyals) |                                                           |                                  |       |       |
|------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------|-------|-------|
| Committees                                                       | Fixed remunerations (except attending sessions allowance) | Allowance for attending sessions | Total | Notes |
| <b>Audit Committee members</b>                                   |                                                           |                                  |       |       |
| 1 Bader Al Issa                                                  | –                                                         | 40                               | 40    |       |
| 2 Ghazi Al Rawi                                                  | –                                                         | 40                               | 40    |       |
| 3 Mamdoh Al Majed                                                | 500                                                       | 40                               | 540   |       |
| 4 Khalid Al Faddagh                                              | 500                                                       | 40                               | 540   |       |
| 5 Homood Al Tuwaijri                                             | 500                                                       | 40                               | 540   |       |
| <b>Total</b>                                                     | 1,500                                                     | 200                              | 1,700 |       |
| <b>Nomination and Remuneration Committee members</b>             |                                                           |                                  |       |       |
| 1 Ghazi Al Rawi                                                  | –                                                         | 30                               | 30    |       |
| 2 Talal Al Maiman                                                | –                                                         | 30                               | 30    |       |
| 3 Abdulrahman Al Rashed                                          | –                                                         | 25                               | 25    |       |
| 4 Khalid Al Omran                                                | –                                                         | 20                               | 20    |       |
| 5 Mansoor Al Mansoor                                             | 400                                                       | 30                               | 430   |       |
| <b>Total</b>                                                     | 400                                                       | 135                              | 535   |       |
| <b>Board Risk Committee members</b>                              |                                                           |                                  |       |       |
| 1 Abdullatif Al Othman                                           | –                                                         | 20                               | 20    |       |
| 2 Khalid Al Omran                                                | –                                                         | 20                               | 20    |       |
| 3 Khalid Al Sharif                                               | –                                                         | 20                               | 20    |       |
| 4 Vanessa Fisk                                                   | 400                                                       | 20                               | 420   |       |
| 5 Brian Byagaba                                                  | 400                                                       | 20                               | 420   |       |
| <b>Total</b>                                                     | 800                                                       | 100                              | 900   |       |

| Committees' members remunerations (in thousands of Saudi Riyals)  |                                                           |                                  |       |       |
|-------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------|-------|-------|
| Committees                                                        | Fixed remunerations (except attending sessions allowance) | Allowance for attending sessions | Total | Notes |
| <b>Executive Committee members</b>                                |                                                           |                                  |       |       |
| 1 Mazin Al Romaih                                                 | –                                                         | 30                               | 30    |       |
| 2 Abdulrahman Al Rashed                                           | –                                                         | 30                               | 30    |       |
| 3 Talal Al Maiman                                                 | –                                                         | 25                               | 25    |       |
| 4 Rayan Fayez                                                     | –                                                         | 25                               | 25    |       |
| 5 Khalid Al Sharif                                                | –                                                         | 30                               | 30    |       |
| <b>Total</b>                                                      | –                                                         | 140                              | 140   |       |
| <b>Environment, Social and Governance Board Committee members</b> |                                                           |                                  |       |       |
| 1 Abdullatif Al Othman                                            | –                                                         | 5                                | 5     |       |
| 2 Bader Al Issa                                                   | –                                                         | 5                                | 5     |       |
| 3 Rayan Fayez                                                     | –                                                         | 5                                | 5     |       |
| <b>Total</b>                                                      | –                                                         | 15                               | 15    |       |
| <b>Board Strategy Committee members</b>                           |                                                           |                                  |       |       |
| 1 Talal Al Maiman                                                 | –                                                         | 15                               | 15    |       |
| 2 Bader Al Issa                                                   | –                                                         | 20                               | 20    |       |
| 3 Rayan Fayez                                                     | –                                                         | 20                               | 20    |       |
| 4 Khalid Al Omran                                                 | –                                                         | 20                               | 20    |       |
| 5 Abdulaziz Algudaimi                                             | –                                                         | 20                               | 20    |       |
| <b>Total</b>                                                      | –                                                         | 95                               | 95    |       |

### (30/C) Senior Executives remunerations:

| Remunerations of five Senior Executives, including CEO and CFO (in thousands of Saudi Riyals) |            |                  |        |                        |          |                            |                           |                |        |                       |                                                      |           |
|-----------------------------------------------------------------------------------------------|------------|------------------|--------|------------------------|----------|----------------------------|---------------------------|----------------|--------|-----------------------|------------------------------------------------------|-----------|
| Fixed Remunerations                                                                           |            |                  |        | Variable Remunerations |          |                            |                           |                |        | End-of- service award | Total Executives' remuneration for the Board, if any | Aggregate |
| Salaries                                                                                      | Allowances | In-kind benefits | Total  | Periodic Remunerations | Earnings | Short-term incentive plans | Long-term incentive plans | Shares awarded | Total  |                       |                                                      |           |
| 11,262                                                                                        | 5,659      | 395              | 17,316 | –                      | –        | 15,396                     | –                         | 5,047          | 20,443 | –                     | –                                                    | 37,759    |

| Remunerations of Senior Executives whose appointment requires obtaining no objection of the Saudi Central Bank (in thousands of Saudi Riyals) |            |                  |        |                        |          |                            |                           |                |        |                       |                                                      |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------|--------|------------------------|----------|----------------------------|---------------------------|----------------|--------|-----------------------|------------------------------------------------------|-----------|
| Fixed Remunerations                                                                                                                           |            |                  |        | Variable Remunerations |          |                            |                           |                |        | End-of- service award | Total Executives' remuneration for the Board, if any | Aggregate |
| Salaries                                                                                                                                      | Allowances | In-kind benefits | Total  | Periodic Remunerations | Earnings | Short-term incentive plans | Long-term incentive plans | Shares awarded | Total  |                       |                                                      |           |
| 26,476                                                                                                                                        | 13,404     | 771              | 40,651 | –                      | –        | 34,814                     | –                         | 8,580          | 43,394 | 6,038                 | –                                                    | 90,083    |

#### Notes:

- 1) The above table illustrates all remunerations paid and credited into employees' accounts during 2024.  
2) Outstanding, deferred (unvested) variable remuneration is not reported in the above table.

### (31) Waiver of remuneration or dividends by Board members, Senior Executives or shareholders:

There are no arrangements or agreements whereby members of the Board of Directors or Senior Executives have waived any remuneration or compensation.

There are no arrangements or agreements whereby a shareholder of the Bank has waived any rights in profits.

### (32) The means used by the Board of Directors to assess its performance, the performance of its committees and members and the external body, which conducted the assessment and its relationship with the Bank, if any:

On an annual basis the performance of the Board of Directors and its committees is evaluated, and the performance of each member is evaluated individually, this is done through appropriate performance indicators related to the extent to which the

Bank's strategic objectives are achieved, the quality of risk management, the adequacy of internal control systems and others, in addition to assigning a specialized external party to conduct the evaluation at least once every three years.

For the year 2024, the performance of the Board of Directors and its committees was evaluated through comprehensive assessment forms developed based on international best practices and by using key performance indicators linked to the extent to which BSF strategic objectives have been achieved, the quality of risk management, efficiency of the internal control systems, corporate governance, board and committees' structure and members experience and skills among other indicators.

The results of the evaluation were shared with the Nomination & Remuneration Committee "NRC", which provided related recommendations that were presented to the Board of Directors, in order to identify solutions to enhance the effectiveness of the Board of Directors and its committees.

### (33) Training workshops offered to the members of the Board of Directors:

The Bank shall pay adequate attention to the training and preparation of the Board members, and to develop the members skills and knowledge in the fields related to the activities of the Bank, as such a workshop was presented to the members of the Board of Directors on Compliance, Financial Crime and Counter-Fraud by Compliance Group.



**(34) The audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, or appointing an internal auditor, as well as justifications for those recommendations and reasons for disregarding them:**

There are no recommendations from the Audit Committee that contradict with the decisions of the Board of Directors and the Board of Directors have not rejected any recommendations from the Audit Committee regarding the appointment, dismissal, assessment or determining the remuneration of the Bank's External Auditors or appointing an internal auditor.

**(35) The audit committee's recommendation on appointing an internal auditor for the Company, if it has made such recommendation in the last financial year.**

Audit Committee recommended to the Board of Directors for the appointment of Mr. Ibrahim F. Alsanebi as Chief Audit Executive of the Bank Internal Audit Group on April 2024, succeeding Mr. Abdulmohsen AlRayes.

**(36) Board of Directors' recommendations to change auditors:**

There was no change in the Joint Auditors for Financial Year FY 2024 and the first quarter of 2025. The Board of Directors and Extraordinary General Assembly has approved Ernst & Young (EY), and Deloitte and Touche & Co as the Joint External Auditors of the Bank to perform the quarterly (Second and Third quarter for the fiscal year 2024 and the First quarter for the fiscal year 2025) and annual audit of financial statements for FY2024."

**(37) Actions taken by the Board of Directors to inform its members, especially non-executives, of shareholders' proposals and observations on the Bank and its performance:**

The Board is keen to enable shareholders to exercise their rights and submit their comments and inquiries during the General Assembly meetings. These comments and inquiries shall be recorded in the minutes of the meeting. The Bank also allocates means of communication dedicated for shareholders (telephone, postal address, e-mail) through which comments and inquiries of shareholders, if any, are received and then submitted to Board members at the first subsequent meeting of the Board of Directors, and this is included in the minutes of the meeting.

**(38) Declarations of the Board of Directors:**

**The Board of Directors of the Banque Saudi Fransi declares the following:**

- A. Proper books of account have been maintained;
- B. The system of internal control is sound in design and has been effectively implemented; and
- C. There are no significant doubts concerning the Bank's ability to continue its activity.

Transactions with the related parties and the information concerning any contracts or acts in which the Bank is a party, or in which there is a material interest to the Chairman and members of the Board of Directors of the Bank, the Chief Executive Officer, the Chief Financial Officer or any person directly related to any of them, have been disclosed in Disclosure No. (37) on transactions with related parties in the consolidated financial statements, and Articles (13) and (14) of this report.

**(39) Risk Management:**

Effective risk management is fundamental to the success and resilience of the Bank and key to the Bank's overall long-term strategy. BSF has a strong, disciplined risk culture where managing risk is a responsibility shared between the three lines of defense: Business Lines and Functions, Risk Management Group and Group Audit.

**Risk Management Framework**

The primary goal of risk management is to institutionalize a best-in class integrated Risk Management framework that ensures that the outcomes of risk-taking activities are consistent with the Bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize shareholder value. The Risk Management Framework articulates the foundation for achieving these goals.

The framework is evolutionary to meet the challenges of external/global environment, demanding regulatory standards and best practices, risks brought about by customer competitiveness and financial innovations

and resilience in the face of global event risk uncertainties e.g. Supply shocks and inflation, volatile interest and growth trajectories, impacts of climate risks and impact on liquidity, currency and credit perceptions.

## Risk Management Principles

BSF's Risk Management Principles can be summarized as:

**Balancing Risk and Reward:** Business and risk decisions are consistent with strategies and Risk Appetite.

**Material Risk Identification:** Understanding, identification, quantification for all material risks (Financial, Non-Financial and event risks), supported by a strong analytical toolset for Risk Management.

**Pro-active:** Emerging risks and potential vulnerabilities are proactively identified and managed.

**Shared Accountability:** Strong Risk Governance with 3 Lines of Defense and a top driven and accountable shared Risk Culture where every employee is responsible for managing risks and controls.

**Resilience:** Being prepared operationally and financially to respond to adverse events.

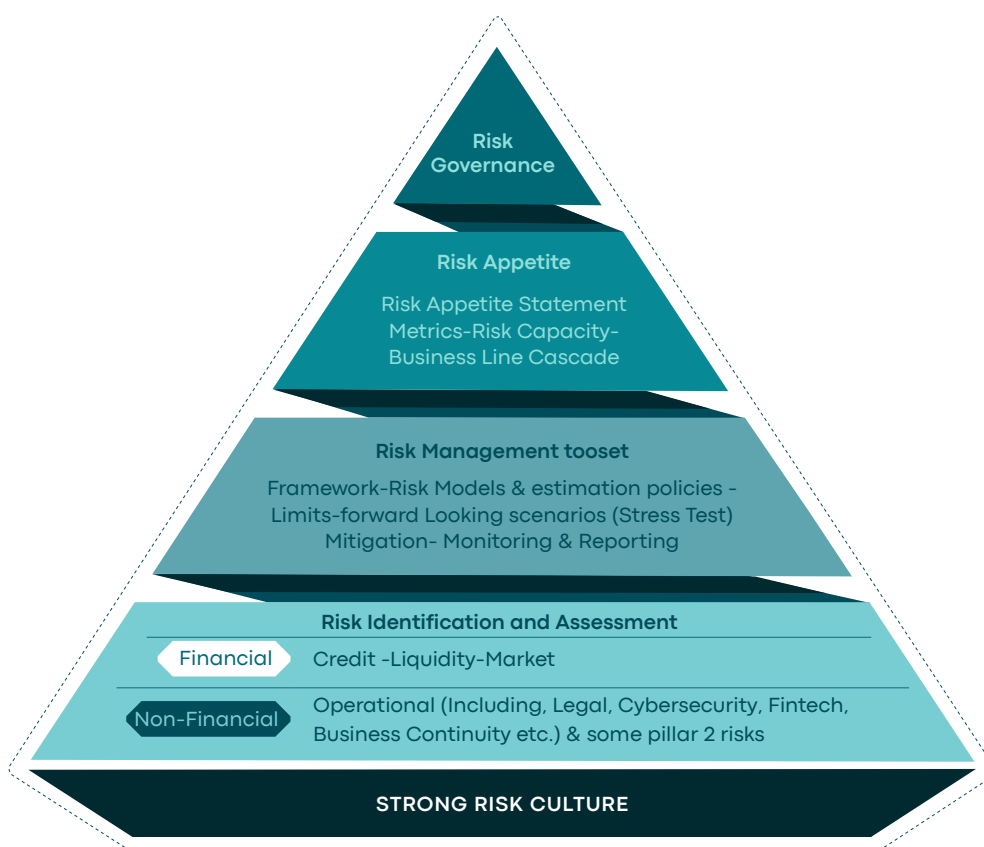
**Brand Franchise protection:** Processes in line with Bank's Risk Appetite and policy principles with a customer centric business and Risk decision-making.

**Controls:** A robust control environment to protect the stakeholders.

## Risk Governance

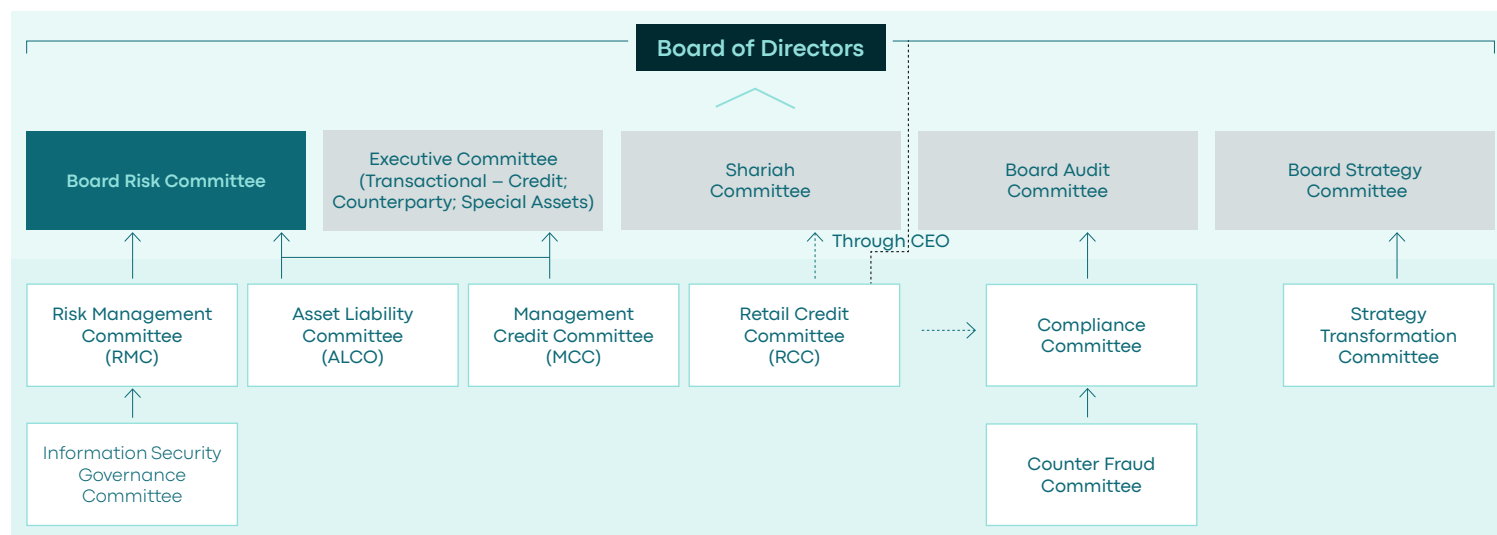
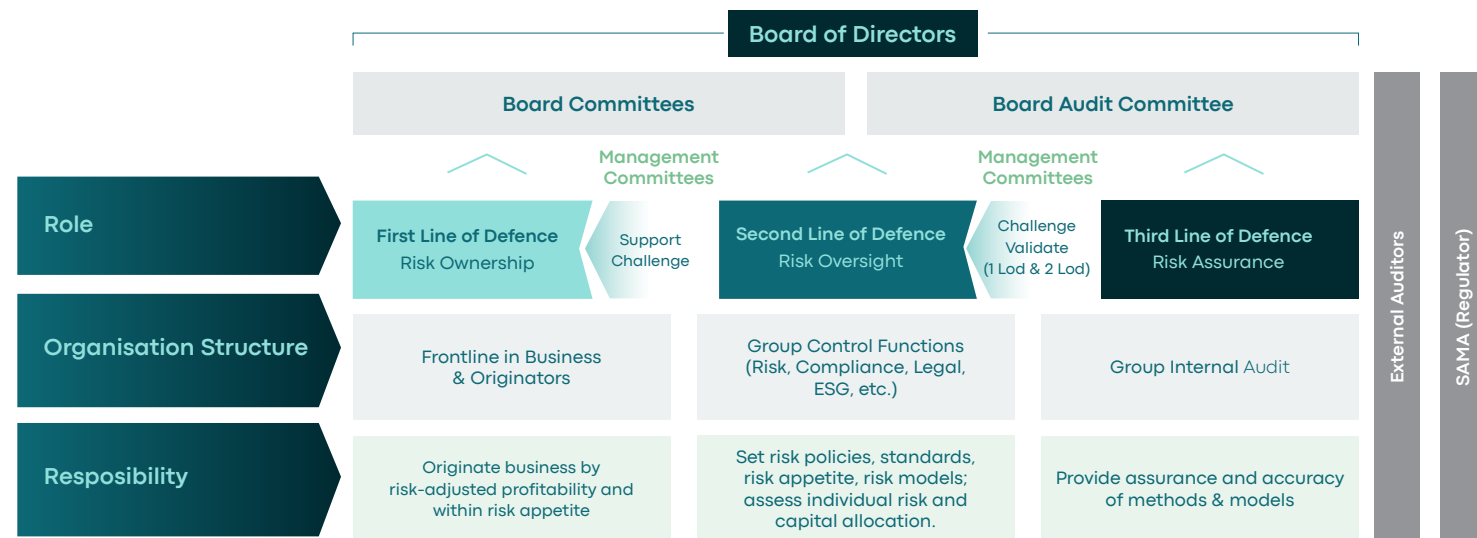
Effective risk management begins with effective risk governance. The Bank has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced executive management team. Its Risk Management framework is predicated on the 3 Lines of Defense model:

- The First Line of Defense (Business lines and functions) incur and owns the risks, ensure that risks generated are identified, assessed, managed with the Risk Appetite and Product policies, in compliance with relevant limits.
- The Second Line of Defense (Risk Management, Compliance and Legal) to establish Risk Appetite, limits, measurement models, frameworks, policies, and assurance practice in accordance with the Risk Management principles, best practices and Regulatory requirements.
- The Third Line of Defense (Audit) provides enterprise-wide independent, objective assurance over the design and operation of the Bank's internal control, risk management and governance processes.



A strong Risk Culture and awareness aligns all employees to be risk owners, accountable for owning and managing reputational and operational risks. The comprehensive Board and Management Committee structure that governs the risk landscape is presented in the infographic below:

## Risk Governance Structure



In this context, the Board and its Committees have ultimate responsibility for the Bank's business, strategy and financial soundness, as well as its management and compliance obligations.

The Risk Committee of the Board of Directors is responsible for advising the Board on the Bank's overall current and emerging risks; appropriateness of appetite & thresholds including adherence to the same; overseeing senior management's implementation of the Risk Management Framework; reporting on the state of risk culture; and overseeing the adequate functioning of the risk management function.

A consistent functional comprehensive Risk Taxonomy has been developed, with a Risk Management Committee integrating the Non-Financial Risks in its fold. Considering the functional charters of the Board Committees a matrix of reporting has been created from the Management Committees, reporting into the Board Committees. This Governance streamlining ensures a seamless comprehensive oversight of all key risks /contingencies facing the Bank by Executive Management and the Board Committees, without being constrained by the Board Committees' structure & charters, in line with global best practices.

## **(40) Information on any risks facing the Bank (operational, financing, or market related) and the policy of managing and monitoring these risks:**

### **A. Risk Appetite, Capital Planning and Regulations:**

The Risk Appetite Statement is reviewed and renewed by the Board of Directors annually, or on significant changes to business strategy. It encapsulates the quantum and type of risks that the Bank is willing to accept within its risk capacity to achieve its Strategic Risk Objectives and Business Plan. Its objective is to provide the Bank's management and business lines with guidance regarding the risk profile that the Bank targets and is prepared to accept. The Risk Appetite articulates the Bank's tolerance for risk across a wide range of parameters, which include solvency and capital adequacy, liquidity and funding, credit quality and provisioning, credit concentration, market risk, operational risk, people risk and the investment portfolio. The limits have been established considering adequate buffers vis-à-vis regulatory thresholds, where applicable.

The Bank further revised its Risk Appetite Framework for 2024 adopting to business/ efficiency driven changes planned for 2024. In the process, its coverage of Risk Appetite and business line cascades for Corporate and Retail were calibrated (e.g. changes in Credit RWA to accommodate Budgeted growth, reduction in NPL and changes in Operational and People thresholds). The focus is on meaningful representation

of change in regulatory requirements, business growth and Risk Capacity into the decision-making process.

The Risk Management Group monitors adherence to the approved Risk Appetite Statement. Deviations, if any, from the acceptable tolerance bands are escalated for further action by Senior Management, with corrective actions initiated. At quarterly intervals, the Executive Committee of the Board and the Board Risk Committee review the actual position of the risk indicators vis-à-vis the laid down parameters.

The Risk Appetite Framework is closely integrated with and actively used for Capital Planning, Stress Testing and will ensure compliance with the new Recovery Plan of BSF, where the Solvency and Liquidity Metrics are actively used to estimate the impact of Event Risks and decide on the effectiveness of various Mitigating Actions.

**Capital Planning:** The Bank showed a degree of sophistication in various aspects of its Balance sheet evolution for its ICAAP and Annual/Semi-Annual Stress Testing scenarios incorporating a Medium-Term Capital and Profitability Plan Business Growth strategy, asset quality and concentration, Funding pattern and non-financial risks with Mitigating Actions. It comprehensively covers Pillar 2 Risks, Basel 3 enhancements and gives the Bank preparedness to plan its strategy and franchise under any market conditions. It was favorably reviewed by SAMA.

### **ESG Initiatives:**

BSF has a committed approach to enabling Saudi Arabia's long-term transition to a Sustainable economy. While still in an early stage, BSF has taken a lead in setting up an ESG group as a focal point for the implementation of ESG based Strategies, with a Board and Management level Governance structure. These activities have been appreciated by leading ESG rating agencies, including the highest S&P Global ESG rating among Saudi banks.

### **B. Credit Risk Management:**

The Bank's credit portfolio is managed in accordance with the enhanced Credit Policy and Risk Appetite, which together provide the qualitative and quantitative guidelines, with particular emphasis on avoiding undue concentrations or aggregations of risk.

The Bank's Credit Policy (Wholesale and Retail) comprehensively incorporates industry good practices, regulatory guidelines (e.g. Large Exposures, Related Party and Management of Problem Loans) and business stakeholder expectations. The Risk Rating Standards further enhances guidance on aspects related to Risk Rating and overrides a critical element of the lifecycle management of credit processes.

The credit granting and approval process is performed through credit committees with different levels of credit approval delegation, and the Credit Risk Department being entrusted with the responsibility of providing independent risk opinions on the credit requests emanating from the business lines.

The decision making in the credit committees of the Bank is aided by internal credit rating models developed and maintained for different segments of the banking book and subject to re-validation at periodical intervals.

**Key priorities for Credit Risk include:**

- Enabling resilient portfolio growth while managing concentration
- Early identification and pro-active exposure management of Problem accounts to reduce Non-Performing Assets in future and ensuring a strong Provision Coverage
- Drive process efficiencies through Corporate Credit Transformation (CCT) initiatives (including knowledge sharing, intensive portfolio and sector reviews, contract monitoring) and reducing Turnaround Time (TAT) for Corporate and Retail.
- Use the recently enhanced Early Warning Signal (EWS) system for pro-active Credit review and monitoring.

## C. Market Risk Management:

Market risk is the risk that the fair value will fluctuate due to changes in market variables such as interest rates, FX rates and equity prices. BSF classifies market risk exposures into trading, non-trading or banking book. Market risk within the trading and banking book is managed and monitored using various indicators such as VAR, stress testing and sensitivity analyses, on a daily basis. It also performs daily stress testing in order to estimate the potential economic loss based on a defined set of significant changes in market conditions

(i.e. extreme adverse market movements). The Bank applies on a daily basis a VAR methodology based on historical rates evolution observed in the market. The Bank has clearly defined policies and procedures related to market risk activities, as well as a comprehensive set of market risk limits (together with loss alerts) for the trading book which are reviewed at least annually, and independently monitored by the dedicated Market Risk department.

The valuation curves framework has been deeply revisited with the introduction of several new curves for pricing Derivatives, in addition to the new Risk-Free Rates (RFR) curves to meet the best international market standard practices. In addition, a quantitative upscale occurred this year across various processes such as hedge effectiveness testing, resulting in reinforcing the controls and enhancing the overall reliability and quality of the deliveries.

## D. Operational Risk Management:

The Operational Risk Management in the Bank is positioned to function as a second line of defense within an established Operational Risk Framework and a set of standardized Operational Risk Procedures. Operational Risk Management's philosophy is focused on enhancing the risk culture across the Bank in alignment with the Bank's Risk Appetite, Risk Capacity and Strategic plans. Operational Risk Management engages closely with business lines, support units and other control functions to ensure a comprehensive and continuous alignment with the Operational Risk Framework through the continuous risk and control assessments that are

carried out throughout the year. Risk champions are identified and appointed within each functional domain to ensure implementation of prescribed operational risk practices.

Operational Risk Management's scope is primarily composed of, Risk-Control-Self-Assessments (RCSA), Key Risk Indicators (KRIs), Operational and Technology Incidents Risk Management, Regulatory and Management reporting, stress testing, ICAAP related calculations & reporting for Operational Risk, Insurance Risk Management, Loss Data Management, New Products & Services Risk Management, and Policies/procedures reviews.

All critical Operational Risk activities are carried out by Operational Risk Management teams, working in collaboration with designated risk champions, representing their specific functional domains.

Loss & Incident Management covers all reported incidents including technology risk related as well. A comprehensive framework is in place to ensure capturing of all critical incidents including near-misses. A detailed Root Cause Analysis ensures identification of major operational gaps/risks and implementation of action plans to prevent recurring of such incidents. Operational losses are duly identified, recorded and reported as per regulatory requirements.

Operational Risk Management is an integral part of New Products & Services (NPS) working group. Operational Risk Management participates as a member of the risk assessment team. Operational Risk Management also assesses technology risk, as well as insurance risk and outsourcing risk from an operational risk perspective

and provides advice on proposed process/system changes as well. Operational Risk is a member of the Document Review Working Group. A Comprehensive Risk Profiling framework (Risk Register, RCSA, KRIs) is managed, monitored and reported by Operational Risk Management.

A broader scope of Risk Management takes into consideration financial risks, operational risks, and strategic risks via prompting an enhanced risk culture across the Bank where all members share the responsibility of identifying risks and actively participating in the risk management process.

## E. Business Continuity Management:

- Business Continuity Management (BCM) aims to implement a robust arrangement for BSF operations resilience with effective response procedures, and provides the baseline for resiliency practices including Incident, crisis and communication plan management, in cooperation of BCM stakeholders and designated team.
- BCM Program is sponsored by the Board and managed through one of the Management committees, which is the Risk Management Committee, that meets on a quarterly basis to direct, monitor and ensure BCM lifecycle implementation. In 2024 Business Continuity division has enhanced and leveraged the organization capability with regard of ensuring continuous services in case of major incidents or crisis that disrupting Banque Saudi Fransi (BSF) normal operations.



- Several projects have been implemented supporting the organization's resiliency and in coordination with stakeholders such as BSF Core Banking System and the relevant successful DR tests conducted, as well as testing of the organization business recovery sites, Information Security attacks scenarios, Remote Access (for resources mobility continence) adopting the new organizational re-structuring and branding, premises Safety & Security and Power infrastructure maintenance and much more. BCM covered wide aspect of enhancing operation stability that was ensured through a range of internal and external Auditing, Assessment and reviews which resulted in strong standing and rewarded with a 3rd year of BSF ISO22301 Certification. BCM continued its journey by implementing and conducted Bank-wide Awareness and Training campaign for all related staff, team and designated coordinators. In 2024, BCM successfully conducted and completed several milestones such as

- Conducting a comprehensive Risk Assessments (RA) and Business Impact Analysis (BIA) to identify critical business processes change, assess potential risk and establish effective mitigation strategies. also identified critical 3rd party vendors;
- Improve internal communication procedures to enhance internal/ external communication and notification during major incidents, as well as ensuring uninterrupted communication service delivery to clients/customers during disruptions.

- BCM was able also to Implement Key Performance Indicators (KPIs) to continuously assess and evaluate BCM embedment in BSF and leverage BSF-BCM toward SAMA maturity levels.

## F. International Financial Reporting Standards (IFRS):

Since January 2018, the Bank adopted International Financial Reporting Standard 9 (IFRS 9), a forward-looking expected credit loss (ECL) approach for Credit Provisioning. Since the Provisions based on the ECL are associated with the probability of default and loss given default, over the next 12 months and if there has been a significant increase in credit risk since origination.

The Bank's input processes are automated and policies are well established. The Corporate models have been re-developed in 2024 to keep them fit-for-purpose, thus ensuring precision in IFRS 9 ECL estimates and SAMA's requirements. This includes a close review of Staging Effectiveness and calibration. Retail IFRS9 models which were developed in 2022 and 2023 are reviewed on an annual basis to check their appropriateness.

It may be mentioned that a close review by Credit Risk Division (with assistance of Risk Strategy) has resulted in rationalization of credit quality and improvement in portfolio resilience, which is reflected in a gradual improvement in Cost of Risk. This also allows a more precise Capital Planning and Stress Testing, with a positive impact on decision making.

## G. Corporate Information Security Division:

In its continuous pursuit for excellence, BSF Board of Directors recognize Cybersecurity as strategic enabler to accomplish corporate mission and achieve business goals, and hence, treat Cybersecurity as high priority. BSF and its Board of Directors are firmly committed to maintain high standards of Cybersecurity over its assets and information. The Vision of Cybersecurity is "Protect BSF data and reputation by providing a secure and resilient digital banking environment and security posture which is in compliance with local and international cybersecurity standards and regulations".

The Cybersecurity function at BSF in its steadfast endeavor to transcend the threat of everchanging threat landscapes and risk of emerging technologies has adopted several cybersecurity controls. Multiple cybersecurity initiatives are adopted during the year to strengthen cybersecurity capabilities for enhancing endpoint security, enhancing privileged access management for systems administration and to influence and drive secure behaviors and culture within the organization.

The organization is committed to safeguarding customers information and so implements rigorous data security standards. BSF is also certified on the latest version of Payment card industry: Data Security Standard V4.0 and ISO 27001:2022.

The cybersecurity function at BSF with its adoption of executive mandates for cybersecurity, strong governance structure, security strategy, security processes,

compliance to national and international cybersecurity regulations, standards and framework, ensuring robust cybersecurity and privacy measures is supplementing BSF efforts in meeting their environmental, social, and governance (ESG) targets.

The components of Cybersecurity include the following:

- **Cybersecurity Leadership:** Cybersecurity in BSF is an independent entity under Risk Management Group and managed by Senior Level Executive – Chief Information Security Officer (CISO) who is responsible for establishing and maintaining the enterprise vision, strategy, and program on cybersecurity. The BSF Cybersecurity Governance Committee consisting of Group Heads from all relevant Groups who support the overall cybersecurity governance in BSF. Cybersecurity inputs are also provided to Management & Board committees.
- **BSF Cybersecurity Strategy:** Cybersecurity Strategy is being refreshed for 3 years which is in aligned with the Bank's strategic objectives, business requirements, future state aspirations, emerging technologies and also encompasses the requirements of regulations.
- **Policy, procedure, baseline and standards:** BSF Corporate Information Security continuously strives to maintain the highest standards in cybersecurity and hence have established, approved and implemented Cybersecurity policies, procedures, baselines and standards to ensure alignment with industry best practices and national and international security standards and regulation.

- **Cybersecurity Governance Function:** BSF Corporate Information Security Division is staffed with resources to fulfill the required cybersecurity responsibilities. Ensuring that detailed security standards and procedures are established, delivering risk-based cybersecurity solutions that address people, process and technology and cybersecurity solutions in a business context.
- **Security Awareness program for staff, customers & Third Parties:** BSF Corporate Information Security Division adopts multi-channel approach for awareness dispersion. The program encompasses and explains proper rules of behavior for the safe and secure use of information and systems for staff customers & third parties. Periodic phishing exercise, other awareness drills, and targeted training are carried out to influence and drive secure behaviors and culture within the organization
- **Risk Management Framework:** BSF Corporate Information Security Division adopts a risk-based approach to manage Cybersecurity risk to detect, analyze, evaluate, communicate and mitigate cybersecurity risk.
- **Continuous Compliance Program:** BSF Corporate information Security Division maintains a continuous compliance status against Payment Card Industry Data Security Standard (PCI DSS) certification – the rigorous data security standards that BSF applies in protecting customers' information and thereby enhancing customer confidence. Corporate Information Security has also robust methodologies to ensure compliance with mandates of SAMA

Cybersecurity Framework, SAMA Counter Fraud Framework, SAMA Cyber Threat Intelligence Principles, mandates from National Cybersecurity Authority and compliance to SWIFT Customer Security Framework.

- **24/7 Cybersecurity Monitoring:** BSF Corporate Information Security is maintaining a Security Operations Center (SOC) where security-related data from enterprise information systems is monitored, assessed and actioned. The security operations center (SOC) is responsible for monitoring and analyzing the security posture of banks critical assets on a 24/7 basis.
- **Cyber & Digital Crime:** Dedicated function is established under cybersecurity to support the Anti-Fraud function of BSF and is staffed with skilled and trained staff and supported with technologies including the implementation of user behavioral solution with prevention and detective scenarios in place.
- **Digital forensic and incident response:** BSF Corporate Information Security has a matured security incident management process for managing security incident and conducting drills for Incident Management. Procedure to challenge existing controls with real life attacks in order to measure their resilience and effectiveness are performed.
- **The Information Security Committee:** BSF Corporate Information Security is a member in Banking Committee on Information Security (BCIS), this committee is managed by SAMA for exchanging information, risk, alert and expertise in information security across banks and with SAMA.

## H. Data Privacy Office:

A Data Privacy Office under the stewardship of CRO has been established to comply with Personal Data Protection Law (PDPL), issued by the Saudi Data and Artificial Intelligence Authority (SDAIA), the Compliance deadline was September 14, 2024. With significant efforts in the direction, the operationalized PDPL program is mostly compliant. DPO has engaged with all contract owners to assess/identify agreements involving personal data processing. The focus areas include:

- A. Consent Management:** Focus is on Direct marketing and processing of sensitive (Health) and credit data; a single version of marketing consent for Retail/Marketing. Omni channel has a front end for managing this as a strategic solution.
- B. Data Breach Notification:** The Standard Operational Procedure documents in place for management across BSF, with CISD coordination.
- C. Third Party Risk Management:** Remediation initiated for existing Business and Procurement contracts with vendors (involving client data sharing) for negotiation and legal addendum.
- D. Data Subject Access Requests** are being rolled out across the Bank to facilitate client requests. SAMA's Data maintenance and deletion requests are being worked out.

To facilitate PDPL compliance systems have been installed and two phases successfully implemented by the Bank.

## I. Real Estate Finance Risk:

The Bank's total outstanding residential real estate finance portfolio as of 31 December 2024 was **ﷲ 17,964 Million**. The Bank has developed adequate policies and procedures to ensure that the appropriate insurance coverage is in place to hedge against potential financial losses associated with residential real estate portfolio. However, risk elements which are not part of the insurance coverage are dealt with according to the Bank's internal risk management framework.

Following are the different types of insurance covers that the Bank has utilized to hedge various risks associated with its residential real estate finance portfolio.

- (i) Life Insurance:** The life insurance provides financial protection in the event of death resulting from natural or accidental events or specified cause as per the insurance policy in order to recover the outstanding finance amount from insurance company.
- (ii) Disability Insurance:** The disability insurance provides financial protection to recover the outstanding financing amount in the event that the policyholder becomes fully and permanently disabled and is unable to work or engage in an income earning activity.
- (iii) Property Insurance:** Property insurance provides coverage for physical damage or loss to the property caused by events such as fire, flood, or natural disasters etc. This is aimed to mitigate the financial impact of property damage, allowing the Bank to recover the costs due to unexpected/unforeseen events.

## (41) Results of the annual review of the effectiveness of the internal control procedures of the Bank and the opinion of the Audit Committee with respect to the adequacy of Bank's internal control system:

### A. Internal Control Framework (ICF):

Considering the importance of the internal controls environment, the Board of Directors has taken the responsibility for ensuring that BSF essential policies are designed to provide effective internal controls to manage risks within the defined risk appetite. Accordingly, the Board has adopted an integrated framework for internal controls to provide a reasonable assurance on the effectiveness and efficiency of controls within the Bank.

The Bank has an Internal Control Policy, intended to strengthen the governance of Internal Control processes and operations in accordance with systems and controls framework set-out in the Bank's Corporate Governance Framework, approved by the Board of Directors and guidelines on Internal Controls, issued by the Saudi Central Bank (SAMA).

This policy sets out key internal control objectives and principles for BSF as well as duties of the Board, the Board's Audit Committee, the Board Risk Committee, Executive Management and related management committees and control functions; Risk Management, Compliance, Internal Audit and other functions of BSF.

The policy also sets the role of the External Auditors within the parameters of BSF control framework.

The Board and its Committees are independent from the Executive Management, and are responsible for providing oversight for the development and performance of internal controls. The Board approves and oversees the implementation of the Bank's overall risk strategy including risk appetite, risk tolerance and policies relating to risk management, compliance, compensation, code of conduct, related party transactions and corporate governance.

The Executive Management at BSF is responsible for the implementation and effectiveness of the internal control environment, in line with the directives of the Saudi Central Bank (SAMA), other regulatory bodies and as specified in the internal control framework approved by the Board of Directors. The Internal Control Framework (ICF) is based on the model of 'Three Lines of Defense' in the Management and Control of risks. Business units are accountable and fully responsible for managing risks in their respective areas of activity as the first line of defense while other control functions i.e. Risk Management Group, Compliance Group, Legal and Governance Group, Human Resources Group and Finance Group play the role of the second line of defense.

Internal Audit (the third line of defense) provides a reasonable assurance, based on the highest level of independence and objectivity, on the effectiveness of governance, risk management and internal controls. Moreover, the Board of Directors, through the Audit Committee are provided

with periodic reports that clarify the level of effectiveness of the internal control environment.

### B. Internal Audit Group (IAG):

The responsibilities of the 'Internal Audit Group' are established and defined by the Audit Committee, whose role is based on adding value to improve the Bank's operations and providing independent and objective assurance to Executive Management and the Board of Directors through the Audit Committee. In addition, IAG provides advisory services to all Banking functions and has adopted a Quality Assurance & Improvement Program (QAIP) that monitors and enhances all activities within the Internal Audit Group.

To ensure Internal Audit's independence, the Group Chief Audit Executive is nominated by the Audit Committee and assigned by the Board of Directors to manage the Internal Audit Group, reporting functionally to the Audit Committee, and administratively to the Chief Executive Officer (CEO). The Internal Audit Group has full and unrestricted access to all the Bank's systems, records, physical assets and to employees. Internal Audit is subject to strict responsibility for the protection and confidentiality of records and information.

### C. Compliance Group (CPG):

At BSF, our Compliance Group is integral to uphold the highest standards of ethical conduct and regulatory adherence, and it strives significantly to align the Group's efforts with both the Bank's vision and the objectives of the Kingdom's Vision 2030, ensuring that compliance remains a focal point at every organizational level.

Our approach to compliance is proactive and strategic, enhancing transparency, strengthening risk management, and fostering a culture of compliance across the Bank. We are dedicated in protecting BSF's reputation by ensuring full alignment with both local and international standards.

As a vital Second Line of Defense (LoD), the Compliance Group proactively supports the Bank's strategic mission by embedding comprehensive compliance standards rigorously across all operational and business activities. By leveraging advanced technology and robust tools, CPG ensures that compliance practices are not only effective but also resilient and responsive to the dynamic regulatory environment. Our team's expertise and commitment enable us to adapt swiftly to regulatory changes, fostering a culture that emphasizes ethical behavior, professional standards, and accountability at every level of the Bank.

The Compliance Group is committed to maintaining an effective and efficient internal control framework, that emphasizes, accuracy, and transparency. By addressing and mitigating risks related to financial crimes and fraud, CPG strengthens the Bank's resilience against regulatory challenges and upholds the highest standards of ethical banking. This includes safeguarding the integrity of financial transactions, reinforcing sound governance, and meeting the rigorous requirements of both the Saudi Central Bank (SAMA) and global entities like the Financial Action Task Force (FATF). Our unwavering focus on regulatory alignment and proactive risk management affirms BSF's commitment to protecting its reputation and fostering trust among its stakeholders.

## Anti-Money Laundering and Counter-Terrorist Financing (AML & CTF) and Suspicious Transactions:

BSF is steadfast in its commitment to combatting money laundering and terrorist financing, placing a high priority on robust AML and CTF frameworks that comply with both local and international mandates. Our AML and CTF policies are founded on globally accepted best practices, encompassing protocols such as Know Your Customer (KYC), customer due diligence, transaction monitoring, sanctions screening, comprehensive employee training, and ongoing awareness programs. These measures equip our team with the skills and resources needed to identify, prevent, and address suspicious activities, thereby safeguarding the Bank and its clients from potential financial threats.

Our initiatives in AML and CTF go beyond regulatory compliance, aiming to foster a secure and transparent banking environment that contributes to the integrity of the Kingdom's financial system. By continuously monitoring and refining our compliance processes, BSF ensures adherence to the directives of the Saudi Central Bank, FATF recommendations, and other international regulatory bodies. These proactive measures underscore our dedication to maintaining a clean financial ecosystem and positioning the Bank as a responsible leader in the fight against financial crimes.

The Compliance Group within BSF exemplifies the Bank's commitment to fostering a culture of transparency, accountability, and ethical conduct. By implementing a comprehensive suite of policies, procedures, tools, and controls. We not only meet but exceed the expectations of regulatory compliance, ensuring that BSF remains at the forefront of industry standards. This proactive approach to compliance reinforces our dedication to sound governance, elevating our role as a leader in compliance and risk management excellence within the Kingdom.

## D. Risk Management Group (RMG):

The key function of the Risk Management Group is to manage financial and non-financial risk and to effectively oversee internal control at the Bank level, thus contributing to the Bank's strategic directions, which includes identifying, reducing, controlling and reporting all types of risks.

In this regard, the Risk Management Group works closely with all the Bank's internal stakeholders to ensure an appropriate control system that operates effectively and continuously. The Bank uses sound internal controls to manage range of operational and financial risk from both external forces and its own activities. Based on the nature of the continuous development of banking services, the Risk Management Group continuously seeks to close gaps, address risks and strengthen the internal control systems.

## E. Results of reviewing the effectiveness of internal controls:

The Audit Committee's mandate includes oversight responsibilities relating to the system of internal controls of the Bank, which includes examining interim and annual financial statements and recommending them for the Board approval, in addition, the committee performs other roles related to the activities of internal audit and compliance which fall within the committee scope as per the approved charter.

The Audit Committee reviews, on quarterly basis, reports related to the Bank's internal control, issued by the Internal Audit and Compliance Groups.

Based on the aforementioned, the current control environment and the annual reviews on the efficiency and effectiveness of control tools, the Audit Committee believes that the controls and procedures that constitute the current Internal Control Framework are '**sufficient**'. The Internal Control Framework is continuously monitored and updated in order to manage any changes or developments that may affect the control environment.

## (42) Principles applied by the Bank in the area of corporate governance:

The Bank-in general-complies with all regulations and instructions issued by regulatory authorities on governance, such as the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank, the Corporate Governance Regulations issued by the Capital Markets Authority, and the Companies Law issued by the Ministry of Commerce. The Bank affirms that it continues to update the Articles of Association of the Bank, the regulations of the Board and its committees, and the Governance Framework, as well as its policies and procedures in accordance with these regulations and any updates or instructions issued in accordance with the highest professional standard and best practices to keep abreast of any developments and to ensure the implementation of effective governance in all the Bank's businesses

BSF has been awarded the Corporate Governance Index Excellence Award designed for listed companies on the Saudi Stock Exchange from the Corporate Governance Center at Alfaisal University, this award which is for the fifth time in a row came as a result of the Bank's efforts to apply local and international best practices of good governance. In alignment with the Bank dedication to Environmental, Social,



and Governance (ESG) principles and, as part of our commitment, BSF continues to disclose ESG reports, which highlights our achievements to assure our shareholders and stakeholders our commitment to this journey.

### (43) Ethical principles and professional foundations of BSF:

The Principles of Conduct and Business Ethics document of BSF has been aligned to comply with SAMA's Instructions related to the principles of conduct and business ethics in financial institutions that aim to enhance job discipline, integrity, transparency, objectivity, efficiency, loyalty and effectiveness in the behavior of financial institutions employees.

The principles that govern the work process, which employees representing the Bank, whether directly or indirectly, must adhere to, includes but not limited to the following:

#### First: Code of Conduct and Professional Ethics:

- Commitment to the official working hours, integrity, good manners in personal dealings.
- Combatting financial and administrative corruption crimes and the employees' duties to accomplish that.

- Dealing with conflict of interest such as giving and receiving gifts, working for others and personal investment.
- Maintaining Confidentiality and Mechanisms for Disclosure of Information.
- Reporting Actual or Potential Violations.
- Safe and Contraband-Free Workplace.
- Fair dealings.
- Protection of Bank Assets.
- Validity of Financial Records and Reports.
- Compliance with Laws, Regulations, Directives and Internal Policies within BSF.
- Commitment to perform the daily tasks and missions.
- Not to deal with any unaccredited third party for marketing or bring in clients or handing over documents related to transfers or opening customer accounts.
- Not managing clients' accounts on their behalf without obtaining the prior written approval of the Business Line and the Human Resources Group in the Bank.
- The employee is not allowed to open a commercial account with the Bank.
- The employee's not carrying out his own banking operations.
- The employee undertakes to abide by the instructions and laws of cyber security and to work with the internal cyber security policies.

#### Second: Acceptable Use Policies of Computer, E-mail and Internet Services:

Includes an extract of the cyber security acceptable use policy where all BSF users are responsible for complying with the cyber security policies, standards and procedures, including the acceptable use policy, unacceptable uses, and control and monitoring standards.

It is the responsibility of the directors of the concerned departments or the director of the Information Security Department, in consultation with the Human Resources Group and the Regulatory Control Service, to assess non-compliance with these policies. Violations of these policies will be thoroughly examined and action will be taken based on the degree and seriousness of the violation.

#### Third: Consequences of failure to adhere to the principles of conduct and work ethics:

It is the responsibility of the Board of Director to ensure the implementation of its Code of Conduct and Professional Ethics and to monitor and control any violations thereof. If BSF associates do not adhere to these principles, the necessary measures will be taken and penalties shall be imposed in accordance with the internal work regulations and penalties of BSF and in line with SAMA guidelines.

### (44) Details of the Bank's social contributions:

BSF is a viable player in the Saudi society, where our commitment to operating with integrity and providing innovative ideas are central elements to our culture and are reflected across our businesses. We are a key enabler in creating good jobs, supporting local communities and, ultimately, securing the future of individuals and families across the Kingdom.

BSF thrives to expand the role of corporate social responsibility to maintain a sustainability mindset. By achieving these strategic goals, we believe we have created the necessary foundations to advance BSF's sustainability agenda and position the Bank to effectively support the objectives of Vision 2030, as well as the United Nations Sustainable Development Goals. This stance is reinforced by the Bank's commitment to advance the development of environmental, social, and governance projects, and to contribute in supporting social and charitable activities and programs.

During 2024, the Bank has conducted several CSR initiatives involving raising awareness about the country's national donation platform "Ehsan" as well as international fund raising for the King Salman Humanitarian Aid and Relief Center via the platform "Sahem".



We have also offered discounts and rates for our special needs customers called Purple Saturday. Offer was from 29 July to August 31st. As well as other CSR related activities.

### BSF participation in 2024:

| Program name                                                                                     |
|--------------------------------------------------------------------------------------------------|
| The Saudi National Platform for Charitable Work "Ehsan".,                                        |
| Universities Student visits to the Bank in collaboration with Al Nahda non-profit organization   |
| Sponsorship of educational labs for Madac non-profitable academy (ongoing)                       |
| Fund raising for the King Salman Humanitarian Aid and Relief Center via the platform "Sahem"     |
| Purple Saturday Initiative (offering special discount on products for people with disabilities)  |
| Partnership with Udacity to provide free scholarships                                            |
| Sponsorship of running race charity                                                              |
| Sponsorship of Eid Aladhaa celebration for cancer children in cooperation with Sanad Association |
| Sponsorship of Dhoyoof Alrahman safety program with Ministry of Defense                          |

## Government related initiatives:

### The Ministry of Hajj and Umrah

- BSF has participated in Hajj and Umrah Services Forum under the patronage of the Custodian of the Two holy mosques and the sponsorship of the Ministry of Hajj and Umrah. This forum is aiming to scale up the services of Hajj and Umrah through connecting beneficiaries and services providers working in the sector to support the strategic objectives of Pilgrims Experience Program, one of KSA's Vision 2030 programs.

### Social Development Bank (SDB)

- BSF has participated in sponsoring the International Development finance conference which is a global platform hosted by SDB and aims to enhance the social finance contributions to achieve the sustainable development goals. Sponsoring this forum is also supporting the kingdom's plan to be one of the leading countries in supporting the international sustainable development goals.

### Ministry of Municipalities and Housing (MOMH)

- BSF has participated in sponsoring the Future of Real Estate Forum 2024 initiated by MOMH. The forum is one of the major global forums to connect the international experts in the real estate and housing sector.

- BSF has participated in City Scape Event under the sponsorship of MOMH. This event is one of the main global events to promote the real estate projects in the regions and support the strategic objectives of the housing program which is one of KSA's Vision 2030 programs.

### King Salman Humanitarian Aid and Relief Center

As part of BSF strategic relation with KSRelief, BSF has participated in KSRelief initiatives through sponsorship of:

- Parents Insurance Program 2024
- International Forum for Conjoined Twins 2024
- Walaa program 2024.

### Royal Commission of Al-Ula

- BSF has participated in sponsoring Al-Ula Football Club as one of the initiatives to support Royal Commission of Al-Ula "RCU" strategic objective to position the city as one of the leading destinations in the tourism and sports sector which comes in line with the strategic objectives of KSA's Vision 2030.

### The Equestrian Club in AlAhssa

- BSF has participated in sponsoring the Equestrian club of AlAhssa which comes in line with the strategic objective to position the city as one of the leading destinations in the tourism and sports sector.

### Um Al-Qura University "UQ"

- As a part of the strategic relation between BSF and Um Al-Qura University. The Bank participated in UQ activities by sponsoring activities such as the graduation and Entrepreneurial Projects Ceremony for the year of 2023/2024 and launching of the Professional Supervision Training Program.

## (45) Communication with shareholders:

In accordance with the instructions issued by the regulatory and supervisory authorities, the Bank is keen to ensure that shareholders fully exercise their rights and urges them to actively participate and submit their inquiries during the General Assembly meetings. A telephone number and e-mail are also posted on the Bank's home page to receive inquiries from shareholders. The Bank also publishes any significant developments of the Bank through the Tadawul website, in accordance with the instructions issued in this regard. The Bank's representatives continuously participate in meetings and conferences with investors and shareholders.

### (46) Number of company's requests of shareholders records, including dates and reasons:

|    | Share Book Date | Request Reasons      |
|----|-----------------|----------------------|
| 1  | 05.02.2024      | Other                |
| 2  | 06.02.2024      | Other                |
| 3  | 15.02.2024      | Other                |
| 4  | 31.03.2024      | Companies Procedures |
| 5  | 30.04.2024      | Other                |
| 6  | 22.05.2024      | General Assembly     |
| 7  | 26.05.2024      | Dividends file       |
| 8  | 30.05.2024      | Other                |
| 9  | 30.06.2024      | Companies Procedures |
| 10 | 31.07.2024      | Other                |
| 11 | 01.08.2024      | Other                |
| 12 | 11.08.2024      | Other                |
| 13 | 25.08.2024      | Other                |
| 14 | 30.09.2024      | Companies Procedures |
| 15 | 01.11.2024      | Other                |
| 16 | 04.12.2024      | Other                |
| 17 | 05.12.2024      | Other                |
| 18 | 23.12.2024      | General Assembly     |
| 19 | 31.12.2024      | Companies Procedures |

In conclusion, the Board of Directors of BSF expresses its sincere thanks and appreciation to the Custodian of the Two Holy Mosques, His Highness the Crown Prince and to our rational government. We extend our thanking to the Ministry of Finance, the Ministry of Commerce, the Saudi Central Bank and the Capital Market Authority for their continuous help and support towards raising the level of banking services. We also thank our valued shareholders and customers of the Bank for their trust, which is respected and appreciated. The Board of Directors also thanks all employees of the Bank for their sincere efforts.

# Financial Statements

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BSF's financial statements reflect our disciplined approach to performance, risk management, and long-term value creation.

Prepared in accordance with international accounting standards and regulatory requirements, these statements provide a transparent and comprehensive view of our financial health, operational resilience, and strategic execution. They serve as a testament to our commitment to sound financial stewardship and shareholder confidence.



# Independent Auditors' Report

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Building a better  
working world

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

Head Office  
Al Faisaliah Office Tower, 14th Floor  
King Fahad Road, P.O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia

C.R. No. 1010383821  
Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730  
ey.ksa@sa.ey.com  
ey.com

## To the Shareholders of Banque Saudi Fransi (A Saudi Joint Stock Company)

## Report on the audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Banque Saudi Fransi (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive

income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### Basis for opinion

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

### Other matter

The consolidated financial statements for the year ended 31 December 2023 were audited by other joint auditors who expressed an unmodified opinion on those statements on 13 February 2024 (corresponding to 3 Sha'ban 1445H).

### 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 auditors' opinion thereon, and we do not provide a separate opinion on these matters.

# Deloitte.

## Deloitte and Touche & Co. Chartered Accountants

Metro Boulevard – Al-Aqiq  
King Abdullah Financial District  
P.O. Box 213 – Riyadh 11411  
Saudi Arabia  
Commercial Registration: 1010600030  
Tel: +966 11 5089001  
www.deloitte.com





| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Expected credit loss allowance against loans and advances</b></p> <p>As at 31 December 2024, the gross loans and advances of the Group were SAR 208 billion against which an expected credit loss ("ECL") allowance of SAR 3.5 billion was maintained.</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> <p>① Categorisation of loans and advances into Stage 1, 2 and 3 based on the identification of:</p> <p>(a) exposures with a significant increase in credit risk ("SICR") since their origination; and</p> <p>(b) individually impaired/defaulted exposures.</p> | <ul style="list-style-type: none"> <li>We obtained and updated our understanding of management's assessment of ECL allowance against loans and advances including the Group's internal rating model, accounting policy and model methodology.</li> <li>We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9.</li> <li>We assessed the design and implementation, and tested the operating effectiveness of the key controls (including Information Technology ("IT") general and application controls) over:             <ul style="list-style-type: none"> <li>the ECL model, including governance over the model, and any model updates during the year, including approval of credit and impairment committee of key inputs and assumptions;</li> <li>the classification of loans and advances into stages 1, 2 and 3 and timely identification of SICR and the determination of default/individually impaired exposures;</li> <li>the IT systems and applications underpinning the ECL model; and</li> <li>the integrity of data inputs into the ECL model.</li> </ul> </li> </ul> |

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>② Assumptions used in the ECL model for determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), including but not limited to assessment of financial condition of counterparties, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages.</p> <p>Application of these judgements and estimates, continues to result in greater estimation uncertainty and the associated audit risk around ECL calculations as at 31 December 2024.</p> <p><i>Refer to the summary of significant accounting policy note 3 (H) for the impairment of financial assets; note 2 (e) which contains the disclosure of critical accounting judgements, estimates and assumptions relating to ECL losses on financial assets and the impairment assessment methodology used by the Group; note 7 which contains the disclosure of impairment against loans and advances; and note 33 (c) for details of credit quality analysis and key assumptions and factors considered in determination of ECL.</i></p> | <ul style="list-style-type: none"> <li>For a sample of customers, we assessed:             <ul style="list-style-type: none"> <li>the internal ratings determined by management based on the Group's internal rating model and considered these assigned ratings in light of external market conditions and available industry information;</li> <li>management's computations for ECL; and</li> <li>for selected loans and advances, we assessed management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment.</li> </ul> </li> <li>We assessed the appropriateness of the Group's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures. Further, for a sample of exposures, we assessed the appropriateness of the staging classification of the Group's loan portfolio.</li> <li>We assessed the reasonableness of the underlying assumptions used by the Group in the ECL model including forward looking assumptions.</li> <li>We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2024.</li> <li>Where required, we involved our specialists to assist us in reviewing model calculations, evaluating interrelated inputs and assessing reasonableness of assumptions used in ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights.</li> </ul> <p>We assessed the adequacy of disclosures in the consolidated financial statements.</p> |





| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Valuation of derivative financial instruments</b></p> <p>As at 31 December 2024, the positive and negative fair value of derivatives held by the Group amounted around SAR 5.7 billion and SAR 6.2 billion, respectively.</p> <p>The Group has entered into various derivative transactions, including commission rate swaps, commission rate futures and options, forward foreign exchange contracts, currency options and others. The valuation of these derivative contracts are subjective as it takes into account a number of assumptions and model calibrations.</p> <p>The majority of these derivatives are held for trading. However, the Group utilises certain derivatives for hedge accounting purposes in the consolidated financial statements for hedging cash flow or fair value risks. An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and, in case of hedge ineffectiveness, impact the hedge accounting as well.</p> <p>We considered this as a key audit matter, as there is complexity and subjectivity involved in determining the valuation in general and, in certain cases, due to the use of complex modelling techniques.</p> <p><i>Refer to the basis of preparation note 2 (e) to the consolidated financial statements which sets out the critical accounting judgements, estimates and assumptions regarding fair value measurement; the summary of significant accounting policies note 3 (J) for the accounting policy relating to derivative financial instruments and hedge accounting; and note 11 which discloses the derivative positions as at the reporting date.</i></p> | <p>We obtained an understanding of the process adopted by management to determine the fair value of derivative financial instruments and determined if the key controls in this process had been appropriately designed and implemented.</p> <ul style="list-style-type: none"> <li>• We selected a sample of derivatives and:             <ul style="list-style-type: none"> <li>– Involved our specialists to assist us in performing an independent valuation of the derivatives sample and compared the result with management's valuation;</li> <li>– Assessed the accuracy of the particulars of derivatives by comparing the terms and conditions with relevant agreements and deal confirmations;</li> <li>– Assessed the key inputs to the derivative valuation models;</li> <li>– Assessed the hedge effectiveness assessment performed by the Group and the appropriateness of related hedge accounting; and</li> </ul> </li> </ul> <p>We assessed the adequacy of disclosures in the consolidated financial statements.</p> |

## Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in

accordance with IFRS 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 and the applicable provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia, and the Bank's By-Laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 ISAs, that are endorsed



in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.

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 requirements of the Regulation 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 for the year ended 31 December 2024.

Ernst & Young  
Professional  
Services

Deloitte and  
Touche & Co.

**Rashid S. Roshod**

Certified Public  
Accountant  
License Number 366

6 Sha'ban 1446H  
(5 February 2024)

**Waleed bin Moh'd  
Sobahi**

Certified Public  
Accountant  
License Number: 378

# Consolidated Statement of Financial Position

As at December 31, 2024 and 2023

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| SAR '000                                             | Notes | 2024               | 2023<br>(Restated –<br>note 45) |
|------------------------------------------------------|-------|--------------------|---------------------------------|
| <b>Assets</b>                                        |       |                    |                                 |
| Cash and balances with Saudi Central Bank            | 4     | 10,920,606         | 10,558,759                      |
| Due from banks and other financial institutions, net | 5     | 5,015,810          | 4,113,165                       |
| Investments, net                                     | 6     | 60,288,858         | 48,750,066                      |
| Positive fair value of derivatives                   | 11    | 5,691,581          | 5,658,824                       |
| Loans and advances, net                              | 7     | 204,168,275        | 179,391,223                     |
| Investment in associate, net                         | 8     | 9,695              | 9,695                           |
| Property, equipment and right of use assets, net     | 9     | 2,318,805          | 2,038,231                       |
| Other real estate, net                               |       | 343,500            | 343,359                         |
| Other assets, net                                    | 10    | 4,018,532          | 2,802,304                       |
| <b>Total assets</b>                                  |       | <b>292,775,662</b> | <b>253,665,626</b>              |
| <b>Liabilities And Equity</b>                        |       |                    |                                 |
| Liabilities                                          |       |                    |                                 |
| Due to Saudi Central Bank                            | 12    | 12,492,716         | 5,065,895                       |
| Due to banks and other financial institutions        | 13    | 19,814,143         | 13,879,375                      |
| Customers' deposits                                  | 14    | 185,118,179        | 172,208,983                     |
| Negative fair value of derivatives                   | 11    | 6,218,422          | 5,985,332                       |
| Debt securities and term loans                       | 15    | 15,518,054         | 8,634,026                       |
| Other liabilities                                    | 16    | 7,007,146          | 6,488,017                       |
| <b>Total liabilities</b>                             |       | <b>246,168,660</b> | <b>212,261,628</b>              |

| SAR '000                                                   | Notes | 2024               | 2023<br>(Restated –<br>note 45) |
|------------------------------------------------------------|-------|--------------------|---------------------------------|
| <b>Equity</b>                                              |       |                    |                                 |
| Share capital                                              | 17    | 25,000,000         | 12,053,572                      |
| Statutory reserve                                          | 18    | 8,189,590          | 12,053,572                      |
| General reserve                                            | 18    | 982,857            | 982,857                         |
| Other reserves                                             | 19    | (1,132,836)        | (1,423,083)                     |
| Retained earnings                                          |       | 4,509,836          | 11,710,958                      |
| Proposed dividend                                          | 28    | 1,245,666          | 1,197,738                       |
| Treasury shares                                            | 38    | (188,111)          | (171,616)                       |
| <b>Equity attributable to the shareholders of the Bank</b> |       | <b>38,607,002</b>  | <b>36,403,998</b>               |
| Tier 1 Sukuk                                               | 20    | 8,000,000          | 5,000,000                       |
| <b>Total equity</b>                                        |       | <b>46,607,002</b>  | <b>41,403,998</b>               |
| <b>Total liabilities and equity</b>                        |       | <b>292,775,662</b> | <b>253,665,626</b>              |

The accompanying notes 1 to 46 form an integral part of these consolidated financial statements.

# Consolidated Statement of Income

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| SAR '000                                                                       | Notes | 2024             | 2023             |
|--------------------------------------------------------------------------------|-------|------------------|------------------|
| Special commission income                                                      | 22    | 16,371,966       | 13,218,031       |
| Special commission expense                                                     | 22    | 8,488,583        | 5,382,834        |
| <b>Net special commission income</b>                                           |       | <b>7,883,383</b> | <b>7,835,197</b> |
| Fee and commission income                                                      | 23    | 1,650,703        | 1,491,777        |
| Fee and commission expense                                                     | 23    | 678,490          | 577,102          |
| <b>Net fee and commission income</b>                                           |       | <b>972,213</b>   | <b>914,675</b>   |
| Exchange income, net                                                           |       | 482,103          | 455,222          |
| Trading income, net                                                            | 24    | 275,691          | 114,016          |
| Dividend income                                                                |       | 16,316           | 15,213           |
| Gains/(losses) on FVOCI/non-trading investments, net                           |       | 27,267           | (16,260)         |
| Other operating income                                                         | 25    | 706              | 5,931            |
| <b>Total operating income</b>                                                  |       | <b>9,657,679</b> | <b>9,323,994</b> |
| Salaries and employee related expenses                                         | 31    | 1,883,247        | 1,741,583        |
| Rent and premises related expenses                                             |       | 74,734           | 67,464           |
| Depreciation and amortization                                                  | 9     | 299,213          | 250,658          |
| Other operating and general and administrative expenses                        | 26    | 1,151,492        | 962,001          |
| <b>Total operating expenses before impairment charge</b>                       |       | <b>3,408,686</b> | <b>3,021,706</b> |
| Impairment charge for expected credit losses on loans and advances, net        | 7d    | 1,143,899        | 1,668,817        |
| Impairment charge/(reversal) for investments, financial assets and others, net | 7e    | 35,768           | (74,362)         |
| <b>Total operating expenses, net</b>                                           |       | <b>4,588,353</b> | <b>4,616,161</b> |
| <b>Net income for the year before Zakat</b>                                    |       | <b>5,069,326</b> | <b>4,707,833</b> |
| Zakat for the year                                                             | 29    | 525,255          | 485,100          |
| <b>Net income for the year</b>                                                 |       | <b>4,544,071</b> | <b>4,222,733</b> |
| Basic and diluted earnings per share (SAR)                                     | 27    | 1.72             | 1.61             |

The accompanying notes 1 to 46 form an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

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| SAR '000                                                                                            | Notes | 2024      | 2023      |
|-----------------------------------------------------------------------------------------------------|-------|-----------|-----------|
| <b>Net income for the year</b>                                                                      |       | 4,544,071 | 4,222,733 |
| <b>Other comprehensive income/(loss):</b>                                                           |       |           |           |
| <b>Items that cannot be recycled back to consolidated statement of income in subsequent periods</b> |       |           |           |
| Movement in equity instruments at fair value through other comprehensive income                     |       |           |           |
| Net change in the fair value                                                                        | 19    | 55,150    | 29,099    |
| Gain transferred to retained earning                                                                | 19    | (65,341)  | —         |
| Actuarial gain/(loss) on defined benefit plans                                                      | 19    | 20,119    | (4,662)   |
| <b>Items that can be recycled back to consolidated statement of income in subsequent periods</b>    |       |           |           |
| Debt instruments at fair value through other comprehensive income                                   |       |           |           |
| Net change in the fair value                                                                        | 19    | 111,156   | 180,990   |
| Net change in ECL                                                                                   | 19    | 10,141    | (99)      |
| (Income)/loss transferred to consolidated statement of income                                       | 19    | (28,304)  | 6,650     |
| Cash flow hedge                                                                                     |       |           |           |
| Net change in the fair value                                                                        | 19    | (673,668) | (364,058) |
| Loss transferred to consolidated statement of income                                                | 19    | 860,994   | 819,064   |
| <b>Total other comprehensive income for the year</b>                                                |       | 290,247   | 666,984   |
| <b>Total comprehensive income for the year</b>                                                      |       | 4,834,318 | 4,889,717 |

The accompanying notes 1 to 46 form an integral part of these consolidated financial statements.



# Consolidated Statement of Changes in Equity

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| SAR '000                                                   | Notes | Share capital     | Statutory reserve | General reserve | Retained earnings | Other reserves   |                                                | Cash flow hedge  | Proposed dividend | Treasury shares  | Total equity attributable to the shareholders | Tier 1 Sukuk     | Total Equity      |
|------------------------------------------------------------|-------|-------------------|-------------------|-----------------|-------------------|------------------|------------------------------------------------|------------------|-------------------|------------------|-----------------------------------------------|------------------|-------------------|
|                                                            |       |                   |                   |                 |                   | FVOCI            | Actuarial gain/(loss) on defined benefit plans |                  |                   |                  |                                               |                  |                   |
| <b>2024</b>                                                |       |                   |                   |                 |                   |                  |                                                |                  |                   |                  |                                               |                  |                   |
| Balance at the beginning of the year (restated)            |       | 12,053,572        | 12,053,572        | 982,857         | 11,710,958        | (633,619)        | 6,418                                          | (795,882)        | 1,197,738         | (171,616)        | 36,403,998                                    | 5,000,000        | 41,403,998        |
| Net income for the year                                    |       | –                 | –                 | –               | 4,544,071         | –                | –                                              | –                | –                 | –                | 4,544,071                                     | –                | 4,544,071         |
| Net change in the fair value                               | 19    | –                 | –                 | –               | –                 | 176,447          | –                                              | (673,668)        | –                 | –                | (497,221)                                     | –                | (497,221)         |
| Actuarial gain                                             |       | –                 | –                 | –               | –                 | –                | 20,119                                         | –                | –                 | –                | 20,119                                        | –                | 20,119            |
| Gain on disposal of FVOCI investment – equity              |       | –                 | –                 | –               | –                 | (65,341)         | –                                              | –                | –                 | –                | (65,341)                                      | –                | (65,341)          |
| Net amount transferred to consolidated statement of income | 19    | –                 | –                 | –               | –                 | (28,304)         | –                                              | 860,994          | –                 | –                | 832,690                                       | –                | 832,690           |
| Total comprehensive income for the year                    |       | –                 | –                 | –               | 4,544,071         | 82,802           | 20,119                                         | 187,326          | –                 | –                | 4,834,318                                     | –                | 4,834,318         |
| Gain on disposal of FVOCI investment – equity              |       | –                 | –                 | –               | 65,341            | –                | –                                              | –                | –                 | –                | 65,341                                        | –                | 65,341            |
| Bonus shares issued                                        | 17    | 12,946,428        | (5,000,000)       | –               | (7,946,428)       | –                | –                                              | –                | –                 | –                | –                                             | –                | –                 |
| Transfer to statutory reserve                              | 18    | –                 | 1,136,018         | –               | (1,136,018)       | –                | –                                              | –                | –                 | –                | –                                             | –                | –                 |
| Final dividend paid for 2023                               | 28    | –                 | –                 | –               | –                 | –                | –                                              | –                | (1,197,738)       | –                | (1,197,738)                                   | –                | (1,197,738)       |
| Interim dividend paid for 2024                             | 28    | –                 | –                 | –               | (1,199,541)       | –                | –                                              | –                | –                 | –                | (1,199,541)                                   | –                | (1,199,541)       |
| Proposed final dividend 2024                               | 28    | –                 | –                 | –               | (1,245,666)       | –                | –                                              | –                | 1,245,666         | –                | –                                             | –                | –                 |
| Issuance of Tier 1 Sukuk                                   | 20    | –                 | –                 | –               | –                 | –                | –                                              | –                | –                 | –                | –                                             | 3,000,000        | 3,000,000         |
| Tier 1 Sukuk related cost                                  |       | –                 | –                 | –               | (282,881)         | –                | –                                              | –                | –                 | –                | (282,881)                                     | –                | (282,881)         |
| Net change in treasury shares                              | 38    | –                 | –                 | –               | –                 | –                | –                                              | –                | –                 | (16,495)         | (16,495)                                      | –                | (16,495)          |
| <b>Balance at the end of the year</b>                      |       | <b>25,000,000</b> | <b>8,189,590</b>  | <b>982,857</b>  | <b>4,509,836</b>  | <b>(550,817)</b> | <b>26,537</b>                                  | <b>(608,556)</b> | <b>1,245,666</b>  | <b>(188,111)</b> | <b>38,607,002</b>                             | <b>8,000,000</b> | <b>46,607,002</b> |
| <b>2023</b>                                                |       |                   |                   |                 |                   |                  |                                                |                  |                   |                  |                                               |                  |                   |
| Balance at the beginning of the year                       |       | 12,053,572        | 12,053,572        | 982,857         | 9,768,005         | (850,259)        | 11,080                                         | (1,250,888)      | 1,079,633         | (102,247)        | 33,745,325                                    | 5,000,000        | 38,745,325        |
| Impact on prior years adjustment                           | 45    | –                 | –                 | –               | 282,777           | –                | –                                              | –                | –                 | –                | 282,777                                       | –                | 282,777           |
| Restated balance as at January 01, 2023                    |       | 12,053,572        | 12,053,572        | 982,857         | 10,050,782        | (850,259)        | 11,080                                         | (1,250,888)      | 1,079,633         | (102,247)        | 34,028,102                                    | 5,000,000        | 39,028,102        |
| Net income for the year                                    |       | –                 | –                 | –               | 4,222,733         | –                | –                                              | –                | –                 | –                | 4,222,733                                     | –                | 4,222,733         |
| Net change in the fair value                               | 19    | –                 | –                 | –               | –                 | 209,990          | –                                              | (364,058)        | –                 | –                | (154,068)                                     | –                | (154,068)         |
| Actuarial loss                                             |       | –                 | –                 | –               | –                 | –                | (4,662)                                        | –                | –                 | –                | (4,662)                                       | –                | (4,662)           |
| Net amount transferred to consolidated statement of income | 19    | –                 | –                 | –               | –                 | 6,650            | –                                              | 819,064          | –                 | –                | 825,714                                       | –                | 825,714           |
| Total comprehensive income for the year                    |       | –                 | –                 | –               | 4,222,733         | 216,640          | (4,662)                                        | 455,006          | –                 | –                | 4,889,717                                     | –                | 4,889,717         |
| Final dividend paid for 2022                               |       | –                 | –                 | –               | –                 | –                | –                                              | –                | (1,079,633)       | –                | (1,079,633)                                   | –                | (1,079,633)       |
| Interim dividend paid for 2023                             | 28    | –                 | –                 | –               | (1,140,213)       | –                | –                                              | –                | –                 | –                | (1,140,213)                                   | –                | (1,140,213)       |
| Proposed final dividend 2023                               | 28    | –                 | –                 | –               | (1,197,738)       | –                | –                                              | –                | 1,197,738         | –                | –                                             | –                | –                 |
| Tier 1 Sukuk related cost                                  |       | –                 | –                 | –               | (224,606)         | –                | –                                              | –                | –                 | –                | (224,606)                                     | –                | (224,606)         |
| Net change in treasury shares                              | 38    | –                 | –                 | –               | –                 | –                | –                                              | –                | –                 | (69,369)         | (69,369)                                      | –                | (69,369)          |
| <b>Balance at the end of the year</b>                      |       | <b>12,053,572</b> | <b>12,053,572</b> | <b>982,857</b>  | <b>11,710,958</b> | <b>(633,619)</b> | <b>6,418</b>                                   | <b>(795,882)</b> | <b>1,197,738</b>  | <b>(171,616)</b> | <b>36,403,998</b>                             | <b>5,000,000</b> | <b>41,403,998</b> |

The accompanying notes 1 to 46 form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

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| SAR '000                                                                                                           | Notes | 2024             | 2023             |
|--------------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Operating Activities                                                                                               |       |                  |                  |
| Net income for the year before zakat                                                                               |       | 5,069,326        | 4,707,833        |
| <b>Adjustments to reconcile net income before zakat to net cash generated from/(used in) operating activities:</b> |       |                  |                  |
| Accretion of discounts on investments not held as FVSI, net                                                        |       | 71,638           | 62,581           |
| (Gain)/loss on FVOCI                                                                                               |       | (93,645)         | 16,260           |
| Depreciation and amortization                                                                                      | 9     | 299,213          | 250,658          |
| Gain on disposal of property, equipment and right of use assets, net                                               |       | (177)            | (124)            |
| Impairment charge for expected credit losses on loans and advances                                                 | 7d    | 1,287,934        | 1,798,293        |
| Impairment charge/(reversal) for investments, financial assets and others, net                                     | 7e    | 35,768           | (74,362)         |
| Long term retention and bonus deferral provision                                                                   |       | 91,154           | 46,544           |
| <b>Operating income before changes in operating assets and liabilities</b>                                         |       | <b>6,761,211</b> | <b>6,807,683</b> |
| <b>Net (increase)/decrease in operating assets:</b>                                                                |       |                  |                  |
| Statutory deposit with Saudi Central Bank                                                                          | 4     | (466,275)        | (304,138)        |
| Due from banks and other financial institutions maturing after ninety days from the date of acquisition            |       | (887,303)        | (924,711)        |
| Investments held as FVSI, trading                                                                                  |       | (135,975)        | (153,193)        |
| Loans and advances                                                                                                 |       | (26,064,986)     | (22,177,991)     |
| Other assets                                                                                                       |       | (1,003,661)      | 2,329,612        |
| <b>Net increase/(decrease) in operating liabilities:</b>                                                           |       |                  |                  |
| Due to Saudi Central Bank, banks and other financial institutions, net                                             |       | 13,361,589       | 2,174,828        |
| Customers' deposits                                                                                                |       | 12,909,196       | 14,616,663       |
| Other liabilities                                                                                                  |       | 782,757          | (1,643,275)      |
|                                                                                                                    |       | 5,256,553        | 725,478          |
| Zakat paid                                                                                                         |       | (485,412)        | (654,539)        |
| <b>Net cash generated from operating activities</b>                                                                |       | <b>4,771,141</b> | <b>70,939</b>    |

| SAR '000                                                                     | Notes | 2024                | 2023               |
|------------------------------------------------------------------------------|-------|---------------------|--------------------|
| Investing Activities                                                         |       |                     |                    |
| Proceeds from sales and maturities of investment at FVOCI and amortized cost |       | 7,457,959           | 21,724,894         |
| Purchase of investments at FVOCI and amortized cost                          |       | (18,813,706)        | (25,391,959)       |
| Purchase of property and equipment and RoU                                   | 9     | (579,844)           | (549,695)          |
| Proceeds from sale of property and equipment                                 |       | 234                 | 237                |
| <b>Net cash used in investing activities</b>                                 |       | <b>(11,935,357)</b> | <b>(4,216,523)</b> |
| Financing Activities                                                         |       |                     |                    |
| Issuance of debt securities and term loans                                   | 15    | 6,956,250           | 4,125,000          |
| Issuance of Tier 1 Sukuk                                                     | 20    | 3,000,000           | —                  |
| Dividends paid                                                               | 28    | (2,397,279)         | (2,219,846)        |
| Payment of lease liability                                                   |       | (93,595)            | (98,072)           |
| Tier 1 sukuk related cost                                                    |       | (282,881)           | (224,606)          |
| Purchase of treasury shares                                                  |       | (107,649)           | (115,913)          |
| <b>Net cash from financing activities</b>                                    |       | <b>7,074,846</b>    | <b>1,466,563</b>   |
| <b>Decrease in cash and cash equivalents</b>                                 |       | <b>(89,370)</b>     | <b>(2,679,021)</b> |
| Cash and cash equivalents at the beginning of the year                       |       | 3,118,898           | 5,797,919          |
| <b>Cash and cash equivalents at the end of the year</b>                      | 30    | <b>3,029,528</b>    | <b>3,118,898</b>   |
| Special commission received during the year                                  |       | 15,883,459          | 12,627,492         |
| <b>Special commission paid during the year</b>                               |       | <b>8,988,690</b>    | <b>4,746,479</b>   |
| Supplemental non-cash information                                            |       |                     |                    |
| RoU assets                                                                   |       | 90,806              | 86,529             |
| Lease liability                                                              |       | 29,429              | 27,548             |
| Net changes in fair value and transfers to consolidated statement of income  | 19    | 290,247             | 666,984            |

The accompanying notes 1 to 46 form an integral part of these consolidated financial statements.

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## 01. General

Banque Saudi Fransi (the Bank) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 04, 1977). The Bank formally commenced its activities on Muharram 01, 1398H (corresponding to December 11, 1977), by taking over the branches of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration Number 1010073368 dated Safar 04, 1410H (corresponding to September 05, 1989), through its 81 branches (2023: 82 branches) in the Kingdom of Saudi Arabia, employing 3,056 people (2023: 3,154 people).

The objective of the Bank is to provide a full range of banking services, including Islamic products, which are approved and supervised by an independent Shariah Board. The Bank's Head Office is located at King Saud Road, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia.

The consolidated financial statements comprise the financial statement of Banque Saudi Fransi and its wholly owned subsidiaries (collectively referred to as the "Group").

| Subsidiary                                                  | Ownership (%) | Main activities                                                                                                                                            |
|-------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Saudi Fransi Capital (BSF Capital)                          | 100           | Brokerage, asset management and corporate finance business                                                                                                 |
| Saudi Fransi for Finance Leasing (rebranded from SFL to JB) | 100           | Islamic lease financing for vehicles and personal financing                                                                                                |
| Saudi Fransi Insurance Agency (SAFIA)                       | 100           | Insurance agent for Banque Saudi Fransi in Saudi Arabia (under liquidation)                                                                                |
| Sofinco Saudi Fransi                                        | 100           | Lease financing of automobiles and household equipment (under liquidation)                                                                                 |
| Saudi Fransi Digital Ventures (SFDV)                        | 100           | Providing digital services to Banque Saudi Fransi                                                                                                          |
| Sakan Real Estate Financing                                 | 100           | Sakan holds title deeds on behalf of Banque Saudi Fransi (Banque Saudi Fransi holds 95% direct ownership and 5% indirect ownership through its subsidiary) |
| Sur Multi Family Office Limited                             | 100           | Provides a wide range of wealth management services to BSF's high net worth clients and their families                                                     |

The above subsidiaries are incorporated in the Kingdom of Saudi Arabia except for Sur Multi Family Office which is registered in United Kingdom.

The Bank also formed subsidiaries, BSF Markets Limited and BSF Finance Limited registered in Cayman Islands having 100% share in equity in each of these subsidiaries. The objective of BSF Markets Limited is derivative trading and Repo activities. BSF Finance Limited is a special purpose

vehicle established to raise capital for Banque Saudi Fransi by the issuance of debt instruments.

The Bank has investment in an associate and owns 27% shareholding in Banque BEMO Saudi Fransi, incorporated in Syria. Banque Bemo Saudi Fransi offers diverse banking services and solutions to individuals and companies.

## 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 have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management has assessed the impact of the New Companies Law and amended its Articles of Association / By-Laws for changes to align the Articles to the provisions of the Law. General Assembly on December 23, 2024 approved on amending the Bank's Bylaws to comply with the new Companies Law, and rearranging the articles and numbering them to be compatible with the proposed amendments

## (b) Basis of measurement and presentation

The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the measurement at fair value of derivatives, financial instruments held at Fair Value through Statement of Income (FVSI), Fair Value through Other Comprehensive Income (FVOCI) investments, liabilities for cash-settled-share based payments and defined benefit obligations. In addition, financial assets or liabilities that are hedged in a fair value hedging relationship, and otherwise adjusted to record changes in fair value attributable to the risks that are being hedged.

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

## (c) Going concern

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

## (d) Functional and presentation currency

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

## (e) Critical accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements 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 advices and expectations of future events that are believed to be reasonable under the circumstances.

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

Revisions to accounting estimates are recognized in the period in which the

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

### (i) Expected credit losses ("ECL") on financial assets

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

The Group'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:
  - The Group's internal credit grading model, which assigns Probability of Default (PD) to the individual grades
  - The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas, and
- 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 (note 36)

### (iii) Impairment of FVOCI investments (note 33)

### (iv) Classification of financial assets

### (v) Determination of control over investees

### (vi) Depreciation and amortization (note 9)

### (vii) Defined benefit plan (note 31)

### (viii) Government grant (note 12)

### (ix) Equity vs liability (note 20)

### 03. Material accounting policies

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

#### 3.1 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 01, 2024 replacing, amending or adding to the corresponding accounting policies set out in 2023 annual consolidated financial statements.

#### New standards, interpretations and amendments to accounting standards adopted by the Group

Following standard, interpretation or amendment are effective from the annual reporting period beginning on January 01, 2024 and are adopted by the Group, however, these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

| Standard, interpretation, amendments                                                                                    | Description                                                                                                                                                                                                                                                                                                                                                                           | Effective date                                              |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Amendment to IFRS 16 – Leases on sale and leaseback                                                                     | These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.                            | January 01, 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 01, 2024                                            |
| Amendment to IAS 1 – Non-current liabilities with covenants and Classification of liabilities as current or non-current | These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.                                                                                              | January 01, 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 01, 2024<br>subject to<br>endorsement<br>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 01, 2024<br>subject to<br>endorsement<br>from SOCPA |



## New Standards not yet effective

| Standard, interpretation, amendments                                                                                    | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Effective date                       |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.                                                                                                                                                                                                                                          | Effective date deferred indefinitely |
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures                                | Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.<br><br>The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.                                                                                                                                                                                                       | January 01, 2026.                    |
| IFRS 18, Presentation and Disclosure in Financial Statements                                                            | IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences. | January 01, 2027                     |
| IFRS 19, Subsidiaries without Public Accountability: Disclosures                                                        | IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.                                                                                                                                                                                                                                                                           | January 01, 2027                     |

## 3.2 Accounting policies

## A. Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries (the Group) i.e. Saudi Fransi Capital, Saudi Fransi for Finance Leasing (JB), Sakan real estate financing, BSF Markets Limited, BSF Finance Limited, Saudi Fransi Digital Ventures and Sur Multi Family Office. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Saudi Fransi Insurance Agency and Sofinco Saudi Fransi financial statements have been prepared on liquidation basis.

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.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

- the ability to use its power over the investee to affect its returns

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

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

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

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

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity

- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in statement of income
- reclassifies the parent's share of components previously recognised in OCI to statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Balances between the Bank and its subsidiaries including any income, expenses, assets, liabilities, equities and cashflow arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. 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.

### (i) List of significant subsidiaries

The table below provides details of the major subsidiaries of the Group:

| Name of the subsidiary                | Principal place of business | Ownership interest |          |
|---------------------------------------|-----------------------------|--------------------|----------|
|                                       |                             | 2024 (%)           | 2023 (%) |
| Saudi Fransi Capital (SFC)            | Kingdom of Saudi Arabia     | 100                | 100      |
| Saudi Fransi for Finance Leasing (JB) | Kingdom of Saudi Arabia     | 100                | 100      |

Apart from the above subsidiaries, the Bank also owns Saudi Fransi Insurance Agency, Sakan Real Estate Financing, Sofinco Saudi Fransi, BSF Markets Limited, BSF Finance Limited, Saudi Fransi Digital Ventures, and Sur Multi Family Office having 100% share in equity. BSF Markets Limited and BSF Finance Limited are incorporated in the Cayman Islands. Sofinco Saudi Fransi, Saudi Fransi Insurance Agency and Sakan Real Estate Financing have no material impact on the Group financial statements.

All subsidiaries are 100% owned by the Group hence no non-controlling interest is recognised in these consolidated financial statements.

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

### (ii) Significant restriction

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate.

## B. Investment in associates

Investments in associates are initially recognised at cost and subsequently accounted for under the equity method of accounting.

An associate is an entity in which the Bank has significant influence (but not control), over financial and operating policies and which is neither a subsidiary nor a joint venture.

Investments in associates are carried in the statement of financial position at cost, plus post-acquisition changes in the Bank's share of net assets of the associate, less any impairment in the value of individual investments. The Bank's shares of its associates' post-acquisition profits or losses are recognized in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Bank's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

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

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

When the Bank ceases to equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset.

## C. Classification of financial assets

On initial recognition, a financial asset is classified into following categories: 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 interest.

### Financial Asset at Fair value through other comprehensive income (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 interest.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest 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 Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

### Financial asset at Fair value through statement of income (FVSI)

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

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

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

### 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 interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- how the performance of the portfolio is evaluated and reported to the Group's management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are 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 Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

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

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

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

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

### Designation at FVSI

At initial recognition, the Group has designated certain financial assets at FVSI.

### Reclassification

Reclassification of financial assets is warranted when business model for managing financial assets is changed.

The following are not considered to be changes in business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions);
- A temporary disappearance of a particular market for financial assets; or

- A transfer of financial assets between parts of the Group's assets with different business models.

### Conditions for reclassification of financial assets

Reclassifications are expected to be infrequent. Such changes must be determined by the Group's senior management and approved by the Board Executive Committee as a result of external or internal changes and must be significant to Group's operations and demonstrable to external parties. Accordingly, a change in Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations; for example, when the Group acquires, disposes of or terminates a business line.

### Timing of reclassification of financial assets

If the Group reclassifies financial assets, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in reclassification. On reclassification, all previously recognized gains, losses (including impairment gains or losses) or profits are not restated. A change in the objective of the Group's business model must be affected before the reclassification date.

### Financial assets reclassification impact

| From           | To             | Requirement                                                                                                                                                                           |
|----------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortized Cost | FVSI           | Measure fair value at reclassification date and recognize difference between fair value and Amortized Cost in statement of income                                                     |
| Amortized Cost | FVOCI          | Measure fair value at reclassification date and recognize any difference in OCI                                                                                                       |
| FVOCI          | Amortized Cost | Cumulative gain or loss previously recognized in OCI is removed from equity and applied against the fair value of the financial asset at the reclassification date                    |
| FVOCI          | FVSI           | Asset continues to be recognized at fair value and the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to statement of income |
| FVSI           | Amortized Cost | Fair value at the reclassification date becomes the new gross carrying amount                                                                                                         |
| FVSI           | FVOCI          | Asset continues to be measured at fair value but subsequent gains and losses are recognized in OCI rather than statement of income                                                    |

### D. Classification of financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in consolidated statement of income.

### E. Offsetting financial instruments

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

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



## F. Derecognition

### Financial assets

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

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

On derecognition of a financial asset (Debt Instruments), 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 profit or loss.

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

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

In certain transactions, the Group 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.

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

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 interest in transferred financial assets that qualify for

derecognition that is created or retained by the Group is recognized as a separate asset or liability.

### Financial liabilities

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

## G. Modifications of financial assets and financial liabilities

### Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is 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 profit or loss 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 Group recalculates the gross carrying amount of the financial asset using the original

effective commission rate of the asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in consolidated statement of income. For floating-rate financial assets, the original effective commission rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs of fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

### Financial liabilities

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

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in consolidated statement of income. For financial liabilities, the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.



## H. Impairment

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

- financial assets that are debt instruments
- lease receivables
- financial guarantee contracts issued
- loan commitments issued
- bank balances
- related party balances
- letter of credit

Equity instruments are not subject to impairment under IFRS 9.

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

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

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' financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

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

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

### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

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

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

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

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

### Restructured financial assets

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

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets including lease receivable carried at amortized cost, 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 a loan or advance by the Group on terms that the Group would not consider otherwise

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

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

## Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

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

## Write-off

Loan and debts securities are written off (either partially or fully) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does

not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when the cash is received and are included in "Impairment charge for expected credit losses on loans and advances, net" in the consolidated statement of income

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.

## I. Financial guarantees, letter of credits and loan commitments

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

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

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

The nominal contractual value of financial guarantees, letters of credit and loan commitments, where the loan agreed to be provided is on market terms, are

not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL is recorded.

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

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

## J. Derivatives financial instruments and hedge accounting

Derivative financial instruments including forward foreign exchange contracts, commission rate futures, forward rate agreements, currency and commission rate swaps, and currency and commission rate options (both written and purchased) are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values

are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

The Group is using IAS-39 for Hedge Accounting.

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

## (i) Derivatives held for trading

Any changes in the fair value of derivatives that are held for trading purposes are taken directly to the consolidated statement of income and disclosed in Gain / (Loss) on FVSI Financial Instruments, net. Derivatives held for trading also include those derivatives, which do not qualify for hedge accounting.

## (ii) Embedded derivatives

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

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

Separated embedded derivatives are measured at fair value, with all changes in fair value recognized in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

## (iii) Hedge accounting

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

For the purpose of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability, (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.

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

determined to be an effective hedge on an 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. Prospective testing is performed mainly through matching the critical terms of both hedge item and instrument.

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

## Fair value hedges

When a derivative is designated as 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 consolidated 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, (the hedge item is also fair-valued). If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated statement of income.

## Micro fair value hedges

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

relationship, the hedge relationship is discontinued prospectively.

If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVOCI, changes in fair value that were recorded in the income statement whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the income statement to OCI.

## 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 Group 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 Group revokes the designation then hedge accounting is discontinued prospectively. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognised in other comprehensive income from the period when the hedge was effective is transferred from equity to consolidated statement of income when the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur and affects the consolidated statement of income, the

net cumulative gain or loss recognised in "other comprehensive income" is transferred immediately to the consolidated statement of income for the period.

## K. Foreign currencies

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

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

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

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the spot rates prevailing at transaction dates. Monetary assets and liabilities at year-end

denominated in foreign currencies are translated into Saudi Arabian Riyals at rates of exchange prevailing at the reporting date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for the effective interest rate and payments during the year, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year.

All differences arising on non-trading activities are taken to other non-operating income in the consolidated statement of income, with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in foreign entity.

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

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI; and
- qualifying cash flow hedges to the extent that the hedge is effective.

As at the reporting date, the assets and liabilities of foreign operations are translated into Saudi Arabian Riyals at the rate of exchange as at the statement of financial position date, and their consolidated statement of incomes are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are recognized in other comprehensive income.



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

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of income.

## L. Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position as the Group retains substantially all the risks and rewards of ownership. When substantially all the risks and rewards of ownership remain with the Group. These assets are continued to measure in accordance with related accounting policies for investments held as FVSI, FVOCI and other investments held at amortized cost.

The transactions are treated as collateralised borrowing and counter-party liability for amounts received under these agreements is included in "Due to SAMA" or "Due to banks and other financial institutions" or "Customer deposits", as

appropriate. The difference between sale and repurchase price is treated as special commission expense and accrued over the life of the repo agreement on an effective yield basis. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised in the statement of financial position, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in "Cash and balances with SAMA", "Due from banks and other financial institutions" or "Loans and advances", as appropriate. The difference between purchase and resale price is treated as special commission income and accrued over the life of the reverse repo agreement on an effective yield basis.

## M. Settlement and trade date accounting

All regular way purchases and sales of financial assets are recognized and derecognized in the consolidated statement of financial position on the settlement date i.e. the date on which the asset is acquired from or delivered to the counter party. The Group accounts for any change in fair value which is recognized from the trade date.

Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or follow convention in the market place.

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

## N. Fair value measurement

The Group measures financial instruments, such as, derivatives and equity instruments and non-financial assets such as investment properties, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in note 36.

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 in the principle or, in its absence, the most advantageous market to which the Group has access at that date. The Fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses the valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

A fair value measurement of a non-financial asset considers 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.

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 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Market Risk Department, which is independent of front office management and reports to the Chief Risk Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- calibration of model valuations;



- a review and approval process for new models and changes to models involving Risk Division

To dynamically address valuation issues, within the Market Risk Committee, which is held every quarter, a Valuation Sub-Committee may be held to review and determine by consensus adjustments of valuation methodologies at the request of the Market Risk Committee members.

The Market Risk Committee comprises of Chief Executive Officer, the Chief Financial Officer, the Chief Treasurer and Investment Officer, the Head of Institutional Banking Group, the Chief Risk Officer and the Head of Market Risk.

## O. Deposits, debt securities issued and subordinated liabilities

When the Group designates a financial liability as at FVSI, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in OCI as a liability credit reserve.

On initial recognition of the financial liability, the Group assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with
- the impact on profit or loss of expected changes in fair value of the related instruments.

## P. Tier 1 Sukuk

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

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

## Q. Dividend

A provision is made for the amount of dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

## R. 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 amortised on the straight-line method over the estimated useful lives of the assets as follows:

|                                         |                                                             |
|-----------------------------------------|-------------------------------------------------------------|
| Buildings                               | 33 years                                                    |
| Leasehold improvements                  | Over the lease period or economic life whichever is shorter |
| Furniture, equipment and vehicles       | 4 to 10 years                                               |
| Software program and automation project | 3 to 12 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 amount. 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.

## Software (Intangible Assets)

Intangible assets comprise of internally developed software and externally acquired software's. Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly

attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits. Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised (straight line) from the point at which the asset is ready for use.

## S. Other real estate

The Group, in the ordinary course of business, acquires certain real estate against settlement of due loans and advances. Such real estates are considered as assets held for sale and are initially stated at the lower of net realisable value of due loans and advances and the current fair value of the related properties, less any

costs to sell (if material). No depreciation is charged on such real estate. Rental income from other real estate is recognised in the consolidated statement of income.

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

## Collateral valuation

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

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

## Collateral repossessed

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

Assets determined to be useful for the internal operations are transferred to their relevant asset category at fair value. 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 Group's policy.

In its normal course of business, the Group 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 statement of financial position.

## T. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## 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.

## U. Accounting for leases

### Right of Use Asset (RoU)/Lease Liabilities

On initial recognition, at inception of the contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the group and the group can direct the usage of such assets.

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

### Right of Use Assets

The Group applies the cost model, and measures right of use assets at cost:

- I. less any accumulated depreciation and any accumulated impairment losses; and

- II. adjusted for any re-measurement of the lease liability for lease modifications.

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

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

### Lease Liability

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

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

- I. increasing the carrying amount to reflect interest on the lease liability
- II. reducing the carrying amount to reflect the lease payments made and;
- II. re-measuring the carrying amount to reflect any re-assessment or lease modification

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

## V. Cash and cash equivalents

For the purpose of the statement of cash flows, "cash and cash equivalents" include notes and coins on hand, balances with SAMA excluding statutory deposits, and due from banks and other financial institutions with original maturity of three months or less which are subject to insignificant risk of changes in their fair value. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

## W. End of service benefits

Benefits payable to the employees of the Group at the end of their services are accrued based on actuarial valuation conducted by an independent actuary, taking into account the provision of the Saudi Arabian Labor Law.

Net obligation, with respect to end of service benefits, to the Group is reviewed by using a projected unit credit method. Actuarial gains and losses (Re-measurements) are recognized in full in the period in which they occur in other comprehensive income. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the consolidated statement of income.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

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

## X. Short term employee benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## Y. Treasury shares and share based payment to employee

These are recorded at cost and presented as a deduction from the equity as adjusted for any transaction cost, and gains or losses on sale of such shares. Subsequent to their acquisition, these are carried at the amount equal to consideration paid. Any gains or losses on disposal of such shares are reflected under equity and are not recognised in the consolidated statement of income.

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

The Group has adopted the equity-settled share-based payments to employees. The Group recognises a cost/expense over the vesting period and a corresponding entry to equity and measurement is based on the grant-date fair value of the equity instruments granted. Market and non-vesting conditions are reflected in the initial measurement of fair value with no subsequent true-up if the conditions are not satisfied.

## Z. Zakat

### Zakat

The Group is subject to Zakat in accordance with the regulations of ZATCA (Zakat, Tax and Customs Authority). Zakat expense is

charged to the consolidated statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

### 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.

## AA. Investment management, brokerage and corporate finance services

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 investment in these funds is included in the investments and fees earned are disclosed under related party transactions.

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

## AB. Islamic banking products

In addition to the conventional banking products, the Group offers its customers certain non-commission based banking

products, which are approved by its Shariah Board, as follows:

## High level definitions of non-commission based banking products

- i) **Murabaha** is an agreement whereby the Bank sells to a customer a commodity or an asset, which the Bank has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.
- ii) **Mudarabah** is an agreement between the Bank and a customer whereby the Bank invests in a specific transaction. The Bank is called "rabb-ul-mal" while the management and work is exclusive responsibility of the customer who is called "mudarib". The profit is shared as per the terms of the agreement but the loss is borne by the Bank.
- iii) **Istisna'a** is an agreement between the Bank and a customer whereby the Bank sells to the customer a developed asset according to agreed upon specifications, for an agreed upon price.
- iv) **Ijarah** is an agreement whereby the Bank, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee.
- v) **Musharaka** is an agreement between the Bank 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.

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

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

## AC. Government grant

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of interest is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. Government grant is recognised in consolidated statement of income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. The grant income is only recognised when the ultimate beneficiary

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

## AD. Revenue/expenses recognition

### Special commission income and expenses

Special commission income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or the amortized cost of the financial instrument.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Transaction costs include fees and commission paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and security exchanges,

and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

All fees paid or received between parties to the contract (e.g. between a lender and a borrower) that are included in the calculation of the effective interest rate (EIR) are amortized over the expected life of the financial instrument, unless they relate to a shorter period. The shorter period is used when the variable to which the fees, transaction costs, premiums or discounts relate is repriced to market rates before the expected maturity of the financial instrument. For financial instruments measured at FVSI, fees are recognised in consolidated statement of income in full when the instrument is initially recognised.

### Measurement of amortized cost and special commission income and expense

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

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

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



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

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

## AE. Fees and commission income

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

Other fee and commission income – including account servicing fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

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

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

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

## Brokerage income

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

## Asset management fees

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

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

## Advisory and investment banking services revenue

Advisory and investment banking services revenue is recognised based on services rendered under the applicable service contract.

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

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

## Underwriting fees

Underwriting fees are recognized when the Group has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.

## Custody Fee

Custody fee is received upfront and amortised over the period of the service (deferred income).

## AF. Customer Loyalty Program

The Group offers customer loyalty program (reward points/air miles herein referred to as "reward points"), which allows card members to earn points that can be redeemed for certain Partner outlets. The Group allocates a portion of transaction price (interchange fee) to the reward points awarded to card members, based on the relative standalone selling price. The amount of revenue allocated to reward points is deferred and released to the income statement 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.

## AG. Exchange income/(loss)

Exchange income/loss is recognised as discussed in foreign currencies policy above.

## AH. Trading income/(loss)

Net income from other financial instruments at FVSI relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships, financial assets and financial liabilities designated as at FVSI.

Results arising from trading activities include all gains and losses from changes in fair values, related special commission income or expense including dividends for financial assets and financial liabilities held for trading and foreign exchange differences. This includes any ineffectiveness recorded in hedging transactions.



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## AI. Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income from FVSI financial instruments or other operating income based on the underlying classification of the equity instrument.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

## 04. Cash and balances with Saudi Central Bank

| SAR '000          | 2024              | 2023              |
|-------------------|-------------------|-------------------|
| Cash on hand      | 874,134           | 1,068,081         |
| Current account   | 109,209           | 19,690            |
| Statutory deposit | 9,937,263         | 9,470,988         |
| <b>Total</b>      | <b>10,920,606</b> | <b>10,558,759</b> |

Cash and balances with Saudi Central Bank include Islamic related products of SAR Nil million (2023: SAR Nil million).

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

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

| SAR '000                | 2024             | 2023             |
|-------------------------|------------------|------------------|
| Current accounts        | 2,026,792        | 1,637,224        |
| Money market placements | 2,989,639        | 2,476,846        |
|                         | 5,016,431        | 4,114,070        |
| Less: impairment        | (621)            | (905)            |
| <b>Total</b>            | <b>5,015,810</b> | <b>4,113,165</b> |

The credit quality of due from banks and other financial institutions is managed using reputable external credit rating agencies.

Due from banks and other financial institutions include Islamic related products of SAR 939 million (2023: SAR 187 million).

The following table shows the gross carrying amount of the due from banks and other financial institutions.

| SAR '000                                       | December 31, 2024 |                                  |                              |                  |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|------------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Balance as at January 01, 2024                 | 4,106,233         | 7,837                            | —                            | 4,114,070        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                |
| Net change for the year                        | 906,568           | (4,207)                          | —                            | 902,361          |
| Write-offs                                     | —                 | —                                | —                            | —                |
| <b>Balance as at December 31, 2024</b>         | <b>5,012,801</b>  | <b>3,630</b>                     | <b>—</b>                     | <b>5,016,431</b> |

| SAR '000                                       | December 31, 2023 |                                  |                              |                  |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|------------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Balance as at January 01, 2023                 | 4,754,180         | 43,235                           | —                            | 4,797,415        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                |
| Net change for the year                        | (647,947)         | (35,398)                         | —                            | (683,345)        |
| Write-offs                                     | —                 | —                                | —                            | —                |
| <b>Balance as at December 31, 2023</b>         | <b>4,106,233</b>  | <b>7,837</b>                     | <b>—</b>                     | <b>4,114,070</b> |

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The following table shows reconciliations from the opening to the closing balance of impairment on due from banks and other financial institutions.

| SAR '000                                       | December 31, 2024 |                                  |                              |            |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total      |
| Balance as at January 01, 2024                 | 590               | 315                              | –                            | 905        |
| Transfer from 12-month ECL                     | –                 | –                                | –                            | –          |
| Transfer from lifetime ECL not credit impaired | –                 | –                                | –                            | –          |
| Net change for the year                        | (128)             | (156)                            | –                            | (284)      |
| Write-offs                                     | –                 | –                                | –                            | –          |
| <b>Balance as at December 31, 2024</b>         | <b>462</b>        | <b>159</b>                       | <b>–</b>                     | <b>621</b> |

| SAR '000                                       | December 31, 2023 |                                  |                              |            |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total      |
| Balance as at January 01, 2023                 | 353               | 1,951                            | –                            | 2,304      |
| Transfer from 12-month ECL                     | –                 | –                                | –                            | –          |
| Transfer from lifetime ECL not credit impaired | –                 | –                                | –                            | –          |
| Net charge/(reversal) for the year             | 237               | (1,636)                          | –                            | (1,399)    |
| Write-offs                                     | –                 | –                                | –                            | –          |
| <b>Balance as at December 31, 2023</b>         | <b>590</b>        | <b>315</b>                       | <b>–</b>                     | <b>905</b> |

## 06. Investments, net

### (a) Investment securities are classified as follows:

| SAR '000                                         | 2024              | 2023 (restated)   |
|--------------------------------------------------|-------------------|-------------------|
| Investment at amortized cost – gross             | 27,695,178        | 24,656,529        |
| Less: impairment                                 | (17,013)          | (16,311)          |
| Investment at amortized cost, net                | 27,678,165        | 24,640,218        |
| Investments at FVOCI – Debt instruments          | 31,824,414        | 23,249,397        |
| Investments at FVOCI – Equity/other investments  | 428,367           | 355,737           |
| <b>Total FVOCI</b>                               | <b>32,252,781</b> | <b>23,605,134</b> |
| Investment at FVSI – Debt instruments and equity | 357,912           | 504,714           |
| <b>Total</b>                                     | <b>60,288,858</b> | <b>48,750,066</b> |

### (b) Investments held at fair value through statement of income (FVSI)

#### Investments by type of securities

| SAR '000                 | Domestic       |                | International |                 | Total          |                 |
|--------------------------|----------------|----------------|---------------|-----------------|----------------|-----------------|
|                          | 2024           | 2023           | 2024          | 2023 (restated) | 2024           | 2023 (restated) |
| Fixed-rate securities    | 357,912        | 168,181        | –             | 53,756          | 357,912        | 221,937         |
| Floating-rate securities | –              | –              | –             | –               | –              | –               |
| Equities                 | –              | –              | –             | 282,777         | –              | 282,777         |
| <b>Total</b>             | <b>357,912</b> | <b>168,181</b> | <b>–</b>      | <b>336,533</b>  | <b>357,912</b> | <b>504,714</b>  |

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The analysis of the composition of investments is as follows:

| SAR '000                 | 2024           |          |                | 2023 (restated) |          |                |
|--------------------------|----------------|----------|----------------|-----------------|----------|----------------|
|                          | Quoted         | Unquoted | Total          | Quoted          | Unquoted | Total          |
| Fixed-rate securities    | 357,912        | –        | 357,912        | 221,937         | –        | 221,937        |
| Floating-rate securities | –              | –        | –              | –               | –        | –              |
| Equities                 | –              | –        | –              | 282,777         | –        | 282,777        |
| <b>Total</b>             | <b>357,912</b> | <b>–</b> | <b>357,912</b> | <b>504,714</b>  | <b>–</b> | <b>504,714</b> |

### (c) Investments held at fair value through other comprehensive income (FVOCI)

Investments by type of securities

| SAR '000                       | Domestic          |                   | International     |                  | Total             |                   |
|--------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                                | 2024              | 2023              | 2024              | 2023             | 2024              | 2023              |
| Fixed-rate securities          | 17,313,251        | 13,107,310        | 10,630,748        | 6,008,807        | 27,943,999        | 19,116,117        |
| Floating-rate securities       | 3,072,313         | 3,322,080         | 808,102           | 811,200          | 3,880,415         | 4,133,280         |
| Equities and other investments | 417,774           | 345,482           | 10,593            | 10,255           | 428,367           | 355,737           |
| <b>Total</b>                   | <b>20,803,338</b> | <b>16,774,872</b> | <b>11,449,443</b> | <b>6,830,262</b> | <b>32,252,781</b> | <b>23,605,134</b> |

The analysis of the composition of investments is as follows:

| SAR '000                         | 2024              |                  |                   | 2023              |                  |                   |
|----------------------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
|                                  | Quoted            | Unquoted         | Total             | Quoted            | Unquoted         | Total             |
| Fixed-rate securities            | 27,513,958        | 430,041          | 27,943,999        | 18,589,600        | 526,517          | 19,116,117        |
| Floating-rate securities         | 1,302,624         | 2,577,791        | 3,880,415         | 1,516,839         | 2,616,441        | 4,133,280         |
| Equities and other investments   | 128,688           | 299,679          | 428,367           | 145,320           | 210,417          | 355,737           |
| <b>Investments at FVOCI, net</b> | <b>28,945,270</b> | <b>3,307,511</b> | <b>32,252,781</b> | <b>20,251,759</b> | <b>3,353,375</b> | <b>23,605,134</b> |

The following table shows the type of assets:

| SAR '000                     | Domestic          |                   | International     |                  | Total             |                   |
|------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                              | 2024              | 2023              | 2024              | 2023             | 2024              | 2023              |
| Debt instruments             | 20,385,564        | 16,429,390        | 11,438,850        | 6,820,007        | 31,824,414        | 23,249,397        |
| Equity and other investments | 417,774           | 345,482           | 10,593            | 10,255           | 428,367           | 355,737           |
| <b>Total</b>                 | <b>20,803,338</b> | <b>16,774,872</b> | <b>11,449,443</b> | <b>6,830,262</b> | <b>32,252,781</b> | <b>23,605,134</b> |

The Group designated investments disclosed in the above table as equity securities at FVOCI on initial recognition. The FVOCI designation was made because the equity investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale and there are no plans to dispose of these investments in the short or medium term. This designation is irrevocable.

During 2024, the Bank sold one of its equity investment designated as FVOCI. The equity sold had a fair value of SAR 72 million and the Bank realised a gain of SAR 63 million which is already included in other comprehensive income. This gain has been transferred to retained earnings.

### (d) Investments held at amortised cost

Investments by type of securities

| SAR '000                                       | Domestic          |                   | International |          | Total             |                   |
|------------------------------------------------|-------------------|-------------------|---------------|----------|-------------------|-------------------|
|                                                | 2024              | 2023              | 2024          | 2023     | 2024              | 2023              |
| Fixed-rate securities                          | 26,839,229        | 23,800,132        | –             | –        | 26,839,229        | 23,800,132        |
| Floating-rate securities                       | 838,936           | 840,086           | –             | –        | 838,936           | 840,086           |
| <b>Investments held at amortized cost, net</b> | <b>27,678,165</b> | <b>24,640,218</b> | <b>–</b>      | <b>–</b> | <b>27,678,165</b> | <b>24,640,218</b> |

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The analysis of the composition of investments is as follows:

| SAR '000                                       | 2024              |                  |                   | 2023              |                  |                   |
|------------------------------------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
|                                                | Quoted            | Unquoted         | Total             | Quoted            | Unquoted         | Total             |
| Fixed-rate securities                          | 21,334,634        | 5,504,595        | 26,839,229        | 17,048,521        | 6,751,611        | 23,800,132        |
| Floating-rate securities                       | 606,466           | 232,470          | 838,936           | 607,591           | 232,495          | 840,086           |
| <b>Investments held at amortized cost, net</b> | <b>21,941,100</b> | <b>5,737,065</b> | <b>27,678,165</b> | <b>17,656,112</b> | <b>6,984,106</b> | <b>24,640,218</b> |

**(e) The reconciliations from the opening to the closing balance of gross carrying value of Debt instrument held at FVOCI and amortized cost**

| SAR '000                                       | December 31, 2024 |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Debt instrument investments</b>             |                   |                                  |                              |                   |
| Balance at January 01                          | 47,905,926        | —                                | —                            | 47,905,926        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL credit impaired     | —                 | —                                | —                            | —                 |
| Net change for the year                        | 11,613,666        | —                                | —                            | 11,613,666        |
| Write-offs                                     | —                 | —                                | —                            | —                 |
| <b>Balance as at December 31, 2024</b>         | <b>59,519,592</b> | <b>—</b>                         | <b>—</b>                     | <b>59,519,592</b> |

| SAR '000                                       | December 31, 2023 |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Debt instrument investments</b>             |                   |                                  |                              |                   |
| Balance at January 01                          | 44,136,307        | —                                | —                            | 44,136,307        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL credit impaired     | —                 | —                                | —                            | —                 |
| Net change for the year                        | 3,769,619         | —                                | —                            | 3,769,619         |
| Write-offs                                     | —                 | —                                | —                            | —                 |
| <b>Balance as at December 31, 2023</b>         | <b>47,905,926</b> | <b>—</b>                         | <b>—</b>                     | <b>47,905,926</b> |

**Amortized cost**

| SAR '000                                       | December 31, 2024 |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| Balance at January 01                          | 24,656,529        | —                                | —                            | 24,656,529        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                 |
| Net change for the year                        | 3,038,649         | —                                | —                            | 3,038,649         |
| Write-offs                                     | —                 | —                                | —                            | —                 |
| <b>Balance as at December 31, 2024</b>         | <b>27,695,178</b> | <b>—</b>                         | <b>—</b>                     | <b>27,695,178</b> |

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| December 31, 2023                              |                   |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                       | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| Balance at January 01                          | 26,051,032        | —                                | —                            | 26,051,032        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                 |
| Net change for the year                        | (1,394,503)       | —                                | —                            | (1,394,503)       |
| Write-offs                                     | —                 | —                                | —                            | —                 |
| <b>Balance as at December 31, 2023</b>         | <b>24,656,529</b> | <b>—</b>                         | <b>—</b>                     | <b>24,656,529</b> |

## FVOCI – Debt instruments

| December 31, 2024                              |                   |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                       | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| Balance at January 01                          | 23,249,397        | —                                | —                            | 23,249,397        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                 |
| Net change for the year                        | 8,575,017         | —                                | —                            | 8,575,017         |
| Write-offs                                     | —                 | —                                | —                            | —                 |
| <b>Balance as at December 31, 2024</b>         | <b>31,824,414</b> | <b>—</b>                         | <b>—</b>                     | <b>31,824,414</b> |

| December 31, 2023                              |                   |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                       | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| Balance at January 01                          | 18,085,275        | —                                | —                            | 18,085,275        |
| Transfer from 12-month ECL                     | —                 | —                                | —                            | —                 |
| Transfer from lifetime ECL not credit impaired | —                 | —                                | —                            | —                 |
| Net change for the year                        | 5,164,122         | —                                | —                            | 5,164,122         |
| Write-offs                                     | —                 | —                                | —                            | —                 |
| <b>Balance as at December 31, 2023</b>         | <b>23,249,397</b> | <b>—</b>                         | <b>—</b>                     | <b>23,249,397</b> |

## (f) The reconciliations from the opening to the closing balance of ECL on Debt instruments held at FVOCI and amortized cost:

An analysis of changes in loss allowance for Debt instruments is as follows:

| December 31, 2024                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 33,739        | —                                | —                            | 33,739        |
| Transfer from 12-month ECL                     | —             | —                                | —                            | —             |
| Transfer from lifetime ECL not credit impaired | —             | —                                | —                            | —             |
| Transfer from lifetime ECL credit impaired     | —             | —                                | —                            | —             |
| Net charge for the year                        | 10,843        | —                                | —                            | 10,843        |
| Write-offs                                     | —             | —                                | —                            | —             |
| <b>Balance as at December 31, 2024</b>         | <b>44,582</b> | <b>—</b>                         | <b>—</b>                     | <b>44,582</b> |

| December 31, 2023                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 25,422        | —                                | —                            | 25,422        |
| Transfer from 12-month ECL                     | —             | —                                | —                            | —             |
| Transfer from lifetime ECL not credit impaired | —             | —                                | —                            | —             |
| Transfer from lifetime ECL credit impaired     | —             | —                                | —                            | —             |
| Net charge for the year                        | 8,317         | —                                | —                            | 8,317         |
| Write-offs                                     | —             | —                                | —                            | —             |
| <b>Balance as at December 31, 2023</b>         | <b>33,739</b> | <b>—</b>                         | <b>—</b>                     | <b>33,739</b> |



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An analysis of changes in loss allowance by each class of Debt instruments is as follows:

## Amortized cost

| December 31, 2024                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 16,311        | —                                | —                            | 16,311        |
| Transfer from 12-month ECL                     | —             | —                                | —                            | —             |
| Transfer from lifetime ECL not credit impaired | —             | —                                | —                            | —             |
| Net charge for the year                        | 702           | —                                | —                            | 702           |
| Write-offs                                     | —             | —                                | —                            | —             |
| <b>Balance as at December 31, 2024</b>         | <b>17,013</b> | <b>—</b>                         | <b>—</b>                     | <b>17,013</b> |

| December 31, 2023                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 7,895         | —                                | —                            | 7,895         |
| Transfer from 12-month ECL                     | —             | —                                | —                            | —             |
| Transfer from lifetime ECL not credit impaired | —             | —                                | —                            | —             |
| Net charge for the year                        | 8,416         | —                                | —                            | 8,416         |
| Write-offs                                     | —             | —                                | —                            | —             |
| <b>Balance as at December 31, 2023</b>         | <b>16,311</b> | <b>—</b>                         | <b>—</b>                     | <b>16,311</b> |

## FVOCI

| December 31, 2024                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 17,428        | —                                | —                            | 17,428        |
| Transfer from 12-month ECL                     | —             | —                                | —                            | —             |
| Transfer from lifetime ECL not credit impaired | —             | —                                | —                            | —             |
| Net charge for the year                        | 10,141        | —                                | —                            | 10,141        |
| Write-offs                                     | —             | —                                | —                            | —             |
| <b>Balance as at December 31, 2024</b>         | <b>27,569</b> | <b>—</b>                         | <b>—</b>                     | <b>27,569</b> |

| December 31, 2023                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 17,527        | —                                | —                            | 17,527        |
| Transfer from 12-month ECL                     | —             | —                                | —                            | —             |
| Transfer from lifetime ECL not credit impaired | —             | —                                | —                            | —             |
| Net reversal for the year                      | (99)          | —                                | —                            | (99)          |
| Write-offs                                     | —             | —                                | —                            | —             |
| <b>Balance as at December 31, 2023</b>         | <b>17,428</b> | <b>—</b>                         | <b>—</b>                     | <b>17,428</b> |

The provision balance of FVOCI is recorded under other reserve – FVOCI.

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## (g) Investments by type of securities

| SAR '000                       | Domestic          |                   | International     |                  | Total             |                   |
|--------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                                | 2024              | 2023              | 2024              | 2023 (restated)  | 2024              | 2023 (restated)   |
| Fixed-rate securities          | 44,526,831        | 37,091,359        | 10,630,748        | 6,062,563        | 55,157,579        | 43,153,922        |
| Floating-rate securities       | 3,911,823         | 4,162,741         | 808,102           | 811,200          | 4,719,925         | 4,973,941         |
| Equities and other investments | 417,774           | 345,482           | 10,593            | 293,032          | 428,367           | 638,514           |
| Allowance for impairment       | (17,013)          | (16,311)          | —                 | —                | (17,013)          | (16,311)          |
| <b>Total</b>                   | <b>48,839,415</b> | <b>41,583,271</b> | <b>11,449,443</b> | <b>7,166,795</b> | <b>60,288,858</b> | <b>48,750,066</b> |

## (h) The analysis of the composition of investments is as follows:

| SAR '000                       | 2024              |                  |                   | 2023 (restated)   |                   |                   |
|--------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                                | Quoted            | Unquoted         | Total             | Quoted            | Unquoted          | Total             |
| Fixed-rate securities          | 49,208,564        | 5,949,015        | 55,157,579        | 35,861,713        | 7,292,209         | 43,153,922        |
| Floating-rate securities       | 1,909,149         | 2,810,776        | 4,719,925         | 2,124,488         | 2,849,453         | 4,973,941         |
| Equities and other investments | 128,688           | 299,679          | 428,367           | 428,097           | 210,417           | 638,514           |
| Allowance for impairment       | 51,246,401        | 9,059,470        | 60,305,871        | 38,414,298        | 10,352,079        | 48,766,377        |
|                                | (2,120)           | (14,893)         | (17,013)          | (1,712)           | (14,599)          | (16,311)          |
| <b>Total</b>                   | <b>51,244,281</b> | <b>9,044,577</b> | <b>60,288,858</b> | <b>38,412,586</b> | <b>10,337,480</b> | <b>48,750,066</b> |

## (i) The analysis of investments by counterparty is as follows:

| SAR '000                               | 2024              | 2023 (restated)   |
|----------------------------------------|-------------------|-------------------|
| Government and quasi government        | 44,560,616        | 34,765,826        |
| Corporate                              | 5,694,669         | 5,228,776         |
| Banks and other financial institutions | 10,033,573        | 8,755,464         |
| <b>Total</b>                           | <b>60,288,858</b> | <b>48,750,066</b> |

## (j) Shariah based investments:

Investment securities designated as at FVOCI:

| SAR '000                | 2024              | 2023              |
|-------------------------|-------------------|-------------------|
| <b>Debt instruments</b> |                   |                   |
| Sukuk                   | 15,128,832        | 11,917,829        |
| <b>Total</b>            | <b>15,128,832</b> | <b>11,917,829</b> |

Investments held at amortised cost:

| SAR '000                 | 2024              | 2023              |
|--------------------------|-------------------|-------------------|
| <b>Debt instruments</b>  |                   |                   |
| Sukuk                    | 24,307,596        | 20,009,183        |
| Other                    | 634,925           | 547,556           |
| Allowance for impairment | (16,762)          | (15,936)          |
| <b>Total</b>             | <b>24,925,759</b> | <b>20,540,803</b> |

Trading Investment securities include Islamic related products of SAR 358 million (2023: SAR 168 million).

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## 07. Loans and advances, net

### (a) Loans and advances are classified as follows:

Held at Amortized cost

| 2024                                                  |                                |                |                   |                    |
|-------------------------------------------------------|--------------------------------|----------------|-------------------|--------------------|
| SAR '000                                              | Overdraft and Commercial Loans | Credit Cards   | Consumer Loans    | Total              |
| Performing loans and advances – gross                 | 167,950,716                    | 724,210        | 37,073,642        | 205,748,568        |
| Non-performing loans and advances, net                | 1,637,925                      | 24,568         | 272,006           | 1,934,499          |
| <b>Total loans and advances</b>                       | <b>169,588,641</b>             | <b>748,778</b> | <b>37,345,648</b> | <b>207,683,067</b> |
| Allowance for impairment                              | (3,118,432)                    | (44,235)       | (352,125)         | (3,514,792)        |
| <b>Loans and advances held at amortised cost, net</b> | <b>166,470,209</b>             | <b>704,543</b> | <b>36,993,523</b> | <b>204,168,275</b> |

| 2023                                                  |                                |                |                   |                    |
|-------------------------------------------------------|--------------------------------|----------------|-------------------|--------------------|
| SAR '000                                              | Overdraft and Commercial Loans | Credit Cards   | Consumer Loans    | Total              |
| Performing loans and advances – gross                 | 147,636,954                    | 668,238        | 31,809,240        | 180,114,432        |
| Non-performing loans and advances, net                | 1,727,150                      | 19,094         | 174,537           | 1,920,781          |
| <b>Total loans and advances</b>                       | <b>149,364,104</b>             | <b>687,332</b> | <b>31,983,777</b> | <b>182,035,213</b> |
| Allowance for impairment                              | (2,368,159)                    | (35,612)       | (240,219)         | (2,643,990)        |
| <b>Loans and advances held at amortised cost, net</b> | <b>146,995,945</b>             | <b>651,720</b> | <b>31,743,558</b> | <b>179,391,223</b> |

An unwinding modification loss of SAR 28 million (2023: SAR 99 million) is included as part of loan and advances.

The above includes Shariah based loans and advances as below:

| SAR '000                              | 2024               | 2023               |
|---------------------------------------|--------------------|--------------------|
| <b>Overdraft and Commercial Loans</b> |                    |                    |
| Tawarruq                              | 87,567,348         | 74,676,536         |
| Murabaha                              | 20,410,020         | 21,134,958         |
| Others                                | 10,483,362         | 6,269,721          |
| Allowance for impairment              | (1,144,901)        | (1,130,119)        |
| <b>Total</b>                          | <b>117,315,829</b> | <b>100,951,096</b> |
| <b>Credit Card and Consumer Loans</b> |                    |                    |
| Tawarruq                              | 20,198,185         | 17,463,853         |
| Murabaha                              | 9,754,954          | 8,489,324          |
| Others                                | 7,267,197          | 6,035,876          |
| Allowance for impairment              | (342,202)          | (234,815)          |
| <b>Total</b>                          | <b>36,878,134</b>  | <b>31,754,238</b>  |

### (b) The reconciliations from the opening to the closing balance of gross carrying value of Loans and advances

An analysis of changes in gross carrying value for Loans and Advances is, as follows:

| December 31, 2024                              |                    |                                  |                              |                    |
|------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                       | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| Balance at January 01                          | 167,788,441        | 12,277,226                       | 1,969,546                    | 182,035,213        |
| Transfer from 12-month ECL                     | (3,481,080)        | 3,269,612                        | 211,468                      | –                  |
| Transfer from lifetime ECL not credit impaired | 1,212,596          | (1,979,200)                      | 766,604                      | –                  |
| Transfer from Lifetime ECL credit impaired     | 24,495             | 171,293                          | (195,788)                    | –                  |
| Net change for the year                        | 28,318,719         | (2,007,801)                      | (245,931)                    | 26,064,987         |
| Write-offs                                     | –                  | –                                | (417,133)                    | (417,133)          |
| <b>Balance as at December 31, 2024</b>         | <b>193,863,171</b> | <b>11,731,130</b>                | <b>2,088,766</b>             | <b>207,683,067</b> |

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| December 31, 2023                              |                    |                                  |                              |                    |
|------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                       | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| Balance at January 01                          | 147,548,454        | 12,185,639                       | 4,277,974                    | 164,012,067        |
| Transfer from 12-month ECL                     | (4,844,809)        | 4,475,694                        | 369,115                      | –                  |
| Transfer from lifetime ECL not credit impaired | 1,960,344          | (3,689,920)                      | 1,729,576                    | –                  |
| Transfer from Lifetime ECL credit impaired     | 80,020             | 18,362                           | (98,382)                     | –                  |
| Net change for the year                        | 23,044,432         | (712,549)                        | (153,892)                    | 22,177,991         |
| Write-offs                                     | –                  | –                                | (4,154,845)                  | (4,154,845)        |
| <b>Balance as at December 31, 2023</b>         | <b>167,788,441</b> | <b>12,277,226</b>                | <b>1,969,546</b>             | <b>182,035,213</b> |

An analysis of changes in gross carrying value by each class of financial instrument is, as follows:

## Overdraft and Commercial Loans

| December 31, 2024                              |                    |                                  |                              |                    |
|------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                       | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| Balance at January 01                          | 135,708,078        | 11,917,850                       | 1,738,176                    | 149,364,104        |
| Transfer from 12-month ECL                     | (3,055,360)        | 3,049,125                        | 6,235                        | –                  |
| Transfer from lifetime ECL not credit impaired | 1,060,143          | (1,769,193)                      | 709,050                      | –                  |
| Transfer from Lifetime ECL credit impaired     | 3                  | 166,864                          | (166,867)                    | –                  |
| Net change for the year                        | 22,832,474         | (2,037,297)                      | (330,977)                    | 20,464,200         |
| Write-offs                                     | –                  | –                                | (239,663)                    | (239,663)          |
| <b>Balance as at December 31, 2024</b>         | <b>156,545,338</b> | <b>11,327,349</b>                | <b>1,715,954</b>             | <b>169,588,641</b> |

| December 31, 2023                              |                    |                                  |                              |                    |
|------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                       | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| Balance at January 01                          | 118,193,805        | 11,932,997                       | 4,068,227                    | 134,195,029        |
| Transfer from 12-month ECL                     | (4,567,745)        | 4,311,744                        | 256,001                      | –                  |
| Transfer from lifetime ECL not credit impaired | 1,850,424          | (3,540,685)                      | 1,690,261                    | –                  |
| Transfer from Lifetime ECL credit impaired     | 3                  | 13,076                           | (13,079)                     | –                  |
| Net change for the year                        | 20,231,591         | (799,282)                        | (199,142)                    | 19,233,167         |
| Write-offs                                     | –                  | –                                | (4,064,092)                  | (4,064,092)        |
| <b>Balance as at December 31, 2023</b>         | <b>135,708,078</b> | <b>11,917,850</b>                | <b>1,738,176</b>             | <b>149,364,104</b> |

## Credit Cards

| December 31, 2024                              |                |                                  |                              |                |
|------------------------------------------------|----------------|----------------------------------|------------------------------|----------------|
| SAR '000                                       | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| Balance at January 01                          | 637,900        | 23,226                           | 26,206                       | 687,332        |
| Transfer from 12-month ECL                     | (25,986)       | 9,352                            | 16,634                       | –              |
| Transfer from lifetime ECL not credit impaired | 9,589          | (18,674)                         | 9,085                        | –              |
| Transfer from Lifetime ECL credit impaired     | 2,414          | 408                              | (2,822)                      | –              |
| Net change for the year                        | 72,922         | 2,176                            | 6,365                        | 81,463         |
| Write-offs                                     | –              | –                                | (20,017)                     | (20,017)       |
| <b>Balance as at December 31, 2024</b>         | <b>696,839</b> | <b>16,488</b>                    | <b>35,451</b>                | <b>748,778</b> |

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| December 31, 2023                              |                |                                  |                              |                |
|------------------------------------------------|----------------|----------------------------------|------------------------------|----------------|
| SAR '000                                       | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| Balance at January 01                          | 562,135        | 18,953                           | 25,734                       | 606,822        |
| Transfer from 12-month ECL                     | (22,503)       | 11,375                           | 11,128                       | –              |
| Transfer from lifetime ECL not credit impaired | 8,705          | (14,630)                         | 5,925                        | –              |
| Transfer from Lifetime ECL credit impaired     | 2,192          | 926                              | (3,118)                      | –              |
| Net change for the year                        | 87,371         | 6,602                            | 1,834                        | 95,807         |
| Write-offs                                     | –              | –                                | (15,297)                     | (15,297)       |
| <b>Balance as at December 31, 2023</b>         | <b>637,900</b> | <b>23,226</b>                    | <b>26,206</b>                | <b>687,332</b> |

| December 31, 2023                              |                   |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                       | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| Balance at January 01                          | 28,792,514        | 233,689                          | 184,013                      | 29,210,216        |
| Transfer from 12-month ECL                     | (254,561)         | 152,575                          | 101,986                      | –                 |
| Transfer from lifetime ECL not credit impaired | 101,215           | (134,605)                        | 33,390                       | –                 |
| Transfer from Lifetime ECL credit impaired     | 77,825            | 4,360                            | (82,185)                     | –                 |
| Net change for the year                        | 2,725,470         | 80,131                           | 43,416                       | 2,849,017         |
| Write-offs                                     | –                 | –                                | (75,456)                     | (75,456)          |
| <b>Balance as at December 31, 2023</b>         | <b>31,442,463</b> | <b>336,150</b>                   | <b>205,164</b>               | <b>31,983,777</b> |

## Consumer Loans

| December 31, 2024                              |                   |                                  |                              |                   |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                       | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| Balance at January 01                          | 31,442,463        | 336,150                          | 205,164                      | 31,983,777        |
| Transfer from 12-month ECL                     | (399,734)         | 211,135                          | 188,599                      | –                 |
| Transfer from lifetime ECL not credit impaired | 142,864           | (191,333)                        | 48,469                       | –                 |
| Transfer from Lifetime ECL credit impaired     | 22,078            | 4,021                            | (26,099)                     | –                 |
| Net change for the year                        | 5,413,323         | 27,320                           | 78,681                       | 5,519,324         |
| Write-offs                                     | –                 | –                                | (157,453)                    | (157,453)         |
| <b>Balance as at December 31, 2024</b>         | <b>36,620,994</b> | <b>387,293</b>                   | <b>337,361</b>               | <b>37,345,648</b> |

## (c) Movement in allowance for impairment of credit losses are classified as follows:

An analysis of changes in loss allowance for Loans and Advances is, as follows:

| December 31, 2024                              |                |                                  |                              |                  |
|------------------------------------------------|----------------|----------------------------------|------------------------------|------------------|
| SAR '000                                       | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Balance at January 01                          | 509,846        | 849,666                          | 1,284,478                    | 2,643,990        |
| Transfer from 12-month ECL                     | (8,925)        | 7,473                            | 1,452                        | –                |
| Transfer from lifetime ECL not credit impaired | 20,890         | (64,289)                         | 43,399                       | –                |
| Transfer from Lifetime ECL credit impaired     | 12,673         | 160,671                          | (173,344)                    | –                |
| Net charge for the year                        | 411,387        | 293,679                          | 582,868                      | 1,287,934        |
| Write-offs                                     | –              | –                                | (417,132)                    | (417,132)        |
| <b>Balance as at December 31, 2024</b>         | <b>945,871</b> | <b>1,247,200</b>                 | <b>1,321,721</b>             | <b>3,514,792</b> |



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| December 31, 2023                              |                |                                  |                              |                  |
|------------------------------------------------|----------------|----------------------------------|------------------------------|------------------|
| SAR '000                                       | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Balance at January 01                          | 421,205        | 1,799,671                        | 2,779,666                    | 5,000,542        |
| Transfer from 12-month ECL                     | (27,475)       | 15,660                           | 11,815                       | –                |
| Transfer from lifetime ECL not credit impaired | 36,103         | (917,834)                        | 881,731                      | –                |
| Transfer from Lifetime ECL credit impaired     | 5,762          | 7,443                            | (13,205)                     | –                |
| Net charge/(reversal) for the year             | 74,251         | (55,274)                         | 1,779,316                    | 1,798,293        |
| Write-offs                                     | –              | –                                | (4,154,845)                  | (4,154,845)      |
| <b>Balance as at December 31, 2023</b>         | <b>509,846</b> | <b>849,666</b>                   | <b>1,284,478</b>             | <b>2,643,990</b> |

An analysis of changes in loss allowance by each class of financial instrument is, as follows:

## Overdraft and Commercial Loans

| December 31, 2024                              |                |                                  |                              |                  |
|------------------------------------------------|----------------|----------------------------------|------------------------------|------------------|
| SAR '000                                       | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Balance at January 01                          | 430,341        | 805,555                          | 1,132,263                    | 2,368,159        |
| Transfer from 12-month ECL                     | (5,949)        | 5,947                            | 2                            | –                |
| Transfer from lifetime ECL not credit impaired | 4,376          | (38,553)                         | 34,177                       | –                |
| Transfer from Lifetime ECL credit impaired     | 1              | 158,411                          | (158,412)                    | –                |
| Net charge for the year                        | 410,377        | 274,559                          | 305,000                      | 989,936          |
| Write-offs                                     | –              | –                                | (239,663)                    | (239,663)        |
| <b>Balance as at December 31, 2024</b>         | <b>839,146</b> | <b>1,205,919</b>                 | <b>1,073,367</b>             | <b>3,118,432</b> |

| December 31, 2023                              |                |                                  |                              |                  |
|------------------------------------------------|----------------|----------------------------------|------------------------------|------------------|
| SAR '000                                       | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Balance at January 01                          | 269,344        | 1,759,301                        | 2,667,964                    | 4,696,609        |
| Transfer from 12-month ECL                     | (14,739)       | 14,071                           | 668                          | –                |
| Transfer from lifetime ECL not credit impaired | 18,067         | (892,396)                        | 874,329                      | –                |
| Transfer from Lifetime ECL credit impaired     | 1              | 4,578                            | (4,579)                      | –                |
| Net charge/(reversal) for the year             | 157,668        | (79,999)                         | 1,657,973                    | 1,735,642        |
| Write-offs                                     | –              | –                                | (4,064,092)                  | (4,064,092)      |
| <b>Balance as at December 31, 2023</b>         | <b>430,341</b> | <b>805,555</b>                   | <b>1,132,263</b>             | <b>2,368,159</b> |

## Credit Cards

| December 31, 2024                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 13,015        | 4,141                            | 18,456                       | 35,612        |
| Transfer from 12-month ECL                     | (635)         | 172                              | 463                          | –             |
| Transfer from lifetime ECL not credit impaired | 1,428         | (3,503)                          | 2,075                        | –             |
| Transfer from Lifetime ECL credit impaired     | 1,230         | 215                              | (1,445)                      | –             |
| Net charge for the year                        | 1,537         | 1,862                            | 25,241                       | 28,640        |
| Write-offs                                     | –             | –                                | (20,017)                     | (20,017)      |
| <b>Balance as at December 31, 2024</b>         | <b>16,575</b> | <b>2,887</b>                     | <b>24,773</b>                | <b>44,235</b> |

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| December 31, 2023                              |               |                                  |                              |               |
|------------------------------------------------|---------------|----------------------------------|------------------------------|---------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total         |
| Balance at January 01                          | 15,217        | 4,494                            | 19,087                       | 38,798        |
| Transfer from 12-month ECL                     | (745)         | 331                              | 414                          | –             |
| Transfer from lifetime ECL not credit impaired | 1,456         | (3,304)                          | 1,848                        | –             |
| Transfer from Lifetime ECL credit impaired     | 1,230         | 534                              | (1,764)                      | –             |
| Net (reversal)/charge for the year             | (4,143)       | 2,086                            | 14,168                       | 12,111        |
| Write-offs                                     | –             | –                                | (15,297)                     | (15,297)      |
| <b>Balance as at December 31, 2023</b>         | <b>13,015</b> | <b>4,141</b>                     | <b>18,456</b>                | <b>35,612</b> |

| December 31, 2023                              |               |                                  |                              |                |
|------------------------------------------------|---------------|----------------------------------|------------------------------|----------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| Balance at January 01                          | 136,644       | 35,876                           | 92,615                       | 265,135        |
| Transfer from 12-month ECL                     | (11,991)      | 1,258                            | 10,733                       | –              |
| Transfer from lifetime ECL not credit impaired | 16,580        | (22,134)                         | 5,554                        | –              |
| Transfer from Lifetime ECL credit impaired     | 4,531         | 2,331                            | (6,862)                      | –              |
| Net (reversal)/charge for the year             | (79,274)      | 22,639                           | 107,175                      | 50,540         |
| Write-offs                                     | –             | –                                | (75,456)                     | (75,456)       |
| <b>Balance as at December 31, 2023</b>         | <b>66,490</b> | <b>39,970</b>                    | <b>133,759</b>               | <b>240,219</b> |

## Consumer Loans

| December 31, 2024                              |               |                                  |                              |                |
|------------------------------------------------|---------------|----------------------------------|------------------------------|----------------|
| SAR '000                                       | 12 month ECL  | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| Balance at January 01                          | 66,490        | 39,970                           | 133,759                      | 240,219        |
| Transfer from 12-month ECL                     | (2,341)       | 1,354                            | 987                          | –              |
| Transfer from lifetime ECL not credit impaired | 15,086        | (22,233)                         | 7,147                        | –              |
| Transfer from Lifetime ECL credit impaired     | 11,442        | 2,045                            | (13,487)                     | –              |
| Net (reversal)/charge for the year             | (527)         | 17,258                           | 252,627                      | 269,358        |
| Write-offs                                     | –             | –                                | (157,452)                    | (157,452)      |
| <b>Balance as at December 31, 2024</b>         | <b>90,150</b> | <b>38,394</b>                    | <b>223,581</b>               | <b>352,125</b> |

(d) The movement in the allowance for impairment charge for expected credit on loans and advances losses for the year ended December 31, is as follows:

| SAR '000                                                                | Note | 2024             | 2023             |
|-------------------------------------------------------------------------|------|------------------|------------------|
| Impairment charge for expected credit losses on loans and advances, net | 7c   | 1,287,934        | 1,798,293        |
| Recoveries of written off loans                                         |      | (144,035)        | (129,476)        |
| <b>Total charge for the year</b>                                        |      | <b>1,143,899</b> | <b>1,668,817</b> |

## (e) The movement in the allowance for impairment charge/(reversal) for investments financial assets and others for the year ended December 31, is as follows:

| SAR '000                                                                 | Note | 2024          | 2023            |
|--------------------------------------------------------------------------|------|---------------|-----------------|
| Impairment reversal on due from banks, net                               | 5    | (284)         | (1,399)         |
| Impairment charge/(reversal) on off statement of financial position, net | 21   | 25,609        | (81,533)        |
| Impairment charge/(reversal) on amortized cost, net                      | 6(f) | 702           | (99)            |
| Impairment charge on FVOCI, net                                          | 6(f) | 10,141        | 8,416           |
| Impairment (reversal)/charge on other assets, net                        |      | (400)         | 253             |
| <b>Total charge/(reversal) for the year</b>                              |      | <b>35,768</b> | <b>(74,362)</b> |

## (f) Loans and advances include finance lease receivables (Ijarah products), which are analyzed as follows:

| SAR '000                                        | 2024              | 2023              |
|-------------------------------------------------|-------------------|-------------------|
| <b>Gross receivable from finance leases</b>     |                   |                   |
| Less than 1 year                                | 2,230,014         | 1,698,948         |
| 1 to 3 years                                    | 4,530,501         | 3,332,002         |
| 3 to 5 years                                    | 5,431,335         | 2,987,543         |
| More than 5 years                               | 2,229,853         | 4,854,214         |
| Unearned future finance income on finance lease | (1,169,866)       | (1,326,508)       |
| <b>Net receivable from finance leases</b>       | <b>13,251,837</b> | <b>11,546,199</b> |
| Allowance for impairment                        | (86,559)          | (74,842)          |
| <b>Total</b>                                    | <b>13,165,278</b> | <b>11,471,357</b> |

## 08. Investment in associate, net

| SAR '000                         | 2024         | 2023         |
|----------------------------------|--------------|--------------|
| Balance at January 01            | 9,695        | 9,695        |
| Share of earnings                | —            | —            |
| Allowance for impairment         | —            | —            |
| <b>Balance as at December 31</b> | <b>9,695</b> | <b>9,695</b> |

Investment in associate represents 27% shareholding (2023: 27%) in the Banque BEMO Saudi Fransi incorporated in Syria.

The Group's share of Banque Bemo Saudi Fransi - Syria financial statements:

| Banque Bemo Saudi Fransi – Syria |         |         |
|----------------------------------|---------|---------|
| SAR '000                         | 2024    | 2023    |
| Total assets                     | 609,304 | 500,532 |
| Total liabilities                | 454,818 | 379,642 |
| Total equity                     | 154,486 | 120,890 |
| Total income                     | 56,185  | 119,212 |
| Total expenses                   | 33,773  | 25,418  |

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

### Property and equipment

| SAR '000                                              | Land and buildings | Leasehold improvements | Furniture, equipment and vehicles | Computer and Software | Total            |
|-------------------------------------------------------|--------------------|------------------------|-----------------------------------|-----------------------|------------------|
| <b>Cost</b>                                           |                    |                        |                                   |                       |                  |
| Balance as at January 01, 2023                        | 725,743            | 110,851                | 339,628                           | 951,237               | 2,127,459        |
| Additions during the year                             | 10,968             | 44,075                 | 31,957                            | 392,755               | 479,755          |
| Disposals and retirements                             | –                  | –                      | (2,862)                           | (1,818)               | (4,680)          |
| <b>Balance as at December 31, 2023</b>                | <b>736,711</b>     | <b>154,926</b>         | <b>368,723</b>                    | <b>1,342,174</b>      | <b>2,602,534</b> |
| Additions during the year                             | 16,250             | 59,727                 | 50,452                            | 345,597               | 472,026          |
| Disposals and retirements                             | –                  | –                      | (883)                             | (937)                 | (1,820)          |
| <b>Balance as at December 31, 2024</b>                | <b>752,961</b>     | <b>214,653</b>         | <b>418,292</b>                    | <b>1,686,834</b>      | <b>3,072,740</b> |
| <b>Accumulated depreciation and impairment losses</b> |                    |                        |                                   |                       |                  |
| Balance as at January 01, 2023                        | 352,193            | 79,159                 | 238,720                           | 358,391               | 1,028,463        |
| Depreciation and amortization charge                  | 25,294             | 9,186                  | 23,117                            | 106,532               | 164,129          |
| Disposals and retirements                             | –                  | –                      | (2,750)                           | (1,817)               | (4,567)          |
| <b>Balance as at December 31, 2023</b>                | <b>377,487</b>     | <b>88,345</b>          | <b>259,087</b>                    | <b>463,106</b>        | <b>1,188,025</b> |
| Depreciation and amortization charge                  | 22,303             | 17,727                 | 27,121                            | 141,256               | 208,407          |
| Disposals and retirements                             | –                  | –                      | (845)                             | (918)                 | (1,763)          |
| <b>Balance as at December 31, 2024</b>                | <b>399,790</b>     | <b>106,072</b>         | <b>285,363</b>                    | <b>603,444</b>        | <b>1,394,669</b> |
| <b>Net book value</b>                                 |                    |                        |                                   |                       |                  |
| As at December 31, 2024                               | 353,171            | 108,581                | 132,929                           | 1,083,390             | 1,678,071        |
| As at December 31, 2023                               | 359,224            | 66,581                 | 109,636                           | 879,068               | 1,414,509        |

Property and equipment as at December 31, 2024 include work in progress amounting to SAR 544 million (2023: SAR 627 million). Computer and software include software having a net book value of SAR 1,005 million (2023: SAR 768 million).

### Right-of-use assets

| 2024                                   |                   |                                   |                |
|----------------------------------------|-------------------|-----------------------------------|----------------|
| SAR '000                               | Land and Building | Furniture, equipment and vehicles | Total          |
| Balance at January 01                  | 556,061           | 67,661                            | 623,722        |
| Additions during the year              | 135,199           | –                                 | 135,199        |
| Disposals and retirements              | (13,302)          | (14,079)                          | (27,381)       |
| Depreciation and amortization          | (72,270)          | (18,536)                          | (90,806)       |
| <b>Balance as at December 31, 2024</b> | <b>605,688</b>    | <b>35,046</b>                     | <b>640,734</b> |

| 2023                                   |                   |                                   |                |
|----------------------------------------|-------------------|-----------------------------------|----------------|
| SAR '000                               | Land and Building | Furniture, equipment and vehicles | Total          |
| Balance at January 01                  | 558,782           | 81,529                            | 640,311        |
| Additions during the year              | 82,576            | 11,187                            | 93,763         |
| Disposals and retirements              | (19,389)          | (4,434)                           | (23,823)       |
| Depreciation and amortization          | (65,908)          | (20,621)                          | (86,529)       |
| <b>Balance as at December 31, 2023</b> | <b>556,061</b>    | <b>67,661</b>                     | <b>623,722</b> |

The following table shows the net book value of property, equipment and right of use assets:

| SAR '000               | 2024             | 2023             |
|------------------------|------------------|------------------|
| <b>Net book value</b>  |                  |                  |
| Property and equipment | 1,678,071        | 1,414,509        |
| Right-of-use assets    | 640,734          | 623,722          |
| <b>Total</b>           | <b>2,318,805</b> | <b>2,038,231</b> |

The following table shows depreciation and amortization of property, equipment and right of use assets:

| SAR '000                             | 2024           | 2023           |
|--------------------------------------|----------------|----------------|
| <b>Depreciation and amortization</b> |                |                |
| Property and equipment               | 208,407        | 164,129        |
| Right-of-use assets                  | 90,806         | 86,529         |
| <b>Total</b>                         | <b>299,213</b> | <b>250,658</b> |

## 10. Other assets, net

| SAR '000                                         | 2024             | 2023             |
|--------------------------------------------------|------------------|------------------|
| Accounts receivable                              | 1,342,945        | 432,277          |
| Collateral posted on derivatives and repo margin | 2,404,064        | 2,122,292        |
| Others                                           | 271,523          | 247,735          |
| <b>Total</b>                                     | <b>4,018,532</b> | <b>2,802,304</b> |

The Group maintains an ECL provision amounting to SAR 0.1 million (2023: SAR 0.5 million) for the exposure related to other assets which are classified under 12 months ECL.

## 11. Derivatives

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

### (a) Swaps

Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate

commission payments in a single currency without exchanging principal. For currency rate swaps, fixed and floating commission payments and principal are exchanged in different currencies.

### (b) Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over the counter market. Foreign currency and commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

### (c) Forward rate agreements

Forward rate agreements are individually negotiated commission rate contracts that call for a cash settlement for the difference between a contracted commission rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

### (d) Options

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

### Held for trading purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers, Banks and other financial institutions 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. The Group also holds structured derivative which are fully back to back in accordance with the Group's risk management strategy.

### Held for hedging purposes

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

The Board of Directors have established the 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 have also established the level of commission rate risk by setting commission rate sensitivity limits. Commission rate exposure in terms of the sensitivity is reviewed on a periodic basis and hedging strategies are used to reduce the exposure within the established limits.

As part of its asset and liability management the Group uses derivatives for hedging purposes in order to adjust its own exposure to currency and commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall consolidated statement of financial position exposures. Strategic hedging does not qualify for special hedge accounting and the related derivatives are accounted for as held for trading.



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

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

## Cash flow hedges

The Group is exposed to variability in future special commission income cash flows on non-trading assets and liabilities which bear variable commission rate. The Group uses commission rate swaps as cash flow hedges of these commission rate risks. Also, as a result of firm commitments in foreign currencies, such as its issued foreign currency debt, the Group is exposed to foreign exchange and commission rate risks which are hedged with cross currency commission rate swaps. Below is the schedule indicating as at December 31, the periods when the hedged cash flows are expected to occur and when they are expected to affect profit or loss:

| SAR '000                     | Within 1 year | 1-3 years   | 3-5 years | Over 5 years |
|------------------------------|---------------|-------------|-----------|--------------|
| <b>2024</b>                  |               |             |           |              |
| Cash inflows (assets)        | 1,151,792     | 1,684,536   | 589,500   | —            |
| Cash out flows (liabilities) | (1,555,521)   | (1,666,759) | (382,025) | —            |
| Net cash (outflow)/inflow    | (403,729)     | 17,777      | 207,475   | —            |
| <b>2023</b>                  |               |             |           |              |
| Cash inflows (assets)        | 1,282,071     | 1,741,954   | 881,525   | —            |
| Cash out flows (liabilities) | (1,918,150)   | (1,831,557) | (571,468) | —            |
| Net cash outflow             | (636,079)     | (89,603)    | 310,057   | —            |

The net gain/(loss) on cash flow hedges transferred to the consolidated statement of income during the year was as follows:

| SAR '000                                                                            | 2024             | 2023             |
|-------------------------------------------------------------------------------------|------------------|------------------|
| Special commission income                                                           | 1,213,966        | 1,047,222        |
| Special commission expense                                                          | (2,074,960)      | (1,866,286)      |
| <b>Net loss on cash flow hedges transferred to consolidated statement of income</b> | <b>(860,994)</b> | <b>(819,064)</b> |

The following tables show the positive and negative fair values of derivative financial instruments held, together with their notional amounts analyzed 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 to market risk. The net hedging loss from cash flow hedge strategy related to loans and advances amounting to SAR 812 million (2023: SAR (773) million) and investments amounting to SAR 49 million (2023: SAR (46) million).

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| Derivative financial instruments<br>SAR '000          | Positive<br>fair value | Negative<br>fair value | Notional amounts by term to maturity |                    |                   |                    |                   |
|-------------------------------------------------------|------------------------|------------------------|--------------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                                       |                        |                        | Notional<br>amount total             | Within<br>3 months | 3-12<br>months    | 1-5<br>years       | Over<br>5 years   |
| <b>2024</b>                                           |                        |                        |                                      |                    |                   |                    |                   |
| Held for trading                                      |                        |                        |                                      |                    |                   |                    |                   |
| Commission rate swaps                                 | 5,199,731              | 5,372,363              | 266,091,409                          | 16,898,902         | 30,365,700        | 140,465,195        | 78,361,612        |
| Commission rate futures and options                   | 92,940                 | 92,940                 | 8,815,881                            | 960,199            | 892,800           | 6,962,882          | –                 |
| Forward foreign exchange contracts and currency swaps | 105,016                | 112,685                | 20,681,986                           | 14,674,234         | 3,703,839         | 2,303,913          | –                 |
| Currency options                                      | 21,930                 | 21,930                 | 1,680,017                            | 25,800             | 80,782            | 1,573,435          | –                 |
| Others                                                | 26,161                 | 26,161                 | 1,486,432                            | 478,816            | 615,016           | 392,600            | –                 |
| Held as fair value hedges                             |                        |                        |                                      |                    |                   |                    |                   |
| Commission rate swaps                                 | –                      | 137,469                | 13,575,000                           | –                  | 200,000           | 11,375,000         | 2,000,000         |
| Held as cash flow hedges                              |                        |                        |                                      |                    |                   |                    |                   |
| Commission rate swaps                                 | 245,803                | 454,874                | 31,238,250                           | 875,000            | 5,350,250         | 25,013,000         | –                 |
| <b>Total</b>                                          | <b>5,691,581</b>       | <b>6,218,422</b>       | <b>343,568,975</b>                   | <b>33,912,951</b>  | <b>41,208,387</b> | <b>188,086,025</b> | <b>80,361,612</b> |

| Derivative financial instruments<br>SAR '000          | Positive<br>fair value | Negative<br>fair value | Notional amounts by term to maturity |                    |                   |                    |                   |
|-------------------------------------------------------|------------------------|------------------------|--------------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                                       |                        |                        | Notional<br>amount total             | Within<br>3 months | 3-12<br>months    | 1-5<br>years       | Over<br>5 years   |
| <b>2023</b>                                           |                        |                        |                                      |                    |                   |                    |                   |
| Held for trading                                      |                        |                        |                                      |                    |                   |                    |                   |
| Commission rate swaps                                 | 5,003,368              | 4,896,728              | 226,574,092                          | 10,811,558         | 30,280,007        | 121,005,943        | 64,476,584        |
| Commission rate futures and options                   | 137,000                | 137,000                | 14,150,831                           | 2,510,899          | 1,610,000         | 8,046,707          | 1,983,225         |
| Forward foreign exchange contracts and currency swaps | 123,405                | 32,134                 | 18,807,236                           | 13,757,602         | 3,236,322         | 1,813,312          | –                 |
| Currency options                                      | 11,850                 | 11,850                 | 1,896,012                            | 74,972             | 368,299           | 1,452,741          | –                 |
| Others                                                | 17,752                 | 17,752                 | 833,428                              | 423,271            | 389,870           | 20,287             | –                 |
| Held as fair value hedges                             |                        |                        |                                      |                    |                   |                    |                   |
| Commission rate swaps                                 | 4,021                  | 117,017                | 8,375,000                            | –                  | –                 | 6,375,000          | 2,000,000         |
| Held as cash flow hedges                              |                        |                        |                                      |                    |                   |                    |                   |
| Commission rate swaps                                 | 361,428                | 772,851                | 36,186,500                           | 2,490,000          | 6,606,250         | 27,090,250         | –                 |
| <b>Total</b>                                          | <b>5,658,824</b>       | <b>5,985,332</b>       | <b>306,823,099</b>                   | <b>30,068,302</b>  | <b>42,490,748</b> | <b>165,804,240</b> | <b>68,459,809</b> |

Derivative portfolio include Shariah based derivatives with notional amount of SAR 32,771 million (2023: SAR 30,752 million).

The following table shows a summary of hedged items, the nature of the risk being hedged, the hedging instrument and its fair value.

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| SAR '000                              | Fair value of<br>hedge instrument | Hedge<br>inception value | Risk       | Hedging instrument   | Positive<br>fair value | Negative<br>fair value |
|---------------------------------------|-----------------------------------|--------------------------|------------|----------------------|------------------------|------------------------|
| Description of hedged items           |                                   |                          |            |                      |                        |                        |
| <b>2024</b>                           |                                   |                          |            |                      |                        |                        |
| Floating commission rate investments  | 1,064,935                         | 1,092,000                | Cash flow  | Commission rate swap | –                      | 27,065                 |
| Floating commission rate loans        | 29,964,244                        | 30,146,250               | Cash flow  | Commission rate swap | 245,803                | 427,809                |
| Fixed commission rate investments     | 3,865,512                         | 3,875,000                | Fair value | Commission rate swap | –                      | 9,488                  |
| Fixed commission rate debt securities | 9,572,019                         | 9,700,000                | Fair value | Commission rate swap | –                      | 127,981                |
| <b>2023</b>                           |                                   |                          |            |                      |                        |                        |
| Floating commission rate investments  | 1,013,126                         | 1,092,000                | Cash flow  | Commission rate swap | –                      | 78,874                 |
| Floating commission rate loans        | 34,761,951                        | 35,094,500               | Cash flow  | Commission rate swap | 361,428                | 693,977                |
| Fixed commission rate investments     | 1,895,471                         | 2,000,000                | Fair value | Commission rate swap | –                      | 104,529                |
| Fixed commission rate debt securities | 6,366,533                         | 6,375,000                | Fair value | Commission rate swap | 4,021                  | 12,488                 |

| Micro fair value hedge<br>SAR '000    | Carrying amount of hedge items |             | Cumulative amount of fair value<br>adjustments on the hedge items |             |
|---------------------------------------|--------------------------------|-------------|-------------------------------------------------------------------|-------------|
|                                       | Assets                         | Liabilities | Assets                                                            | Liabilities |
| <b>2024</b>                           |                                |             |                                                                   |             |
| Fixed commission rate investments     | 3,884,488                      | –           | 9,488                                                             | –           |
| Fixed commission rate debt securities | –                              | 9,572,019   | –                                                                 | (127,981)   |
| <b>2023</b>                           |                                |             |                                                                   |             |
| Fixed commission rate investments     | 2,104,529                      | –           | 104,529                                                           | –           |
| Fixed commission rate debt securities | –                              | 6,366,533   | –                                                                 | (8,467)     |

The below table sets out the outcome of the Bank's hedging strategy for micro fair value hedge.

| Micro fair value hedge<br>SAR '000    | Gain/(losses) attributable to the hedge risk |                        |                          |
|---------------------------------------|----------------------------------------------|------------------------|--------------------------|
|                                       | Hedge<br>Items                               | Hedging<br>instruments | Hedge<br>ineffectiveness |
| <b>2024</b>                           |                                              |                        |                          |
| Fixed commission rate investments     | 9,488                                        | (9,488)                | –                        |
| Fixed commission rate debt securities | 127,981                                      | (127,981)              | –                        |
| <b>2023</b>                           |                                              |                        |                          |
| Fixed commission rate investments     | 104,529                                      | (104,529)              | –                        |
| Fixed commission rate debt securities | 8,467                                        | (8,467)                | –                        |

The Bank has posted SAR 2,304 million (2023: SAR 2,006 million) and received SAR 746 million (2023: SAR 779 million) collaterals under Credit Support Annex (CSA) agreements and European Market Infrastructure Regulation (EMIR).

The Bank does not have ineffective portion of hedges that have been transferred to consolidated statement of income during 2024 and 2023.

The Bank has calculated the Credit Valuation Adjustment (CVA) based on an internal model to derive the difference between the risk-free portfolio and the true portfolio value that takes into account the possibility of a counterparty's default. CVA represents the market value of the counterparty credit risk. CVA is an adjustment to the fair value (or price) of derivative instruments to account for counterparty credit risk (CCR). Thus, CVA is viewed as the price of CCR. This price

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depends on counterparty credit spreads as well as on the market risk factors that drive derivatives' values and, therefore, exposure.

The Bank, as part of its derivative management activities, has entered into a master agreement in accordance with the International Swaps and Derivative Association (ISDA) directives. Under this agreement, the terms and conditions for derivative products purchased or sold by the Group are unified. As part of the master agreement, a credit support annex (CSA) has also been signed. The CSA allows the Group to receive improved pricing by way of exchange of mark to market amounts in cash as collateral whether in favor of the Bank or the counter party.

For commission rate swaps entered into with European counterparties, the Bank and the European counterparty both comply with the European Market Infrastructure Regulation (EMIR). EMIR is a body of European legislation for the central clearing and regulation of Over the Counter (OTC) derivatives. The regulation includes requirements for reporting of derivatives contracts and implementation of risk management standards, and establishes common rules for central counterparties and trade repositories. Accordingly, all such standardized OTC derivatives contracts are traded on exchanges and cleared through a Central Counter Party (CCP) through netting arrangements and exchanges of cash to reduce counter party credit and liquidity risk.

## 12. Due to Saudi Central Bank

| SAR '000                 | 2024              | 2023             |
|--------------------------|-------------------|------------------|
| Deposit                  | 2,367,279         | 1,070,850        |
| Repos                    | 7,984,110         | –                |
| Government grant         | 2,143,403         | 4,066,531        |
| Modification impact, net | (2,076)           | (71,486)         |
| <b>Total</b>             | <b>12,492,716</b> | <b>5,065,895</b> |

The table below shows a summary of government grant along with the maturity dates:

| 2024            |                     |                             | 2023            |                     |                             |
|-----------------|---------------------|-----------------------------|-----------------|---------------------|-----------------------------|
| Date of Receipt | Final Maturity Date | Principal Amount (SAR '000) | Date of Receipt | Final Maturity Date | Principal Amount (SAR '000) |
| May 11, 2020    | Feb 11, 2025        | 785,000                     | Sep 30, 2020    | Jan 04, 2024        | 1,448,255                   |
| May 21, 2020    | Feb 20, 2025        | 869,000                     | May 11, 2020    | Feb 11, 2025        | 785,000                     |
| Jul 16, 2020    | Apr 16, 2025        | 489,403                     | May 21, 2020    | Feb 20, 2025        | 869,000                     |
|                 |                     |                             | Jul 16, 2020    | Apr 16, 2025        | 489,403                     |
|                 |                     |                             | Mar 29, 2020    | Dec 29, 2024        | 474,873                     |
| <b>Total</b>    |                     | <b>2,143,403</b>            | <b>Total</b>    |                     | <b>4,066,531</b>            |

## 13. Due to banks and other financial institutions

| SAR '000              | 2024              | 2023              |
|-----------------------|-------------------|-------------------|
| Current accounts      | 417,407           | 466,229           |
| Money market deposits | 8,791,786         | 4,389,864         |
| Repos                 | 10,604,950        | 9,023,282         |
| <b>Total</b>          | <b>19,814,143</b> | <b>13,879,375</b> |

Due to banks and other financial institutions include Islamic related products of SAR 2,114 million (2023: SAR 2,366 million).

## 14. Customers' deposits

| SAR '000     | 2024               | 2023               |
|--------------|--------------------|--------------------|
| Demand       | 80,365,630         | 76,411,540         |
| Saving       | 976,105            | 878,229            |
| Time         | 98,059,257         | 90,199,493         |
| Other        | 5,717,187          | 4,719,721          |
| <b>Total</b> | <b>185,118,179</b> | <b>172,208,983</b> |

Other customers' deposits include SAR 2,935 million (2023: SAR 3,123 million) related to margins held for irrevocable commitments.

Time deposits include Shariah approved customer deposits as below:

| SAR '000                           | 2024              | 2023              |
|------------------------------------|-------------------|-------------------|
| Murabaha and other Islamic deposit | 48,536,341        | 38,811,788        |
| <b>Total</b>                       | <b>48,536,341</b> | <b>38,811,788</b> |

Customers' deposits include foreign currency deposits as follows:

| SAR '000     | 2024              | 2023              |
|--------------|-------------------|-------------------|
| Demand       | 7,442,010         | 8,605,236         |
| Saving       | 26,908            | 34,507            |
| Time         | 16,005,042        | 9,458,790         |
| Other        | 1,025,845         | 1,859,645         |
| <b>Total</b> | <b>24,499,805</b> | <b>19,958,178</b> |

Foreign currency deposits mainly include deposits in USD amounting to SAR 21,335 million (2023: SAR 16,278 million).

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## 15. Debt securities and term loans

During 2022 the Bank has established a USD 4 Billion Euro Medium term Note (MTN) Programme. The issuer under the programme is BSF Finance Limited,

operating as a special purpose entity for the guarantor Banque Saudi Fransi. In 2023 the Bank established a USD 4 Billion Trust Certificate Issuance Programme. The issuer under the programme is BSF Sukuk Company, which operates as a special purpose entity for the guarantor Banque Saudi Fransi.

Debt Securities and term loans issued by the Bank under its various programs include:

| Issue Date   | Type               | Market                                        | Tenure    | Currency | Value       | Term                     | Maturity     |
|--------------|--------------------|-----------------------------------------------|-----------|----------|-------------|--------------------------|--------------|
| Nov 23, 2022 | Bond               | London stock exchange                         | 5 Years   | USD      | 700 Million | 5.5% Semi Annual         | Nov 23, 2027 |
| Dec 22, 2022 | Term Loan facility | Syndicated Facility -International FI Lenders | 3 years   | USD      | 500 Million | SOFR + 70 bps Quarterly  | Dec 22, 2025 |
| May 31, 2023 | Sukuk              | London stock exchange                         | 5 years   | USD      | 900 Million | 4.75% Semi Annual        | May 31, 2028 |
| Jun 21, 2023 | Term Loan facility | Syndicated Facility -International FI Lenders | 2.5 years | USD      | 50 Million  | SOFR + 70 bps Quarterly  | Dec 22, 2025 |
| Jul 18, 2023 | Sukuk              | Private placement                             | 4 years   | USD      | 100 Million | 5.47% Semi Annual        | Jul 18, 2027 |
| Nov 09, 2023 | Bond               | Private placement                             | 3 years   | USD      | 50 Million  | SOFR + 115 bps Quarterly | Nov 09, 2026 |
| Jan 25, 2024 | Sukuk              | London stock exchange                         | 5 years   | USD      | 700 Million | 5.00% Semi Annual        | Jan 25, 2029 |
| Feb 29, 2024 | Bond               | Private placement                             | 7 years   | USD      | 30 Million  | SOFR + 155 bps Quarterly | Feb 28, 2031 |
| Mar 26, 2024 | Term loan facility | Syndicated facility International FI Lenders  | 3 Years   | USD      | 250 Million | SOFR + 90 bps Quarterly  | Mar 26, 2027 |
| Apr 30, 2024 | Bond               | Private placement                             | 7 years   | USD      | 20 Million  | SOFR + 145 bps Quarterly | Apr 30, 2031 |
| May 01, 2024 | Bond               | Private placement                             | 7 years   | USD      | 20 Million  | SOFR + 145 bps Quarterly | May 01, 2031 |
| May 09, 2024 | Bond               | Private placement                             | 5 years   | USD      | 50 Million  | SOFR + 120 bps Quarterly | May 09, 2029 |
| May 16, 2024 | Bond               | Private placement                             | 5 years   | USD      | 20 Million  | SOFR + 116 bps Quarterly | May 16, 2029 |
| Nov 20, 2024 | Bond               | Private placement                             | 5 years   | USD      | 750 Million | SOFR + 100 bps Quarterly | Nov 20, 2029 |
| Dec 12, 2024 | Term loan facility | Syndicated facility International FI Lenders  | 5 Years   | USD      | 15 Million  | SOFR + 130 bps Quarterly | Dec 12, 2029 |



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Movement of the debt securities and term loans during the year is as follows:

| SAR '000                               | 2024       | 2023      |
|----------------------------------------|------------|-----------|
| Balance at beginning of the year       | 8,634,026  | 4,515,254 |
| Debt securities and term loans issued  | 6,956,250  | 4,125,000 |
| Debt securities and term loans payment | —          | —         |
| Other adjustments                      | (72,222)   | (6,228)   |
| Balance at the end of the year         | 15,518,054 | 8,634,026 |

## 16. Other liabilities

| SAR '000                                             | 2024      | 2023      |
|------------------------------------------------------|-----------|-----------|
| Accounts payable and accrued expenses                | 3,480,802 | 2,984,136 |
| Collateral received on derivatives                   | 745,910   | 779,250   |
| Lease liability                                      | 674,767   | 663,118   |
| ECL provision on off statement of financial position | 221,710   | 196,101   |
| Others                                               | 1,883,957 | 1,865,412 |
| Total                                                | 7,007,146 | 6,488,017 |

## 17. Share capital

The authorised, issued and fully paid share capital of the Bank consists of 2,500 million shares of SAR 10 each (December 31, 2023: 1,205 million shares of SAR 10 each).

On May 30, 2024 the Board of Directors of the Bank recommended to increase the Capital of the Bank by Granting Bonus Shares to the Shareholders by issuing 1.0740740325 share for every 1 share owned. Subsequently, the Extraordinary General Assembly resolved on December 23, 2024 to increase the share capital from SAR 12,053 million to SAR 25,000 million by transferring

an amount of SAR 7,946 million from Retained earnings and SAR 5,000 million from Statutory reserve to Share capital account.

The Bank has obtained approvals from the Saudi Central Bank (SAMA), Capital Market Authority (CMA) and Tadawul to increase share capital and is in the process of updating its commercial registration (CR) to reflect the increase in share capital by SAR 12,946 million.

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

| SAR '000                           | 2024 (%) | 2023 (%) | 2024       | 2023       |
|------------------------------------|----------|----------|------------|------------|
| Share capital – Saudi shareholders | 100      | 100      | 25,000,000 | 12,053,572 |
| Total                              | 100      | 100      | 25,000,000 | 12,053,572 |

## 18. Statutory and general reserve

In accordance with the Banking Control Law in Saudi Arabia and the By-Laws of the Bank, a minimum of 25% of the annual net income is required to be transferred to statutory reserve until this reserve equals the paid up capital of the Bank. Accordingly, SAR 1,136 million (2023: Nil million) has been

transferred from the net income for the year to the statutory reserve. The statutory reserve is not available for cash distribution.

The Bank had appropriated SAR 983 million to general reserve from retained earnings in the prior years.

## 19. Other reserves

| SAR '000                                       | Cash Flow Hedges | FVOCI Investments | Actuarial Gains/(Losses) on Defined Benefit Plans | Total              |
|------------------------------------------------|------------------|-------------------|---------------------------------------------------|--------------------|
| <b>2024</b>                                    |                  |                   |                                                   |                    |
| Balance at January 01                          | (795,882)        | (633,619)         | 6,418                                             | (1,423,083)        |
| Net change in fair value                       | (673,668)        | 166,306           | –                                                 | (507,362)          |
| Transfer to consolidated statement of income   | 860,994          | (93,645)          | –                                                 | 767,349            |
| Impairment charge for expected credit losses   | –                | 10,141            | –                                                 | 10,141             |
| Actuarial gain on defined benefit plans        | –                | –                 | 20,119                                            | 20,119             |
| Net movement during the year                   | 187,326          | 82,802            | 20,119                                            | 290,247            |
| <b>Balance as at December 31, 2024</b>         | <b>(608,556)</b> | <b>(550,817)</b>  | <b>26,537</b>                                     | <b>(1,132,836)</b> |
| <b>2023</b>                                    |                  |                   |                                                   |                    |
| Balance at January 01                          | (1,250,888)      | (850,259)         | 11,080                                            | (2,090,067)        |
| Net change in fair value                       | (364,058)        | 210,089           | –                                                 | (153,969)          |
| Transfer to consolidated statement of income   | 819,064          | 6,650             | –                                                 | 825,714            |
| Impairment reversal for expected credit losses | –                | (99)              | –                                                 | (99)               |
| Actuarial loss on defined benefit plans        | –                | –                 | (4,662)                                           | (4,662)            |
| Net movement during the year                   | 455,006          | 216,640           | (4,662)                                           | 666,984            |
| <b>Balance as at December 31, 2023</b>         | <b>(795,882)</b> | <b>(633,619)</b>  | <b>6,418</b>                                      | <b>(1,423,083)</b> |

Other reserves represent the net unrealized revaluation gains/(losses) of cash flow hedges, FVOCI and actuarial gains/losses on defined benefit plans. These reserves are not available for distribution.

## 20. Tier 1 Sukuk

During 2020, the Bank through a Shariah compliant arrangement issued Tier 1 Sukuk (the "Sukuk"), amounting to SAR 5 billion. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 4.5% per annum from date of issue up to 2025 and is subjected to reset every 5 years.

During Q3 2024, the Bank through a Shariah compliant arrangement issued Tier 1 Sukuk (the "Sukuk"), amounting to SAR 3 billion under its SAR 8 billion Tier 1 Sukuk Programme established in Q1 2024. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.0% per annum from date of issue up to 2029 and is subjected to reset every 5 years.

During Q3 2024 the Bank has established a USD 3 Billion Additional Tier 1 Capital Note Programme, the issuer under the programme is Banque Saudi Fransi.

These Sukuk are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuk in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement.

The applicable profit on the Sukuk is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

## 21. Commitments and contingencies

### (a) Legal proceedings

As at December 31, 2024, there were 52 (2023: 79) legal proceedings outstanding against the Group. The Group has made adequate provision against these legal cases. The related legal advice indicates that it is unlikely that any significant loss will arise. As at December 31, 2024, the Group maintains a legal provision amounting to SAR 14 million (2023: SAR 14 million) for legal proceedings outstanding against the Group.

### (b) Capital commitments

As at December 31, 2024 the Group had capital commitments of SAR 827 million (2023: SAR 438 million) in respect of property and equipment purchases.

## (c) Credit related commitments and contingencies

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

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

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

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

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

## (i) The contractual maturity structure for the Group's commitments and contingencies that are payable on demand subject to the terms and conditions are as follows:

| SAR '000                                 | Within 3 Months   | 3-12 Months       | 1-5 Years         | Over 5 Years     | Total             |
|------------------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| <b>2024</b>                              |                   |                   |                   |                  |                   |
| Letters of credit                        | 7,232,309         | 2,935,709         | 415,125           | 330,901          | 10,914,044        |
| Letters of guarantee                     | 12,634,464        | 21,629,671        | 15,918,375        | 893,185          | 51,075,695        |
| Acceptances                              | 1,709,654         | 1,282,558         | 24,330            | –                | 3,016,542         |
| Irrevocable commitments to extend credit | 459,431           | 2,336,396         | 14,082,439        | –                | 16,878,266        |
| <b>Total</b>                             | <b>22,035,858</b> | <b>28,184,334</b> | <b>30,440,269</b> | <b>1,224,086</b> | <b>81,884,547</b> |
| <b>2023</b>                              |                   |                   |                   |                  |                   |
| Letters of credit                        | 5,274,992         | 2,827,716         | 177,398           | 71,633           | 8,351,739         |
| Letters of guarantee                     | 12,551,029        | 22,720,943        | 11,072,750        | 290,150          | 46,634,872        |
| Acceptances                              | 2,395,664         | 2,218,355         | 211,720           | –                | 4,825,739         |
| Irrevocable commitments to extend credit | 111,924           | 1,906,902         | 6,438,248         | 2,461,813        | 10,918,887        |
| <b>Total</b>                             | <b>20,333,609</b> | <b>29,673,916</b> | <b>17,900,116</b> | <b>2,823,596</b> | <b>70,731,237</b> |

In addition to the commitments disclosed above the outstanding unused portion of non-firm commitments which can be revoked unilaterally at any time by the Group was SAR 83,662 million (2023: SAR 70,890 million).

Commitment and contingencies balance related to Shariah based products were SAR 22,590 million (2023: SAR 9,889 million).

## (ii) The analysis of commitments and contingencies by counterparty is as follows:

| SAR '000                               | 2024              | 2023              |
|----------------------------------------|-------------------|-------------------|
| Government and quasi government        | 690               | –                 |
| Corporate                              | 73,452,196        | 65,532,668        |
| Banks and other financial institutions | 6,906,727         | 5,175,390         |
| Other                                  | 1,524,934         | 23,179            |
| <b>Total</b>                           | <b>81,884,547</b> | <b>70,731,237</b> |

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(iii) The following table shows the ECL stages movement in off statement of financial position:

| SAR '000                                       | December 31, 2024 |                                  |                              | Total             |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |                   |
| Balance at January 01                          | 66,547,335        | 3,057,887                        | 1,126,015                    | 70,731,237        |
| Transfer from 12-month ECL                     | (1,587,517)       | 1,575,253                        | 12,264                       | –                 |
| Transfer from lifetime ECL not credit impaired | 472,622           | (545,267)                        | 72,645                       | –                 |
| Transfer from lifetime ECL credit impaired     | 750               | 108                              | (858)                        | –                 |
| Net change for the year                        | 11,268,912        | 114,630                          | (230,232)                    | 11,153,310        |
| Write-offs                                     | –                 | –                                | –                            | –                 |
| <b>Balance as at December 31, 2024</b>         | <b>76,702,102</b> | <b>4,202,611</b>                 | <b>979,834</b>               | <b>81,884,547</b> |

| SAR '000                                       | December 31, 2023 |                                  |                              | Total             |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |                   |
| Balance at January 01                          | 57,374,365        | 4,301,694                        | 1,077,012                    | 62,753,071        |
| Transfer from 12-month ECL                     | (952,791)         | 942,044                          | 10,747                       | –                 |
| Transfer from lifetime ECL not credit impaired | 1,524,229         | (1,926,762)                      | 402,533                      | –                 |
| Transfer from lifetime ECL credit impaired     | 1,534             | 13,645                           | (15,179)                     | –                 |
| Net change for the year                        | 8,599,998         | (272,734)                        | (349,098)                    | 7,978,166         |
| Write-offs                                     | –                 | –                                | –                            | –                 |
| <b>Balance as at December 31, 2023</b>         | <b>66,547,335</b> | <b>3,057,887</b>                 | <b>1,126,015</b>             | <b>70,731,237</b> |

(iv) Movement of ECL provision on off statement of financial position:

| SAR '000                                       | December 31, 2024 |                                  |                              |                |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|----------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| Balance at January 01                          | 14,639            | 6,637                            | 174,825                      | 196,101        |
| Transfer from 12-month ECL                     | (404)             | 404                              | –                            | –              |
| Transfer from lifetime ECL not credit impaired | 135               | (222)                            | 87                           | –              |
| Transfer from lifetime ECL credit impaired     | –                 | –                                | –                            | –              |
| Net charge/(reversal) for the year             | 35,641            | 17,017                           | (27,049)                     | 25,609         |
| Write-offs                                     | –                 | –                                | –                            | –              |
| <b>Balance as at December 31, 2024</b>         | <b>50,011</b>     | <b>23,836</b>                    | <b>147,863</b>               | <b>221,710</b> |

| SAR '000                                       | December 31, 2023 |                                  |                              |                |
|------------------------------------------------|-------------------|----------------------------------|------------------------------|----------------|
|                                                | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| Balance at January 01                          | 14,057            | 12,457                           | 251,120                      | 277,634        |
| Transfer from 12-month ECL                     | (155)             | 155                              | –                            | –              |
| Transfer from lifetime ECL not credit impaired | 4,632             | (4,871)                          | 239                          | –              |
| Transfer from lifetime ECL credit impaired     | 203               | –                                | (203)                        | –              |
| Net reversal for the year                      | (4,098)           | (1,104)                          | (76,331)                     | (81,533)       |
| Write-offs                                     | –                 | –                                | –                            | –              |
| <b>Balance as at December 31, 2023</b>         | <b>14,639</b>     | <b>6,637</b>                     | <b>174,825</b>               | <b>196,101</b> |

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### (d) Assets pledged

Securities pledged under repurchase agreements with other banks are government bonds. Other non-government bonds are also pledged under repurchase agreements. Assets pledged as collateral with other financial institutions for security are as follows:

| SAR '000       | 2024              |                     | 2023             |                     |
|----------------|-------------------|---------------------|------------------|---------------------|
|                | Assets            | Related liabilities | Assets           | Related liabilities |
| FVOCI          | 9,355,606         | 9,388,818           | 8,889,076        | 8,573,950           |
| Amortised Cost | 9,287,138         | 9,118,296           | 454,765          | 449,332             |
| <b>Total</b>   | <b>18,642,744</b> | <b>18,507,114</b>   | <b>9,343,841</b> | <b>9,023,282</b>    |

## 22. Special commission income and expense

| SAR '000                                                                   | 2024              | 2023              |
|----------------------------------------------------------------------------|-------------------|-------------------|
| <b>Special commission income</b>                                           |                   |                   |
| <b>Loans and advances</b>                                                  |                   |                   |
| – Overdraft and Commercial Loans                                           | 11,415,602        | 9,730,739         |
| – Consumer Loans and Credit Cards                                          | 1,998,301         | 1,581,155         |
|                                                                            | 13,413,903        | 11,311,894        |
| <b>Investments</b>                                                         |                   |                   |
| – FVOCI                                                                    | 1,204,301         | 802,308           |
| – Amortised Cost                                                           | 1,149,225         | 864,327           |
|                                                                            | 2,353,526         | 1,666,635         |
| <b>Due from Saudi Central Bank, banks and other financial institutions</b> | <b>604,537</b>    | <b>239,502</b>    |
| <b>Total</b>                                                               | <b>16,371,966</b> | <b>13,218,031</b> |
| <b>Special commission expense</b>                                          |                   |                   |
| Customers' deposits                                                        | 6,268,646         | 4,036,539         |
| Due to Saudi Central Bank, banks and other financial institutions          | 1,356,866         | 863,084           |
| Debt securities and term loans                                             | 863,071           | 483,211           |
| <b>Total</b>                                                               | <b>8,488,583</b>  | <b>5,382,834</b>  |
| <b>Net special commission income</b>                                       | <b>7,883,383</b>  | <b>7,835,197</b>  |

Fee amortization of SAR 373 million (2023: SAR 257 million) has been included in Special commission income being integral part of the effective interest rate on Financial Assets.

Net Special commission income related to Islamic related products were SAR 6,707 million (2023: SAR 6,140 million).

## 23. Fees and commission income, net

| SAR '000                                                          | 2024             | 2023             |
|-------------------------------------------------------------------|------------------|------------------|
| <b>Fees and commission income</b>                                 |                  |                  |
| – Share trading, brokerage, fund management and corporate finance | 412,496          | 327,313          |
| – Trade finance                                                   | 507,223          | 458,618          |
| – Card products                                                   | 480,996          | 458,568          |
| – Other banking services                                          | 249,988          | 247,278          |
| <b>Total fees and commission income</b>                           | <b>1,650,703</b> | <b>1,491,777</b> |
| <b>Fees and commission expense</b>                                |                  |                  |
| – Share trading and brokerage                                     | 58,834           | 50,333           |
| – Card products                                                   | 555,299          | 488,713          |
| – Other banking services                                          | 64,357           | 38,056           |
| <b>Total fees and commission expense</b>                          | <b>678,490</b>   | <b>577,102</b>   |
| <b>Fees and commission income, net</b>                            | <b>972,213</b>   | <b>914,675</b>   |

Unamortized balance of commission received in advance SAR 803 million (2023: SAR 702 million) out of which loan processing fees will be recognized in special commission income.

## 24. Trading income, net

| SAR '000         | 2024           | 2023           |
|------------------|----------------|----------------|
| Derivatives, net | (57,695)       | 104,157        |
| Securities, net  | 333,386        | 9,859          |
| <b>Total</b>     | <b>275,691</b> | <b>114,016</b> |



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## 25. Other operating income

| SAR '000                                   | 2024       | 2023         |
|--------------------------------------------|------------|--------------|
| Gain on disposal of property and equipment | 177        | 214          |
| Other                                      | 529        | 5,717        |
| <b>Total</b>                               | <b>706</b> | <b>5,931</b> |

## 26. Other operating and general and administrative expenses

| SAR '000                                             | 2024             | 2023           |
|------------------------------------------------------|------------------|----------------|
| Non-claimable tax and penalties                      | 68,783           | 88,452         |
| Repair and maintenance, utilities and IT cost        | 328,686          | 260,258        |
| Insurance and legal cost                             | 71,628           | 86,718         |
| Professional and consultancy fees                    | 219,304          | 176,919        |
| Communication, publication and advertisement charges | 261,855          | 216,282        |
| Stationery and supplies                              | 8,814            | 12,481         |
| Travel and entertainment                             | 19,595           | 20,329         |
| Deposit protection fund premium                      | 63,971           | 63,477         |
| Others and other operating expenses                  | 108,856          | 37,085         |
| <b>Total</b>                                         | <b>1,151,492</b> | <b>962,001</b> |

## Auditor's remuneration

| SAR '000                                        | 2024         | 2023         |
|-------------------------------------------------|--------------|--------------|
| Audit fee of the Bank                           | 5,770        | 5,125        |
| Audit fee of the subsidiaries                   | 1,377        | 1,283        |
| Fee for other certification of the Bank         | 2,135        | 2,058        |
| Fee for other certification of the subsidiaries | 75           | 70           |
| <b>Total</b>                                    | <b>9,357</b> | <b>8,536</b> |

## 27. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ended December 31, 2024 and 2023 are calculated on a weighted average basis by dividing the net income adjusted for Tier I Sukuk costs for the year by 2,500 million shares million after excluding treasury shares consisting of 19.7 million shares as of December 31, 2024 (December 31, 2023: 7.6 million shares).

## 28. Interim and final net dividend

The Board of Directors have proposed final net dividend of SAR 1,246 million (2023: SAR 1,198 million) i.e. SAR 0.50 (2024: SAR 1.00) net per share for the year which is subject to the approval of the shareholders at the Annual General Assembly Meeting and the regulatory agencies. The Board of Directors has declared interim net dividend of SAR 1,200 million (2023: SAR 1,140 million) i.e. SAR 1.00 (2023: SAR 0.95) net per share.

| SAR '000                    | 2024             | 2023             |
|-----------------------------|------------------|------------------|
| Interim net dividend        | 1,199,541        | 1,140,213        |
| Final proposed net dividend | 1,245,666        | 1,197,738        |
| <b>Total</b>                | <b>2,445,207</b> | <b>2,337,951</b> |

## 29. Zakat

The dividends are paid to the Saudi shareholders after deduction of Zakat as follows:

### Saudi shareholders

Zakat attributable to Saudi Shareholders for the year amounted to SAR 526 million (2023: SAR 485 million) which is deducted from their share of dividend.

The Group has calculated Zakat accruals for the year 2024 based on the Zakat rules for financing activities in accordance with MR 2215 dated March 14, 2019 corresponding to Rajab 07, 1440H.

The Bank has filed the consolidated zakat returns up to FY 2023. The Bank has closed all zakat assessments up to FY 2018. ZATCA has not issued final assessment for the years 2019 to 2023, which are now made as Part 1 of Chapter 7 of Section 2 of the new Zakat Regulations (issued through MR 1007).

### Zakat Reconciliation

| SAR '000                                        | 2024           | 2023           |
|-------------------------------------------------|----------------|----------------|
| Zakat provision for the current year            | 522,647        | 486,622        |
| Shortage/(excess)/provision for the prior years | 2,608          | (1,522)        |
| <b>Zakat charge for the current year</b>        | <b>525,255</b> | <b>485,100</b> |

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## 30. Cash and cash equivalents

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

| SAR '000                                                                                                             | Notes | 2024             | 2023             |
|----------------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Cash and balances with Saudi Central Bank excluding statutory deposit                                                | 4     | 983,343          | 1,087,771        |
| Due from banks and other financial institutions with a maturity of three months or less from the date of acquisition |       | 2,046,185        | 2,031,127        |
| <b>Total</b>                                                                                                         |       | <b>3,029,528</b> | <b>3,118,898</b> |

Due from banks and other financial institutions maturing after three months from the date of acquisition were SAR 2,970 million (2023: SAR 2,083 million).

## 31. Employees compensation practices

| 2024                                        |                     |                    |                       |                    |                  |
|---------------------------------------------|---------------------|--------------------|-----------------------|--------------------|------------------|
| SAR '000                                    | Number of Employees | Fixed Compensation | Variable Compensation | Total Compensation | Forms of Payment |
| Categories of employees                     |                     |                    |                       |                    |                  |
| Senior management                           | 19                  | 42,501             | 38,170                | 80,671             | Cash/shares      |
| Employees engaged in risk taking activities | 370                 | 262,269            | 111,774               | 374,043            | Cash/shares      |
| Employees engaged in control functions      | 417                 | 163,720            | 29,305                | 193,025            | Cash/shares      |
| Other employees                             | 2250                | 638,059            | 126,244               | 764,303            | Cash/shares      |
| Outsourced employees                        | 643                 | 96,981             | 25,127                | 122,108            | Cash             |
| <b>Total</b>                                | <b>3,699</b>        | <b>1,203,530</b>   | <b>330,620</b>        | <b>1,534,150</b>   |                  |

| 2023                                        |                     |                    |                       |                    |                  |
|---------------------------------------------|---------------------|--------------------|-----------------------|--------------------|------------------|
| SAR '000                                    | Number of Employees | Fixed Compensation | Variable Compensation | Total Compensation | Forms of Payment |
| Categories of employees                     |                     |                    |                       |                    |                  |
| Senior management                           | 20                  | 39,947             | 33,298                | 73,245             | Cash/shares      |
| Employees engaged in risk taking activities | 359                 | 215,354            | 91,208                | 306,562            | Cash/shares      |
| Employees engaged in control functions      | 426                 | 139,061            | 25,080                | 164,141            | Cash/shares      |
| Other employees                             | 2,349               | 580,822            | 126,483               | 707,305            | Cash/shares      |
| Outsourced employees                        | 756                 | 99,188             | 24,193                | 123,381            | Cash             |
| <b>Total</b>                                | <b>3,910</b>        | <b>1,074,372</b>   | <b>300,262</b>        | <b>1,374,634</b>   |                  |

Number of employees represents only the closing balance.

| SAR '000                                         | 2024             | 2023             |
|--------------------------------------------------|------------------|------------------|
| Total compensation                               | 1,534,150        | 1,374,634        |
| Other employee related costs                     | 349,097          | 366,949          |
| <b>Total salaries and employee related costs</b> | <b>1,883,247</b> | <b>1,741,583</b> |

The above table includes deferred variable compensation of SAR 46.2 million (2023: SAR 27.4 million).

### Senior management:

This comprises the functions, roles and responsibilities entrusted to those positions who take, propose and implement strategic decisions and manage the Banks' business processes including senior management positions that requires SAMA's non-objection for appointment.

### Employees engaged in risk taking activities:

This comprises managerial staff within the business lines (Corporate, Retail, Treasury and Investment banking and Brokerage), who are responsible for executing and implementing the business strategy on

behalf of the Group. This includes those involved in recommending and evaluating credit limits and credit worthiness, pricing of loans, undertaking and executing business proposals, treasury dealing activities, investment management and brokerage services.

### Employees engaged in control functions:

This refers to employees working in functions that have a responsibility independent from management to provide objective assessment, reporting and/or assurance including: (Risk Management, Compliance, Internal Audit).

## Outsourced employees:

This refers to employees who undertake certain job roles within the Group, through an arrangement with a third-party service provider, where the employees would remain under the sponsorship of the third-party service provider, and where the employees would be under BSF's direct supervision, control and management.

## Other employees:

This includes all other employees of the Group, excluding those already reported under the above categories.

## Salient Features of Banque Saudi Fransi's Remuneration Policy

### Governance of Remuneration

As per SAMA Banks Remuneration Rules, Human Resources together with the control functions of the Bank (Risk Management, Compliance, Internal Audit) participate in the design of the remuneration system, as initial "Recommenders", to effectively delineate how remuneration tools address misconduct risk or other imprudent risk-taking behaviours. Furthermore, Risk Management is involved in the review of the remuneration system to ensure that an adequate risk-based remuneration practice is in place, and to assess its adequacy and effectiveness as an integral part of the Bank's Risk Management framework.

Additionally, an Incentives Oversight Committee (IOC) has been formed, which includes the Chief Human Capital Officer, Chief Risk Officer, Chief Compliance Officer, Chief Strategy and Finance Officer, Head of Legal and Governance, and the Chief Audit Executive. The IOC is a management-level committee, which meets on a quarterly basis to provide internal governance on and ensure that all incentive plans are properly balanced for risk and reflective of BSF's compensation philosophy, strategic objectives and business unit goals, and shares its recommendations with the NRC.

The Board of Directors (the Board) of the Bank is responsible for the overall design and oversight of the remuneration system which promotes prudent risk-taking behaviours and business practices and accordingly has not delegated this responsibility to senior management. The Board also ensures that an annual review of the remuneration (internally through Internal Audit or externally commissioned by a recognized firm) is carried out independently and without the intervention of senior management, where the review assesses the Bank's compliance with SAMA Banks Remuneration Rules and any relevant laws, regulations, principles and standards, as well as the Bank's internal policies that are prepared according to SAMA Banks Remuneration Rules. The Board takes into account the results of such a review when making decisions related to remuneration.

The Board is ultimately responsible for promoting effective governance, sound remuneration practices, ethical behaviour and compliance with laws, regulations, and internal conduct standards, and for ensuring accountability for misconduct; in addition to the following:

- (a) Overseeing and holding senior management accountable for implementing and participating in the design of the remuneration system that effectively delineates how remuneration tools address misconduct risk or other imprudent risk-taking behaviour.
- (b) Engaging actively with senior management, including challenging senior management's remuneration assessments and recommendations if warranted when serious or recurring misconduct occurs and ensure that root cause analysis is performed, lessons learned are promulgated bank-wide and new policies are adopted, as necessary, to prevent it from happening again.

The Board reviews, and if satisfies, approves the remunerations of the senior management based on the recommendations of the Nomination and Remuneration Committee (NRC).

The General Assembly, upon the proposal of the Board, lays down the terms of reference of the Nomination and Remuneration Committee (NRC), which includes its work

controls, responsibilities, procedures for appointing committee members, their membership duration and remuneration, which includes, on a summarized fashion, the following:

## Nomination and Remuneration Committee (NRC):

### Purpose of the NRC

- The NRC represents and assists the Board of Directors (the Board) of Banque Saudi Fransi (the Bank) in fulfilling its oversight responsibilities relating to:
  - (I) Identifying and recommending nominees for selection as executive, non-executive and independent directors of the Board and external committee members;
  - (II) Determining the incentives system and approving the compensations in accordance with SAMA's rules, applicable laws and regulations; and
  - (III) Review Human Resources functions and activities in line with the "Nomination and Remuneration Committee (NRC) Charter".

The NRC, upon the proposal of the CEO, lays down the terms of reference of the Incentives Oversight Committee (IOC), which is a management-level committee that meets on a quarterly basis to provide internal governance on and ensure that all incentive plans are properly balanced for risk and reflective of BSF's compensation philosophy, strategic objectives and

business unit goals. Incentive-related changes, once vetted by the IOC, are further recommended by the IOC to the NRC and then the Board of Directors, in line with the DoA. The IOC's membership, authority and terms of reference, are summarized as follows:

## Incentives Oversight Committee (IOC):

### Authority and Purpose of the IOC

- The IOC ensures that all incentive plans are properly balanced for risk and reflective of the Bank's compensation philosophy, policy, strategic objectives and incentive system as determined by the NRC and business unit goals;
- The IOC is responsible for making recommendations to the NRC on all changes to the existing incentive plans in the Bank as well as the addition or removal of any incentive plan. The Board is ultimately responsible for the approval of all incentive plans in the Bank which will be based on the recommendation of the NRC;
- The IOC is responsible for establishing the processes for incentive plan administration and payments; and
- The IOC monitors incentive plan results against a set defined KPI's on a quarterly basis and alerts management in case of potential disconnects between performance results and planned incentive payments.

## Banque Saudi Fransi's Remuneration Policy – Remuneration Philosophy and Principles

Banque Saudi Fransi's Remuneration Philosophy is centred around 4 key Remuneration Principles, which in turn are aligned to the Bank's overall strategic direction to support its achievement in the short, medium and long-term. These four (4) Remuneration Principles underpin the design and execution of the Bank's remuneration policy and practices:

### 1st Remuneration Principle: Pay for Performance:

The Bank's policy ensures, through fixed and variable forms of remuneration, the recognition of high performance and the differentiation between varying levels of performance at the Bank's different levels: individual, group/division and bank-wide, based on the seniority of the role within the Bank, whilst also ensuring the independency of the control functions.

### 2nd Remuneration Principle: Flexibility:

The Bank's remuneration policy is flexible enough in order to facilitate an internal job market, and flexible enough in order to cater to the evolving requirements of the Bank in an evolving banking industry.

### 3rd Remuneration Principle: Competitiveness:

The Bank monitors market trends closely and reviews its remuneration against a selected peer group of organizations. This is to ensure that the Bank remains able to attract, engage and retain the required talent.

## 4th Remuneration Principle: Risk Alignment:

The Bank's remuneration policy ensures that the correct risk mitigation measures are applied, such as variable compensation deferral and clawback arrangements, as appropriate.

### Banque Saudi Fransi's Remuneration Policy – Remuneration Structure and Review

It is Banque Saudi Fransi's philosophy to provide competitive compensation and benefits packages to attract, motivate and retain a high performing employee workforce.

Banque Saudi Fransi's remuneration structure comprises of the following three (3) components:

#### Fixed Remuneration:

Which comprises of the basic salary and cash allowances i.e housing allowance, transportation allowance and other consolidated allowances (Ramadan, December and Travel allowances).

#### Variable Remuneration:

which is performance-based and comprises of the annual performance bonus plan, incentive plan, and the long-term incentive plan; and

#### Benefits:

which comprises of the various monetary and non-monetary benefits provided by Banque Saudi Fransi, such as the saving plan, medical insurance, life/disability insurance, among other types benefits.

Banque Saudi Fransi frequently assesses the extent to which its remuneration levels are competitive in the marketplace. Thus, and as the Bank deems appropriate, an annual

review of local and international markets to collect relevant benchmarks is conducted, while taking into account the following:

- The Bank's competitive compensation strategy and relevant competitive trends;
- Changes in the Bank's human resources or compensation approaches;
- The Bank's profitability and general affordability;
- Segmentation of the Bank's talent pool; and
- Market volatility and demand (e.g., inflation rate).

In conducting the annual review of remuneration benchmarks, the Bank seeks the support of multiple reputable external vendors to conduct the compensation and benefits surveys and analyse the results.

### Banque Saudi Fransi's Remuneration Policy – Fixed Remuneration

The Bank strives to achieve internal and external equity with respect to the Fixed Remuneration of all employees through the implementation of a Fixed Remuneration structure.

### Banque Saudi Fransi's Remuneration Policy – Job-based Allowances

The Bank provides a number of job-based allowances which are linked to the nature of the job, which include, but not limited to cash handling allowance and shift allowance.

## Banque Saudi Fransi's Remuneration Policy – Performance Based Variable Remuneration

Banque Saudi Fransi strives to provide all full-time employees in the Bank with opportunities to earn Variable Remuneration.

Variable Remuneration is based on performance which is in turn is measured at various levels, according to the nature and the seniority of the job role: performance at the bank-level, group/division/team-level and, lastly, individual level.

Banque Saudi Fransi's utilizes different forms of Variable Remuneration to attract, incentivize, compensate and retain strong performing employees. Performance based Variable Remuneration comes in the following forms:

### Incentive Plan

Incentive Plans are designed to drive sales/debt collection and recovery, but are also designed to ensure that the right behaviours are also reinforced, and high-risk activities are minimized or mitigated.

### Annual Bonus Plan

The bonus pool (or funding) takes into account the net income of the Bank, where the size of the bonus pool relatively grows in successful years, and is reduced in unsuccessful years where the Bank fails to meet its net income target.

The bonus pool's distribution takes into account the job role, individual performance, group/division performance, and bank-wide performance.

The bonuses of employees classified as Senior Management or Material Risk Takers (MRTs) shall also be subject to Bonus Deferral, where at least 40% of the annual performance bonus is deferred over 3 years, and where the deferred amounts are converted to BSF Shares. Deferred bonuses are released in a phased manner, where a third of the deferred amount is released each subsequent year following the bonus cycle.

### Long Term Retention Plan

The Long Term Retention Plan (LTRP) aims to enhance the bank's ability to attract, retain and motivate qualified members of the executive and senior management, as well as key and high potential employees, and to advance the interests of the shareholders of the bank by providing these employees with equity ownership opportunities.

The bank's LTRP is a form of Restricted Stock Plan, where selected participants are allocated BSF shares that are subject to a number of vesting conditions, including a minimum share retention period of 3 years (the shares' vesting period) and are also subject to the employee's continuous employment.

The LTRP is an annual rolling plan and nominations and allocations take place annually.

LTRP awards are based on a grant value, in Saudi Arabian Riyal (SAR), which is determined by the NRC and defined for each participant based on the employee's seniority or grade. The value (in SAR) is then converted to BSF shares based on the average bank share price over the preceding 3 months prior to the LTRP's award date.

## Banque Saudi Fransi's Remuneration Policy – Alignment of Remuneration to Misconduct Risk and Other Risks

The overall objective of Banque Saudi Fransi's remuneration system is focused on promoting effective Risk Management and the financial soundness and stability of the bank. Accordingly:

- The Bank's remuneration system encourages effective governance, sound remuneration practices, ethical behavior and compliance with laws, regulations, and internal conduct standards, and employees are held accountable for ensuring that their own conduct is consistent with the Bank's values and standards.
- The type and total amount paid in performance-based Variable Remuneration reflects the time horizon of the risk involved.
- The balance between Fixed Remuneration and Variable Remuneration (in other words, the 'pay mix' or proportion of variable remuneration to fixed remuneration) varies according to the nature of business carried out, the type of role and the seniority of the role within the Bank.

- The Bank, in line with its Delegation of Authority, retains the option to pay executive level employees a portion of their total remuneration through a form of Long Term Retention Plan (LTRP) in order to ensure that a significant portion of the total remuneration is linked to the long-term performance of the Bank.
- The Bank ensures that a substantial portion (between a minimum of 40% and a maximum of 60%) of the Variable Remuneration of senior and executive employees in the Bank in addition to material risk-takers (MRT's) (inclusive of both the Annual Performance Bonus, and the Long-term Incentive Plan) is subject to deferral with a minimum vesting period of not less than three years.
- The proportion of Variable Remuneration to be deferred, its form (which shall be in shares), and the vesting period are determined based on the nature of the business, its risks and the seniority and activities of the concerned senior and executive employee or material risk-takers (MRT's), and in line with SAMA Banks Remuneration Rules.

Human Resources together with the control functions of the Bank (Risk Management, Compliance, Internal Audit) participate in remuneration decision-making, as to ensure effective remuneration incentives in addressing misconduct risk or other imprudent risk-taking behaviours.



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

| SAR '000                                                       | 2024           | 2023           |
|----------------------------------------------------------------|----------------|----------------|
| <b>Defined benefit obligation at the beginning of the year</b> | 539,406        | 499,715        |
| Current service cost charge for the year                       | 54,946         | 51,764         |
| Interest cost                                                  | 27,741         | 25,131         |
| Benefits paid                                                  | (82,051)       | (41,866)       |
| Unrecognized actuarial (gain)/loss                             | (20,119)       | 4,662          |
| <b>Defined benefit obligation at the end of the year</b>       | <b>519,923</b> | <b>539,406</b> |

| SAR '000                   | 2024          | 2023          |
|----------------------------|---------------|---------------|
| <b>Charge for the year</b> |               |               |
| Current service cost       | 54,946        | 51,764        |
| Interest cost              | 27,741        | 25,131        |
| <b>Total</b>               | <b>82,687</b> | <b>76,895</b> |

| Principal actuarial assumptions (in respect of the employee benefit scheme) | 2024     | 2023     |
|-----------------------------------------------------------------------------|----------|----------|
| Discount rate                                                               | 5.6% p.a | 5.4% p.a |
| Expected rate of salary increase                                            | 4.0% p.a | 5.0% p.a |
| Normal retirement age                                                       | 60 years | 58 years |

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

## Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the Defined Benefit Obligation valuation as at December 31, 2024 and 2023 to the discount rate, salary escalation rate, withdrawal assumptions and mortality rates.

| SAR '000                                | 2024    | 2023    |
|-----------------------------------------|---------|---------|
| Discount rate – decrease by 0.5%        | 546,862 | 565,919 |
| Future salary growth – increase by 0.5% | 547,105 | 565,887 |
| Retirement age – increase by one year   | 512,312 | 535,827 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in

isolation of one another as some of the assumptions are correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its employees. The total amount expensed during the year in respect of this plan was SAR 75 million (2023: SAR 70 million).

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

| SAR '000     | 2024           | 2023           |
|--------------|----------------|----------------|
| Below 1 year | 38,204         | 47,448         |
| Above 1 year | 481,719        | 491,958        |
| <b>Total</b> | <b>519,923</b> | <b>539,406</b> |

## 32. Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Board of Directors in its function as chief decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between operating segments are approved by the management as per agreed terms and are reported according to the Group's internal transfer pricing policy. These terms are in line with normal commercial terms and conditions. The revenue from external parties report to the Board is measured in a manner consistent with that in the consolidated statement of income.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss. The Group's primary business is conducted in the Kingdom of Saudi Arabia.

### (a) The Group's reportable segments under IFRS 8 are as follows:

**Retail Banking** – incorporates private and small establishment customers' demand accounts, overdrafts, loans, saving accounts, deposits, credit and debit cards, consumer loans, certain forex products and auto leasing.

**Corporate Banking** – incorporates corporate and medium establishment customers' demand accounts, deposits, overdrafts, loans and other credit facilities and derivative products.

**Treasury** – incorporates treasury services, trading activities, investment securities, money market, Bank's funding operations and derivative products.

**Investment banking and brokerage** – Investment management services and asset management activities related to dealing, managing, arranging, advising and custody

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of securities, retail investments products, corporate finance and international and local shares brokerage services and insurance.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports that are reviewed by chief decision maker. Segment

profit is used to measure performance, as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group's total assets and liabilities as at December 31, 2024 and 2023, its total operating income and expenses and its net income attributable to equity holders of the Group for the years then ended by operating segments, are as follows:

| SAR '000                                          | Retail<br>banking | Corporate<br>banking | Treasury    | Investment<br>banking and<br>brokerage | Total       |
|---------------------------------------------------|-------------------|----------------------|-------------|----------------------------------------|-------------|
| <b>2024</b>                                       |                   |                      |             |                                        |             |
| Total assets                                      | 53,007,714        | 153,956,271          | 83,097,215  | 2,714,462                              | 292,775,662 |
| Loans and advances, net                           | 50,971,106        | 151,428,320          | –           | 1,768,849                              | 204,168,275 |
| Total liabilities                                 | 66,658,784        | 120,746,974          | 57,868,729  | 894,173                                | 246,168,660 |
| Customers' deposits                               | 65,735,151        | 119,383,028          | –           | –                                      | 185,118,179 |
| Total operating income                            | 4,032,079         | 4,949,779            | 126,701     | 549,120                                | 9,657,679   |
| Total operating expenses before impairment charge | 1,863,426         | 891,879              | 389,821     | 263,560                                | 3,408,686   |
| Impairment charges for financial assets, net      | 249,745           | 920,193              | 9,729       | –                                      | 1,179,667   |
| Net income for the year before zakat              | 1,918,908         | 3,137,707            | (272,849)   | 285,560                                | 5,069,326   |
| Net special commission income                     | 3,875,552         | 4,416,212            | (575,629)   | 167,248                                | 7,883,383   |
| Fees and commission income, net                   | 96,326            | 522,223              | –           | 353,664                                | 972,213     |
| Exchange income, net                              | 60,202            | 11,343               | 410,558     | –                                      | 482,103     |
| Trading income, net                               | –                 | –                    | 269,556     | 6,135                                  | 275,691     |
| Inter-segment revenue                             | 3,196,946         | 2,274,889            | (5,471,835) | –                                      | –           |
| Depreciation and amortization                     | 204,924           | 58,738               | 28,630      | 6,921                                  | 299,213     |
| <b>2023 (restated)</b>                            |                   |                      |             |                                        |             |
| Total assets                                      | 44,030,393        | 136,408,923          | 71,113,056  | 2,113,254                              | 253,665,626 |
| Loans and advances, net                           | 42,324,626        | 135,649,652          | –           | 1,416,945                              | 179,391,223 |
| Total liabilities                                 | 70,428,713        | 104,477,499          | 36,594,817  | 760,599                                | 212,261,628 |
| Customers' deposits                               | 69,214,006        | 102,994,977          | –           | –                                      | 172,208,983 |
| Total operating income                            | 3,578,943         | 4,266,928            | 1,009,156   | 468,967                                | 9,323,994   |
| Total operating expenses before impairment charge | 1,691,613         | 759,573              | 342,277     | 228,243                                | 3,021,706   |
| Impairment charges for financial assets, net      | (38,762)          | 1,631,326            | 1,891       | –                                      | 1,594,455   |
| Net income for the year before zakat              | 1,926,092         | 1,876,029            | 664,988     | 240,724                                | 4,707,833   |
| Net special commission income                     | 3,400,359         | 3,736,192            | 528,454     | 170,192                                | 7,835,197   |
| Fees and commission income, net                   | 112,795           | 524,900              | –           | 276,980                                | 914,675     |
| Exchange income, net                              | 60,769            | 5,352                | 389,101     | –                                      | 455,222     |
| Trading income, net                               | –                 | –                    | 110,716     | 3,300                                  | 114,016     |
| Inter-segment revenue                             | 2,644,582         | 1,546,848            | (4,191,430) | –                                      | –           |
| Depreciation and amortization                     | 167,569           | 51,937               | 26,060      | 5,092                                  | 250,658     |

## (b) The Group's credit exposure by operating segments is as follows:

| SAR '000                               | Retail banking | Corporate banking | Treasury   | Investment banking and brokerage | Total       |
|----------------------------------------|----------------|-------------------|------------|----------------------------------|-------------|
| <b>2024</b>                            |                |                   |            |                                  |             |
| Statement of Financial Position Assets | 51,045,580     | 152,063,154       | 73,843,182 | 2,577,194                        | 279,529,110 |
| Commitments and contingencies          | 312,739        | 44,908,924        | –          | –                                | 45,221,663  |
| Derivatives                            | –              | –                 | 6,391,566  | –                                | 6,391,566   |
| <b>2023</b>                            |                |                   |            |                                  |             |
| Statement of Financial Position Assets | 42,390,291     | 136,259,957       | 60,847,081 | 1,974,721                        | 241,472,050 |
| Commitments and contingencies          | 252,017        | 39,723,887        | –          | –                                | 39,975,904  |
| Derivatives                            | –              | –                 | 4,222,720  | –                                | 4,222,720   |

Credit exposure comprises the carrying value of statement of financial position assets excluding cash, property and equipment, positive fair value of derivative, other assets & other real estate. The credit equivalent value of commitments, contingencies and derivatives are included in credit exposure.

## 33. Financial Risk Management

### Credit Risk

The Board of Directors are responsible for the overall Risk Management approach and for approving the Risk Management strategies and principles. The Board has

appointed the Board Risk Committee, which has the responsibility to monitor the overall risk process within the Group.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Group manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities. There is also credit risk in off statement of financial position financial instruments, such as loan commitments.

The Group assesses the probability of default of counterparties using internal rating tools with an overlay of credit assessment, where necessary. In addition, the Group also uses external ratings from major rating agencies 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. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk. The Group's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their obligation, and to control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

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 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 of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes collateral/security when appropriate. The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

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 conditions and emerging best practice.

The debt securities included in the investment portfolio are mainly sovereign risk. For analysis of investments by counterparty and the details of the composition of investments, and loans and advances, refer to notes 6 and 7, respectively. Information on credit risk relating to derivative instruments is provided in note 11 and for commitments and contingencies in note 21. The information on Groups maximum credit exposure by business segment is given in note 32.

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The Group's internal credit rating grades:

| Rating Grade          | Description         | PD-Range (%) | Mid-Point (%) |
|-----------------------|---------------------|--------------|---------------|
| <b>Performing</b>     |                     |              |               |
| A+                    | Exceptional         | 0-00.02      | 0.01          |
| A                     | Excellent           | 0-00.02      | 0.02          |
| B+                    | Very Good           | 0.02-00.04   | 0.04          |
| B                     | Good                | 0.04-00.08   | 0.07          |
| C+                    | Very Satisfactory   | 0.08-00.16   | 0.30          |
| C                     | Satisfactory        | 0.16-00.32   | 0.60          |
| C-                    | Fairly Satisfactory | 0.32-00.64   | 0.80          |
| D+                    | Pass                | 0.64-00.85   | 1.35          |
| D                     | Mediocre            | 0.85-01.28   | 2.46          |
| D-                    | Very Mediocre       | 1.28-02.56   | 4.89          |
| E+                    | Weak                | 2.56-05.12   | 9.47          |
| E                     | Special Mention     | 5.12-15.00   | 17.55         |
| E-                    | Special Mention     | 15.0-40.00   | 25.19         |
| <b>Non-Performing</b> |                     |              |               |
| F                     | Standard            | 100.00       | 100.00        |
| Z                     | Doubtful            | 100.00       | 100.00        |
| Y                     | Loss                | 100.00       | 100.00        |

## Geographical concentration

(a) The distribution by geographical region for major categories of assets, liabilities, commitments and contingencies and credit exposure of derivatives is as follows:

| SAR '000                                         | Saudi Arabia | Middle East | Europe | North America | Other Countries | Total      |
|--------------------------------------------------|--------------|-------------|--------|---------------|-----------------|------------|
| <b>2024</b>                                      |              |             |        |               |                 |            |
| <b>Assets</b>                                    |              |             |        |               |                 |            |
| <b>Cash and balances with Saudi Central Bank</b> |              |             |        |               |                 |            |
| Cash in hand                                     | 864,257      | 5,754       | 4,123  | –             | –               | 874,134    |
| Balances with Saudi Central Bank                 | 10,046,472   | –           | –      | –             | –               | 10,046,472 |

| SAR '000                                                    | Saudi Arabia | Middle East | Europe    | North America | Other Countries | Total       |
|-------------------------------------------------------------|--------------|-------------|-----------|---------------|-----------------|-------------|
| <b>Due from banks and other financial institutions, net</b> |              |             |           |               |                 |             |
| Current account                                             | –            | 116,465     | 655,435   | 946,123       | 308,573         | 2,026,596   |
| Money market placements                                     | 1,436,673    | 1,173,802   | 84,060    | –             | 294,679         | 2,989,214   |
| <b>Investments, net</b>                                     |              |             |           |               |                 |             |
| Held as FVSI                                                | 357,912      | –           | –         | –             | –               | 357,912     |
| FVOCI                                                       | 20,803,338   | 5,532,757   | 2,663,673 | 2,855,470     | 397,543         | 32,252,781  |
| Investments held at amortised cost                          | 27,678,165   | –           | –         | –             | –               | 27,678,165  |
| <b>Investment in associate, net</b>                         | –            | 9,695       | –         | –             | –               | 9,695       |
| <b>Positive fair value of derivatives</b>                   |              |             |           |               |                 |             |
| Held for trading                                            | 1,548,955    | 2,256       | 3,787,670 | 106,897       | –               | 5,445,778   |
| Held as fair value hedges                                   | –            | –           | –         | –             | –               | –           |
| Held as cash flow hedges                                    | 31,748       | –           | 205,576   | 8,479         | –               | 245,803     |
| <b>Loans and advances, net</b>                              |              |             |           |               |                 |             |
| Overdraft and commercial loans                              | 165,189,064  | 999,923     | 281,222   | –             | –               | 166,470,209 |
| Credit cards                                                | 704,534      | 7           | –         | 2             | –               | 704,543     |
| Consumer loans                                              | 36,993,523   | –           | –         | –             | –               | 36,993,523  |
| <b>Property, equipment and right of use assets, net</b>     | 2,318,805    | –           | –         | –             | –               | 2,318,805   |
| <b>Other assets and other real estate, net</b>              | 2,158,718    | 9,789       | 1,902,739 | 270,597       | 20,189          | 4,362,032   |
| <b>Total assets</b>                                         | 270,132,164  | 7,850,448   | 9,584,498 | 4,187,568     | 1,020,984       | 292,775,662 |

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| SAR '000                                                                 | Saudi Arabia | Middle East | Europe     | North America | Other Countries | Total       |
|--------------------------------------------------------------------------|--------------|-------------|------------|---------------|-----------------|-------------|
| <b>2024</b>                                                              |              |             |            |               |                 |             |
| <b>Liabilities</b>                                                       |              |             |            |               |                 |             |
| <b>Due to Saudi Central Bank, banks and other financial institutions</b> |              |             |            |               |                 |             |
| Current accounts                                                         | 26,106       | 204,678     | 54,882     | 120,736       | 11,005          | 417,407     |
| Money market deposits                                                    | 16,123,508   | 7,016,317   | 7,158,783  | —             | 1,590,844       | 31,889,452  |
| <b>Customers' deposits</b>                                               |              |             |            |               |                 |             |
| Demand                                                                   | 80,169,350   | 61,977      | 15,659     | 34            | 118,610         | 80,365,630  |
| Saving                                                                   | 976,105      | —           | —          | —             | —               | 976,105     |
| Time                                                                     | 97,548,832   | 510,425     | —          | —             | —               | 98,059,257  |
| Other                                                                    | 5,673,982    | 26,661      | 16,544     | —             | —               | 5,717,187   |
| <b>Negative fair value of derivatives</b>                                |              |             |            |               |                 |             |
| Held for trading                                                         | 995,727      | 249,537     | 4,314,033  | 66,782        | —               | 5,626,079   |
| Held as fair value hedges                                                | —            | —           | 137,469    | —             | —               | 137,469     |
| Held as cash flow hedges                                                 | 105,868      | —           | 299,562    | 49,444        | —               | 454,874     |
| <b>Debt securities and term loans</b>                                    | —            | 2,060,819   | 3,198,379  | 9,324,718     | 934,138         | 15,518,054  |
| <b>Other liabilities</b>                                                 | 5,970,593    | 2,925       | 1,001,323  | 32,257        | 48              | 7,007,146   |
| <b>Total liabilities</b>                                                 | 207,590,071  | 10,133,339  | 16,196,634 | 9,593,971     | 2,654,645       | 246,168,660 |
| <b>Commitments and contingencies</b>                                     |              |             |            |               |                 |             |
| Letters of credit                                                        | 10,184,446   | 118,830     | 248,820    | 307,748       | 54,200          | 10,914,044  |
| Letters of guarantee                                                     | 46,267,820   | 987,772     | 3,282,962  | 191,797       | 345,344         | 51,075,695  |
| Acceptances                                                              | 2,966,718    | 49,824      | —          | —             | —               | 3,016,542   |
| Irrevocable commitments to extend credit                                 | 16,878,266   | —           | —          | —             | —               | 16,878,266  |
| <b>Total</b>                                                             | 76,297,250   | 1,156,426   | 3,531,782  | 499,545       | 399,544         | 81,884,547  |
| <b>Maximum Credit exposure (stated at credit equivalent amounts)</b>     |              |             |            |               |                 |             |
| <b>Derivatives</b>                                                       | 3,795,113    | 53,124      | 2,401,837  | 141,492       | —               | 6,391,566   |
| <b>Total</b>                                                             | 3,795,113    | 53,124      | 2,401,837  | 141,492       | —               | 6,391,566   |
| <b>Commitments and contingencies exposure</b>                            |              |             |            |               |                 |             |
| Letters of credit                                                        | 4,911,346    | 23,766      | 49,764     | 61,550        | 10,840          | 5,057,266   |
| Letters of guarantee                                                     | 27,916,283   | 526,360     | 1,678,004  | 95,898        | 180,003         | 30,396,548  |
| Acceptances                                                              | 2,966,718    | 49,824      | —          | —             | —               | 3,016,542   |
| Irrevocable commitments to extend credit                                 | 6,751,307    | —           | —          | —             | —               | 6,751,307   |
| <b>Total</b>                                                             | 42,545,654   | 599,950     | 1,727,768  | 157,448       | 190,843         | 45,221,663  |



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| SAR '000                                                    | Saudi Arabia       | Middle East      | Europe           | North America    | Other Countries | Total              |
|-------------------------------------------------------------|--------------------|------------------|------------------|------------------|-----------------|--------------------|
| <b>2023 (restated)</b>                                      |                    |                  |                  |                  |                 |                    |
| <b>Assets</b>                                               |                    |                  |                  |                  |                 |                    |
| <b>Cash and balances with Saudi Central Bank</b>            |                    |                  |                  |                  |                 |                    |
| Cash in hand                                                | 1,068,081          | –                | –                | –                | –               | 1,068,081          |
| Balances with Saudi Central Bank                            | 9,490,678          | –                | –                | –                | –               | 9,490,678          |
| <b>Due from banks and other financial institutions, net</b> |                    |                  |                  |                  |                 |                    |
| Current account                                             | –                  | 163,179          | 629,569          | 790,035          | 54,090          | 1,636,873          |
| Money market placements                                     | 982,970            | 1,118,174        | 375,148          | –                | –               | 2,476,292          |
| <b>Investments, net</b>                                     |                    |                  |                  |                  |                 |                    |
| Held as FVSI                                                | 168,181            | 53,756           | –                | 282,777          | –               | 504,714            |
| FVOCI                                                       | 16,774,872         | 4,750,710        | 1,329,839        | 653,942          | 95,771          | 23,605,134         |
| Investments held at amortised cost                          | 24,640,218         | –                | –                | –                | –               | 24,640,218         |
| Investment in associate, net                                | –                  | 9,695            | –                | –                | –               | 9,695              |
| <b>Positive fair value of derivatives</b>                   |                    |                  |                  |                  |                 |                    |
| Held for trading                                            | 1,067,775          | 47               | 4,079,255        | 146,298          | –               | 5,293,375          |
| Held as fair value hedges                                   | –                  | –                | 4,021            | –                | –               | 4,021              |
| Held as cash flow hedges                                    | 25,199             | –                | 320,631          | 15,598           | –               | 361,428            |
| <b>Loans and advances, net</b>                              |                    |                  |                  |                  |                 |                    |
| Overdraft and commercial loans                              | 145,662,533        | 1,333,412        | –                | –                | –               | 146,995,945        |
| Credit cards                                                | 651,720            | –                | –                | –                | –               | 651,720            |
| Consumer loans                                              | 31,743,558         | –                | –                | –                | –               | 31,743,558         |
| Property, equipment and right of use assets, net            | 2,038,231          | –                | –                | –                | –               | 2,038,231          |
| Other assets and other real estate, net                     | 1,360,130          | 4,762            | 1,480,248        | 300,523          | –               | 3,145,663          |
| <b>Total assets</b>                                         | <b>235,674,146</b> | <b>7,433,735</b> | <b>8,218,711</b> | <b>2,189,173</b> | <b>149,861</b>  | <b>253,665,626</b> |

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| SAR '000                                                                 | Saudi Arabia | Middle East | Europe     | North America | Other Countries | Total       |
|--------------------------------------------------------------------------|--------------|-------------|------------|---------------|-----------------|-------------|
| <b>2023</b>                                                              |              |             |            |               |                 |             |
| <b>Liabilities</b>                                                       |              |             |            |               |                 |             |
| <b>Due to Saudi Central Bank, banks and other financial institutions</b> |              |             |            |               |                 |             |
| Current accounts                                                         | 31,985       | 361,630     | 51,015     | 4,395         | 17,204          | 466,229     |
| Money market deposits                                                    | 10,355,090   | 670,585     | 6,353,333  | —             | 1,100,033       | 18,479,041  |
| <b>Customers' deposits</b>                                               |              |             |            |               |                 |             |
| Demand                                                                   | 76,266,646   | 73,569      | 10,086     | 28            | 61,211          | 76,411,540  |
| Saving                                                                   | 878,229      | —           | —          | —             | —               | 878,229     |
| Time                                                                     | 89,620,921   | 578,572     | —          | —             | —               | 90,199,493  |
| Other                                                                    | 4,713,795    | 174         | 143        | —             | 5,609           | 4,719,721   |
| <b>Negative fair value of derivatives</b>                                |              |             |            |               |                 |             |
| Held for trading                                                         | 844,045      | 253,157     | 3,903,847  | 94,415        | —               | 5,095,464   |
| Held as fair value hedges                                                | —            | —           | 117,017    | —             | —               | 117,017     |
| Held as cash flow hedges                                                 | 199,287      | —           | 493,828    | 79,736        | —               | 772,851     |
| <b>Debt securities and term loans</b>                                    | —            | 2,058,577   | —          | 6,575,449     | —               | 8,634,026   |
| <b>Other liabilities</b>                                                 | 5,219,093    | 1,891       | 1,223,951  | 43,082        | —               | 6,488,017   |
| <b>Total liabilities</b>                                                 | 188,129,091  | 3,998,155   | 12,153,220 | 6,797,105     | 1,184,057       | 212,261,628 |
| <b>Commitments and contingencies</b>                                     |              |             |            |               |                 |             |
| Letters of credit                                                        | 7,305,477    | 114,496     | 61,875     | 245,892       | 623,999         | 8,351,739   |
| Letters of guarantee                                                     | 42,649,224   | 567,918     | 2,954,489  | 202,448       | 260,793         | 46,634,872  |
| Acceptances                                                              | 4,776,666    | 49,073      | —          | —             | —               | 4,825,739   |
| Irrevocable commitments to extend credit                                 | 10,918,887   | —           | —          | —             | —               | 10,918,887  |
| <b>Total</b>                                                             | 65,650,254   | 731,487     | 3,016,364  | 448,340       | 884,792         | 70,731,237  |
| <b>Maximum Credit exposure (stated at credit equivalent amounts)</b>     |              |             |            |               |                 |             |
| <b>Derivatives</b>                                                       | 2,644,935    | 58,589      | 1,204,636  | 314,560       | —               | 4,222,720   |
| <b>Total</b>                                                             | 2,644,935    | 58,589      | 1,204,636  | 314,560       | —               | 4,222,720   |
| <b>Commitments and contingencies exposure</b>                            |              |             |            |               |                 |             |
| Letters of credit                                                        | 2,935,031    | 22,899      | 12,375     | 49,178        | 124,800         | 3,144,283   |
| Letters of guarantee                                                     | 25,608,346   | 305,457     | 1,492,762  | 101,224       | 130,538         | 27,638,327  |
| Acceptances                                                              | 4,776,666    | 49,073      | —          | —             | —               | 4,825,739   |
| Irrevocable commitments to extend credit                                 | 4,367,555    | —           | —          | —             | —               | 4,367,555   |
| <b>Total</b>                                                             | 37,687,598   | 377,429     | 1,505,137  | 150,402       | 255,338         | 39,975,904  |

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## (b) The distributions by geographical concentration of impaired loans and advances and impairment for credit losses are as follows:

| Saudi Arabia                                  |                  |                  |
|-----------------------------------------------|------------------|------------------|
| SAR '000                                      | 2024             | 2023             |
| <b>Non-performing loans and advances, net</b> |                  |                  |
| Overdraft & Commercial Loans                  | 1,637,925        | 1,727,150        |
| Credit Cards                                  | 24,568           | 19,094           |
| Consumer Loans                                | 272,006          | 174,537          |
| <b>Total</b>                                  | <b>1,934,499</b> | <b>1,920,781</b> |
| <b>Lifetime ECL credit impaired</b>           |                  |                  |
| Overdraft & Commercial Loans                  | 1,073,367        | 1,132,263        |
| Credit Cards                                  | 24,773           | 18,456           |
| Consumer Loans                                | 223,581          | 133,759          |
| <b>Total</b>                                  | <b>1,321,721</b> | <b>1,284,478</b> |

## (c) Credit quality analysis

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

### 1. Due from banks and other financial institutions

| December 31, 2024      |                  |                                  |                              |                  |
|------------------------|------------------|----------------------------------|------------------------------|------------------|
| SAR '000               | 12 month ECL     | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Investment grade       | 5,012,797        | —                                | —                            | 5,012,797        |
| Non-investment grade   | 4                | 3,630                            | —                            | 3,634            |
| Unrated                | —                | —                                | —                            | —                |
| <b>Carrying amount</b> | <b>5,012,801</b> | <b>3,630</b>                     | <b>—</b>                     | <b>5,016,431</b> |

| December 31, 2023      |                  |                                  |                              |                  |
|------------------------|------------------|----------------------------------|------------------------------|------------------|
| SAR '000               | 12 month ECL     | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total            |
| Investment grade       | 4,105,597        | —                                | —                            | 4,105,597        |
| Non-investment grade   | 636              | 7,837                            | —                            | 8,473            |
| Unrated                | —                | —                                | —                            | —                |
| <b>Carrying amount</b> | <b>4,106,233</b> | <b>7,837</b>                     | <b>—</b>                     | <b>4,114,070</b> |

### 2. Loans and advances to customers at amortized cost

| December 31, 2024                                        |                    |                                  |                              |                    |
|----------------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                                 | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| <b>Loans and advances to customers at amortized cost</b> |                    |                                  |                              |                    |
| Very strong quality including sovereign (A+ to B)        | 35,793,483         | —                                | —                            | 35,793,483         |
| Good quality (C+ to C)                                   | 55,350,972         | 2,588,050                        | —                            | 57,939,022         |
| Satisfactory quality (C- to E+)                          | 65,400,883         | 5,569,571                        | —                            | 70,970,454         |
| Unrated (consumer loans and credit cards)                | 37,317,833         | 324,954                          | 15,390                       | 37,658,177         |
| Special mention (E to E-)                                | —                  | 3,248,555                        | 138,877                      | 3,387,432          |
| Impaired                                                 | —                  | —                                | 1,934,499                    | 1,934,499          |
| <b>Carrying amount</b>                                   | <b>193,863,171</b> | <b>11,731,130</b>                | <b>2,088,766</b>             | <b>207,683,067</b> |

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| December 31, 2023                                        |                    |                                  |                              |                    |
|----------------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                                 | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| <b>Loans and advances to customers at amortized cost</b> |                    |                                  |                              |                    |
| Very strong quality including sovereign (A+ to B)        | 33,208,967         | —                                | —                            | 33,208,967         |
| Good quality (C+ to C)                                   | 49,062,011         | 1,819,920                        | —                            | 50,881,931         |
| Satisfactory quality (C- to E+)                          | 53,437,100         | 6,638,571                        | 2,993                        | 60,078,664         |
| Unrated (consumer loans and credit cards)                | 32,080,363         | 124,566                          | 26,312                       | 32,231,241         |
| Special mention (E to E-)                                | —                  | 3,694,169                        | 19,460                       | 3,713,629          |
| Impaired                                                 | —                  | —                                | 1,920,781                    | 1,920,781          |
| <b>Carrying amount</b>                                   | <b>167,788,441</b> | <b>12,277,226</b>                | <b>1,969,546</b>             | <b>182,035,213</b> |

The following table sets out information about the credit quality of Loans and advances to customers at amortized cost on a product basis.

## I. Overdraft and Commercial Loans

| December 31, 2024                                                                        |                    |                                  |                              |                    |
|------------------------------------------------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                                                                 | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| <b>Loans and advances to customers at amortized cost: Overdraft and Commercial Loans</b> |                    |                                  |                              |                    |
| Very strong quality including sovereign (A+ to B)                                        | 35,793,483         | —                                | —                            | 35,793,483         |
| Good quality (C+ to C)                                                                   | 55,350,972         | 2,588,050                        | —                            | 57,939,022         |
| Satisfactory quality (C- to E+)                                                          | 65,400,883         | 5,569,571                        | —                            | 70,970,454         |
| Special mention (E to E-)                                                                | —                  | 3,169,728                        | 78,029                       | 3,247,757          |
| Impaired                                                                                 | —                  | —                                | 1,637,925                    | 1,637,925          |
| <b>Carrying amount</b>                                                                   | <b>156,545,338</b> | <b>11,327,349</b>                | <b>1,715,954</b>             | <b>169,588,641</b> |

| December 31, 2023                                                                        |                    |                                  |                              |                    |
|------------------------------------------------------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| SAR '000                                                                                 | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
| <b>Loans and advances to customers at amortized cost: Overdraft and Commercial Loans</b> |                    |                                  |                              |                    |
| Very strong quality including sovereign (A+ to B)                                        | 33,208,967         | —                                | —                            | 33,208,967         |
| Good quality (C+ to C)                                                                   | 49,062,011         | 1,819,920                        | —                            | 50,881,931         |
| Satisfactory quality (C- to E+)                                                          | 53,437,100         | 6,638,571                        | 2,993                        | 60,078,664         |
| Special mention (E to E-)                                                                | —                  | 3,459,359                        | 8,033                        | 3,467,392          |
| Impaired                                                                                 | —                  | —                                | 1,727,150                    | 1,727,150          |
| <b>Carrying amount</b>                                                                   | <b>135,708,078</b> | <b>11,917,850</b>                | <b>1,738,176</b>             | <b>149,364,104</b> |

## II. Credit Cards

| December 31, 2024                                                      |                |                                  |                              |                |
|------------------------------------------------------------------------|----------------|----------------------------------|------------------------------|----------------|
| SAR '000                                                               | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| <b>Loans and advances to customers at amortized cost: Credit Cards</b> |                |                                  |                              |                |
| Unrated                                                                | 696,839        | 14,073                           | 1,306                        | 712,218        |
| Special mention                                                        | —              | 2,415                            | 9,577                        | 11,992         |
| Impaired                                                               | —              | —                                | 24,568                       | 24,568         |
| <b>Carrying amount</b>                                                 | <b>696,839</b> | <b>16,488</b>                    | <b>35,451</b>                | <b>748,778</b> |

| December 31, 2023                                                      |                |                                  |                              |                |
|------------------------------------------------------------------------|----------------|----------------------------------|------------------------------|----------------|
| SAR '000                                                               | 12 month ECL   | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total          |
| <b>Loans and advances to customers at amortized cost: Credit Cards</b> |                |                                  |                              |                |
| Unrated                                                                | 637,900        | 9,897                            | 2,722                        | 650,519        |
| Special mention                                                        | —              | 13,329                           | 4,390                        | 17,719         |
| Impaired                                                               | —              | —                                | 19,094                       | 19,094         |
| <b>Carrying amount</b>                                                 | <b>637,900</b> | <b>23,226</b>                    | <b>26,206</b>                | <b>687,332</b> |

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## III. Consumer Loans

| December 31, 2024                                                      |                   |                                  |                              |                   |
|------------------------------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                                               | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Loans and advances to customers at amortized cost: Credit Cards</b> |                   |                                  |                              |                   |
| Unrated                                                                | 36,620,994        | 310,881                          | 14,084                       | 36,945,959        |
| Special mention                                                        | –                 | 76,412                           | 51,271                       | 127,683           |
| Impaired                                                               | –                 | –                                | 272,006                      | 272,006           |
| <b>Carrying amount</b>                                                 | <b>36,620,994</b> | <b>387,293</b>                   | <b>337,361</b>               | <b>37,345,648</b> |

| December 31, 2023                                                      |                   |                                  |                              |                   |
|------------------------------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                                               | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Loans and advances to customers at amortized cost: Credit Cards</b> |                   |                                  |                              |                   |
| Unrated                                                                | 31,442,463        | 114,669                          | 23,590                       | 31,580,722        |
| Special mention                                                        | –                 | 221,481                          | 7,037                        | 228,518           |
| Impaired                                                               | –                 | –                                | 174,537                      | 174,537           |
| <b>Carrying amount</b>                                                 | <b>31,442,463</b> | <b>336,150</b>                   | <b>205,164</b>               | <b>31,983,777</b> |

**Very strong quality:** Capitalization, earnings, financial strength, liquidity, management, market reputation and repayment ability are excellent.

**Good quality:** Capitalization, earnings, financial strength, liquidity, management, market reputation and repayment ability are good.

**Satisfactory quality:** Facilities require regular monitoring due to financial risk factors. Ability to repay remains at a satisfactory level.

**Special mention:** Facilities require close attention of management due to deterioration in the borrowers' financial condition. However, repayment is currently protected.

## 3. Investments

### • Amortized cost

| December 31, 2024                                   |                   |                                  |                              |                   |
|-----------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                            | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Debt investment securities at amortized cost</b> |                   |                                  |                              |                   |
| Investment grade                                    | 21,943,220        | –                                | –                            | 21,943,220        |
| Unrated                                             | 5,751,958         | –                                | –                            | 5,751,958         |
| <b>Carrying amount</b>                              | <b>27,695,178</b> | <b>–</b>                         | <b>–</b>                     | <b>27,695,178</b> |

| December 31, 2023                                   |                   |                                  |                              |                   |
|-----------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                            | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Debt investment securities at amortized cost</b> |                   |                                  |                              |                   |
| Investment grade                                    | 18,997,373        | –                                | –                            | 18,997,373        |
| Unrated                                             | 5,659,156         | –                                | –                            | 5,659,156         |
| <b>Carrying amount</b>                              | <b>24,656,529</b> | <b>–</b>                         | <b>–</b>                     | <b>24,656,529</b> |

### • FVOCI

| December 31, 2024                          |                   |                                  |                              |                   |
|--------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                   | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Debt investment securities at FVOCI</b> |                   |                                  |                              |                   |
| Investment grade                           | 28,427,025        | –                                | –                            | 28,427,025        |
| Unrated                                    | 3,397,389         | –                                | –                            | 3,397,389         |
| <b>Carrying amount</b>                     | <b>31,824,414</b> | <b>–</b>                         | <b>–</b>                     | <b>31,824,414</b> |



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| December 31, 2023                          |                   |                                  |                              |                   |
|--------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                   | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Debt investment securities at FVOCI</b> |                   |                                  |                              |                   |
| Investment grade                           | 19,686,478        | —                                | —                            | 19,686,478        |
| Unrated                                    | 3,562,919         | —                                | —                            | 3,562,919         |
| <b>Carrying amount</b>                     | <b>23,249,397</b> | <b>—</b>                         | <b>—</b>                     | <b>23,249,397</b> |

Investment grade refers to the external credit ratings of debt instruments with low default risk (from AAA to BBB-). The Group maintains an internal rating grades for customers who issued unrated securities (A+ to C).

## 4. Commitment and contingencies

| December 31, 2024                                 |                   |                                  |                              |                   |
|---------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                          | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Commitments and contingencies</b>              |                   |                                  |                              |                   |
| Very strong quality including sovereign (A+ to B) | 12,508,296        | —                                | —                            | 12,508,296        |
| Good quality (C+ to C)                            | 16,379,570        | 111,648                          | —                            | 16,491,218        |
| Satisfactory quality (C- to E+)                   | 13,449,184        | 1,797,660                        | —                            | 15,246,844        |
| Special mention (E to E-)                         | —                 | 477,129                          | 14,549                       | 491,678           |
| Impaired                                          | —                 | —                                | 483,627                      | 483,627           |
| <b>Carrying amount</b>                            | <b>42,337,050</b> | <b>2,386,437</b>                 | <b>498,176</b>               | <b>45,221,663</b> |

| December 31, 2023                                 |                   |                                  |                              |                   |
|---------------------------------------------------|-------------------|----------------------------------|------------------------------|-------------------|
| SAR '000                                          | 12 month ECL      | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total             |
| <b>Commitments and contingencies</b>              |                   |                                  |                              |                   |
| Very strong quality including sovereign (A+ to B) | 11,966,988        | —                                | —                            | 11,966,988        |
| Good quality (C+ to C)                            | 12,672,624        | 93,391                           | —                            | 12,766,015        |
| Satisfactory quality (C- to E+)                   | 13,166,796        | 1,095,467                        | 5,527                        | 14,267,790        |
| Special mention (E to E-)                         | —                 | 405,685                          | 13,085                       | 418,770           |
| Impaired                                          | —                 | —                                | 556,341                      | 556,341           |
| <b>Carrying amount</b>                            | <b>37,806,408</b> | <b>1,594,543</b>                 | <b>574,953</b>               | <b>39,975,904</b> |

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

| SAR '000                     | 2024           | 2023 (restated) |
|------------------------------|----------------|-----------------|
| Investment securities        |                |                 |
| Investment grade             | 357,912        | 504,714         |
| <b>Total carrying amount</b> | <b>357,912</b> | <b>504,714</b>  |

## (d) Amounts arising from ECL – Significant increase in credit risk

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

- change in significant increase in credit risk (SICR) from origination
- days past due count
- slippage in rating notches

The Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

**Stage 1:** When loans are first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired. The Group records an allowance for the Lifetime ECL.

**POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

## Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative factors like fall in ratings by one to five notches (depending on the portfolio) since credit origination along with qualitative factors, including a backstop based on delinquency.

Using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an exposure

has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Such qualitative indicators include forbearance, covenant breaches and deterioration in credit quality of guarantors.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

## Credit risk grades

The Group allocates each exposure 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 corporate 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 of exposures involves use of the following data.

| Corporate 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>• Quoted bond and credit default swap (CDS) prices for the borrower where available</li> <li>• Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities</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 scores</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> |

**(i) Generating the term structure of PD**

Credit Risk grades mapped to probabilities, Credit transition probabilities and Macroeconomic inputs determine the term structure of Probability of Default. The Group collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. For some portfolios, information derived from external credit reference agencies is also used.

The Group employs analytical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. Forward looking predictions of key macro-economic indicators e.g. GDP growth, inflation, unemployment or CDS spreads are translated analytically into the impact on Risk Factors, especially PD. For most of corporate portfolio exposures, key macro-economic indicators include: Government debt to GDP ratio, expectation of stock market return/volatility and interest rate forecast. While for retail portfolio, key macro-economic indicators include: unemployment rate, export of goods and services and banking claims on private sector.

Based on advice from the Group's Classification and Impairment Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a

"base case" view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

**(ii) Definition of "Default"**

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the borrower, is classified as non performing, or is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding. In exceptional cases, this criteria may be rebutted based on reasonable and supportable information (e.g. administrative oversight, delay in receipt of receivables from entities with strong credit standing) after following a rigorous review and governance process.

In assessing whether a borrower is in default. The Group considers indicators that are:

- qualitative e.g. breaches of covenant;
- quantitative e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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

**(iii) Modified financial assets**

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

The Group computes the gross carrying amounts using Cash flows for both the pre-modified Terms and post-modification terms with original Interest Rate as EIR. If the difference in the gross carrying amounts is significant, the asset will be de-recognised and will be re-recognised as POCI (assuming that the modification is being undertaken in connection with forbearance or a defaulted exposure).

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

- rating as at reporting date and the modified terms;
- rating at initial origination and the original contract terms

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

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. After classification as credit-impaired, the customer should demonstrate good payment behavior for at least a period of twelve months, prior to being considered for upgrade.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans to customers in financial difficulties (referred to as "forbearance activities" to maximize collection opportunities and minimize the risk of default. Under the Group's forbearance policy, loan 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.

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The revised terms may include granting concession in interest rate and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

From a Risk Management point of view, once an asset is forborne or modified due to financial difficulties of the borrower, the Group's special department for distressed assets continues to monitor the exposure until it exits forbearance, i.e., it is either cured or completely and ultimately derecognised.

The table below includes Stage 2 and 3 corporate financial assets that were modified and, therefore, treated as forborne during the period, with the related modification loss suffered by the Group.

| SAR '000                                                    | 2024   | 2023   |
|-------------------------------------------------------------|--------|--------|
| Amortized cost of financial assets modified during the year | 59,932 | 41,939 |
| Net modification loss                                       | (684)  | (748)  |

The table below shows the gross carrying amount of previously modified corporate financial assets for which loss allowance has changed to 12 month ECL measurement during the year:

| December 31, 2024<br>SAR '000                                               | Post and Pre modification |     |
|-----------------------------------------------------------------------------|---------------------------|-----|
|                                                                             | Gross Amount              | ECL |
| Facilities that have cured and now measured as 12 months ECL (stage 1)      | —                         | —   |
| Facilities that reverted to (Stage 2 and 3) Life-Time ECL having once cured | —                         | —   |

Forbearance in retail financial assets does not have a material bearing on the consolidated Financial Statements.

## (iv) Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly by its view on the future evolving macroeconomic environment. Based on advice from Classification and Impairment Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and losses. The values of macroeconomic variables under the three scenarios employed in ECL computation for the corporate portfolio are presented below. The other portfolios constitute a relatively smaller share of the ECL allowance.

| Economic Indicators                  | 2024                                              |
|--------------------------------------|---------------------------------------------------|
| GDP – Oil Sector                     | Upside 1,265<br>Base case 1,227<br>Downside 1,133 |
| Government Bond Yields 1 Year        | Upside 4.24<br>Base case 4.15<br>Downside 1.98    |
| General Government Debt to GDP ratio | Upside 27.82<br>Base case 29.85<br>Downside 38.62 |

| Economic Indicators                  | 2023                                                 |
|--------------------------------------|------------------------------------------------------|
| General government debt to GDP ratio | Upside 23.48<br>Base case 25.71<br>Downside 32.55    |
| Tadawul All Share Index              | Upside 12,470<br>Base case 12,267<br>Downside 11,315 |
| Government Bond Yields 1 Year        | Upside 4.02<br>Base case 3.92<br>Downside 1.69       |

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

| Forecast calendar years used in 2024 ECL model |       |       |       |
|------------------------------------------------|-------|-------|-------|
| Economic Indicators                            | 2025  | 2026  | 2027  |
| GDP – Oil Sector                               | 1,227 | 1,237 | 1,246 |
| Government Bond Yields 1 Year                  | 4.15  | 3.27  | 3.21  |
| General Government Debt to GDP ratio           | 29.85 | 30.62 | 31.16 |

| Forecast calendar years used in 2023 ECL model |        |        |        |
|------------------------------------------------|--------|--------|--------|
| Economic Indicators                            | 2024   | 2025   | 2026   |
| General government debt to GDP ratio           | 25.71  | 26.45  | 27.02  |
| Tadawul All Share Index                        | 12,267 | 12,943 | 13,083 |
| Government Bond Yields 1 Year                  | 3.92   | 3.01   | 3.00   |

The Bank has reviewed the macroeconomic model used for ECL computation during 2024. Accordingly the model has been updated in line with the current Risk Management strategy which is also approved by the Board Risk Committee. The Bank has used the new macroeconomic model for ECL calculation for year end 2024.

The table below shows the ECL computed under each of the three different economic scenarios employed for credit provisioning under IFRS 9:

| SAR '000                    | Due from banks and other financial institutions | Debt instrument at AC | Debt instrument at FVOCI | Loans and advances | Off statement of financial position and others | Total     |
|-----------------------------|-------------------------------------------------|-----------------------|--------------------------|--------------------|------------------------------------------------|-----------|
| <b>2024</b>                 |                                                 |                       |                          |                    |                                                |           |
| Most likely (base case)     | 621                                             | 17,013                | 27,569                   | 3,511,495          | 221,016                                        | 3,777,714 |
| More optimistic (upside)    | 621                                             | 17,013                | 27,569                   | 3,470,776          | 220,109                                        | 3,736,088 |
| More pessimistic (downside) | 621                                             | 17,013                | 27,569                   | 3,563,205          | 224,236                                        | 3,832,644 |
| <b>Closing provision</b>    | 621                                             | 17,013                | 27,569                   | 3,514,792          | 221,710                                        | 3,781,705 |
| <b>2023</b>                 |                                                 |                       |                          |                    |                                                |           |
| Most likely (base case)     | 905                                             | 16,311                | 17,428                   | 2,630,619          | 195,926                                        | 2,861,189 |
| More optimistic (upside)    | 905                                             | 16,311                | 17,428                   | 2,607,712          | 195,692                                        | 2,838,048 |
| More pessimistic (downside) | 905                                             | 16,311                | 17,428                   | 2,698,097          | 196,743                                        | 2,929,484 |
| <b>Closing provision</b>    | 905                                             | 16,311                | 17,428                   | 2,643,990          | 196,101                                        | 2,874,735 |

ECL is calculated as the probability-weighted amount after application of 40%, 30% and 30% weights to the outcome of Base Case, Upside and Downside scenarios respectively.

## (v) Measurement of ECL

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);
- (c) exposure at default (EAD).

These parameters are generally derived from internally developed statistical models, regulatory inputs (e.g. in case of LGD) 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 analytical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These analytical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PD's are estimated considering the contractual maturities of exposures.



LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. The estimates are also sensitive to forward looking macroeconomic information.

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

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options for indeterminate maturity products) over which it is

exposed to credit risk, even if, for Risk Management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

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

### Sensitivity of ECL allowance:

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

| Assumptions sensitized                                                   |                 |
|--------------------------------------------------------------------------|-----------------|
| SAR '000                                                                 | ECL Impact 2024 |
| <b>Macro-economic factors:</b>                                           |                 |
| Increase in GDP – Oil Sector by 5%                                       | 43,613          |
| Increase in General Government Debt to GDP ratio by 15%                  | 35,784          |
| <b>Scenario weightages:</b>                                              |                 |
| Base scenario sensitized by +/- 5% with corresponding change in downside | 2,746           |
| Base scenario increase by +/- 5% with corresponding change in upside     | 2,081           |

| Assumptions sensitized                                                   |                 |
|--------------------------------------------------------------------------|-----------------|
| SAR '000                                                                 | ECL Impact 2023 |
| <b>Macro-economic factors:</b>                                           |                 |
| Increase in Debt to GDP by 15%                                           | 68,209          |
| Decrease in TADAWUL STOCK INDEX by 15%                                   | 36,554          |
| <b>Scenario weightages:</b>                                              |                 |
| Base scenario sensitized by +/- 5% with corresponding change in downside | 3,415           |
| Base scenario increase by +/- 5% with corresponding change in upside     | 1,157           |

Where modeling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk grading;
- collateral type;
- LTV ratio for retail mortgages;

- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The Grouping sector is subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous. For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

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## Ageing of loans and advances (past due but not impaired)

| December 31, 2024                                |                              |               |                  |                  |
|--------------------------------------------------|------------------------------|---------------|------------------|------------------|
| SAR '000                                         | Overdraft & Commercial Loans | Credit Cards  | Consumer Loans   | Total            |
| From 1 day to 30 days                            | 351,473                      | 47,548        | 1,290,362        | 1,689,383        |
| From 31 days to 90 days                          | 49,049                       | 9,288         | 283,698          | 342,035          |
| From 91 days to 180 days                         | 91,084                       | —             | —                | 91,084           |
| More than 180 days                               | 757                          | —             | —                | 757              |
| <b>Loans and advances held at amortised cost</b> | <b>492,363</b>               | <b>56,836</b> | <b>1,574,060</b> | <b>2,123,259</b> |

| December 31, 2023                                |                              |               |                |                  |
|--------------------------------------------------|------------------------------|---------------|----------------|------------------|
| SAR '000                                         | Overdraft & Commercial Loans | Credit Cards  | Consumer Loans | Total            |
| From 1 day to 30 days                            | 1,963,286                    | 60,503        | 766,813        | 2,790,602        |
| From 31 days to 90 days                          | 1,891,845                    | 17,715        | 231,571        | 2,141,131        |
| From 91 days to 180 days                         | 243,624                      | —             | —              | 243,624          |
| More than 180 days                               | 148,397                      | —             | —              | 148,397          |
| <b>Loans and advances held at amortised cost</b> | <b>4,247,152</b>             | <b>78,218</b> | <b>998,384</b> | <b>5,323,754</b> |

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

## (e) Economic sector risk concentrations for the loans and advances and allowance for impairment losses are as follows:

| SAR '000                                    | 12 month ECL       | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total              |
|---------------------------------------------|--------------------|----------------------------------|------------------------------|--------------------|
| <b>2024</b>                                 |                    |                                  |                              |                    |
| Government and quasi Government             | —                  | —                                | —                            | —                  |
| Banks and other financial institutions      | 2,790,539          | —                                | (20,165)                     | 2,770,374          |
| Agriculture and fishing                     | 2,499,262          | 11                               | (75,857)                     | 2,423,416          |
| Manufacturing                               | 21,357,854         | 458,297                          | (746,339)                    | 21,069,812         |
| Mining and quarrying                        | 4,233,185          | —                                | (17,778)                     | 4,215,407          |
| Electricity, water, gas and health services | 19,635,445         | —                                | (37,374)                     | 19,598,071         |
| Building and construction                   | 17,311,172         | 634,891                          | (774,714)                    | 17,171,349         |
| Commerce                                    | 47,073,983         | 332,457                          | (919,520)                    | 46,486,920         |
| Transportation and communication            | 4,326,247          | 3,637                            | (28,537)                     | 4,301,347          |
| Services                                    | 26,967,008         | 52,317                           | (260,476)                    | 26,758,849         |
| Consumer loans and credit cards             | 37,797,852         | 296,575                          | (396,360)                    | 37,698,067         |
| Others                                      | 21,756,021         | 156,314                          | (237,672)                    | 21,674,663         |
| <b>Total</b>                                | <b>205,748,568</b> | <b>1,934,499</b>                 | <b>(3,514,792)</b>           | <b>204,168,275</b> |
| <b>2023</b>                                 |                    |                                  |                              |                    |
| Government and quasi Government             | —                  | —                                | —                            | —                  |
| Banks and other financial institutions      | 3,039,336          | —                                | (1,480)                      | 3,037,856          |
| Agriculture and fishing                     | 3,146,808          | 10                               | (63,765)                     | 3,083,053          |
| Manufacturing                               | 20,362,895         | 459,406                          | (521,077)                    | 20,301,224         |
| Mining and quarrying                        | 3,934,799          | —                                | (5,226)                      | 3,929,573          |
| Electricity, water, gas and health services | 16,795,604         | 19,265                           | (27,476)                     | 16,787,393         |
| Building and construction                   | 14,315,496         | 746,553                          | (561,917)                    | 14,500,132         |
| Commerce                                    | 38,238,002         | 248,095                          | (771,129)                    | 37,714,968         |
| Transportation and communication            | 6,083,774          | 3,896                            | (12,170)                     | 6,075,500          |
| Services                                    | 25,714,812         | 71,483                           | (201,127)                    | 25,585,168         |
| Consumer loans and credit cards             | 32,477,478         | 193,631                          | (275,831)                    | 32,395,278         |
| Others                                      | 16,005,428         | 178,442                          | (202,792)                    | 15,981,078         |
| <b>Total</b>                                | <b>180,114,432</b> | <b>1,920,781</b>                 | <b>(2,643,990)</b>           | <b>179,391,223</b> |

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## (f) Collateral

The Group in the ordinary course of lending activities hold collaterals as security to mitigate credit risk in loans and advances. These collaterals mostly include time, demand, other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial and consumer loans 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 collateral held (excluding the effect of overcollateralization) as security for loans that are credit-impaired as at December 31, are as follows:

| SAR '000                            | 2024             | 2023             |
|-------------------------------------|------------------|------------------|
| Collateral coverage – less than 50% | 1,424,467        | 1,416,637        |
| Collateral coverage – 51% to 70%    | 46,744           | –                |
| Collateral coverage – more than 70% | 463,288          | 504,144          |
| <b>Total</b>                        | <b>1,934,499</b> | <b>1,920,781</b> |

## 34. Market Risk

Market Risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as Interest rates, Foreign Exchange rates and Equity prices. The Group classifies Market Risk exposures into either Trading or non-trading or Banking Book.

Market Risk within Trading and Banking Book is managed and monitored using various indicators such as Value at Risk, Stress Testing and Sensitivities analysis.

### (a) Market Risk – Trading book

The Board has set limits for the acceptable level of risks in managing the Trading Book. In order to manage the Market Risk in Trading Book, the Group applies on a daily basis a VaR methodology in order to assess the Market Risk positions held and also to estimate the potential economic loss based on a set of assumptions and changes in market conditions.

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

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

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

To overcome the VaR limitations mentioned above, the Group also carries out Stress tests of its portfolio to simulate conditions outside normal confidence intervals. The potential losses occurring under Stress test conditions are reported regularly to the Group's ALM and Market Risk committees for their review.

The Group's VaR related information for the year ended December 31, 2024 and 2023 are follows:

| SAR '000                    | Foreign<br>Exchange Rate | Special<br>Commission<br>Rate Risk | Overall<br>Trading |
|-----------------------------|--------------------------|------------------------------------|--------------------|
| <b>2024</b>                 |                          |                                    |                    |
| VaR as at December 31, 2024 | 48                       | 3,695                              | 3,742              |
| Average VaR for 2024        | 211                      | 4,053                              | 4,263              |
| Maximum VaR for 2024        | 965                      | 8,306                              | 8,818              |
| Minimum VaR for 2024        | 9                        | 1,996                              | 2,093              |
| <b>2023</b>                 |                          |                                    |                    |
| VaR as at December 31, 2023 | 75                       | 4,781                              | 4,935              |
| Average VaR for 2023        | 122                      | 5,806                              | 5,892              |
| Maximum VaR for 2023        | 524                      | 10,833                             | 10,860             |
| Minimum VaR for 2023        | 5                        | 1,972                              | 2,195              |

Overall Trading VaR incorporates compensation effect of positions coming from realized P&L in foreign currencies.

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## (b) Market risk non – trading book

Market risk on non-trading book mainly arises from the special commission rate, foreign currency exposures and equity price changes.

### (i) Special commission rate risk

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

The following table depicts the sensitivity to a reasonable possible change in special commission rates, with other variables held constant, on the Group's consolidated statement of income or equity. The sensitivity of the special commission income is the effect of the assumed changes in special commission rates with a lowest level at 0%, on the net special commission income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at December 31, 2024 and 2023, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate FVOCI financial assets, including the effect of any associated hedges as at December 31, 2024 and 2023 for the effect of assumed changes in special commission rate. The sensitivity of equity is analyzed by maturity of the asset or swap. All the banking book exposures are monitored and analyzed in currency concentrations and relevant sensitivities are disclosed in SAR thousands.

| 31 December, 2024    |               |                                                   |                       |                               |                           |                 |           |
|----------------------|---------------|---------------------------------------------------|-----------------------|-------------------------------|---------------------------|-----------------|-----------|
| SAR '000<br>Currency | BPS<br>change | Sensitivity<br>of special<br>commission<br>income | Sensitivity of Equity |                               |                           |                 |           |
|                      |               |                                                   | 6 months<br>or less   | Over 6<br>months to<br>1 year | Over 1 year<br>to 5 years | Over 5<br>years | Total     |
| USD                  | +100          | 44,294                                            | (6,926)               | (19,460)                      | (326,657)                 | (277,390)       | (630,433) |
|                      | -100          | (44,294)                                          | 6,926                 | 19,460                        | 326,657                   | 277,390         | 630,433   |
| SAR                  | +100          | 724,216                                           | (6,289)               | (1,450)                       | (75,258)                  | (415,648)       | (498,645) |
|                      | -100          | (724,216)                                         | 6,289                 | 1,450                         | 75,258                    | 415,648         | 498,645   |

| 31 December, 2023    |               |                                                   |                       |                               |                           |                 |           |
|----------------------|---------------|---------------------------------------------------|-----------------------|-------------------------------|---------------------------|-----------------|-----------|
| SAR '000<br>Currency | BPS<br>change | Sensitivity<br>of special<br>commission<br>income | Sensitivity of Equity |                               |                           |                 |           |
|                      |               |                                                   | 6 months<br>or less   | Over 6<br>months to<br>1 year | Over 1 year<br>to 5 years | Over 5<br>years | Total     |
| USD                  | +100          | 19,765                                            | (2,363)               | (27,844)                      | (214,029)                 | (230,250)       | (474,486) |
|                      | -100          | (19,765)                                          | 2,363                 | 27,844                        | 214,029                   | 230,250         | 474,486   |
| SAR                  | +100          | 626,752                                           | (8,597)               | (2,625)                       | (57,657)                  | (115,989)       | (184,868) |
|                      | -100          | (626,752)                                         | 8,597                 | 2,625                         | 57,657                    | 115,989         | 184,868   |

### Special commission rate sensitivity of assets, liabilities and derivatives

The Group manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market special commission rates on its financial position and cash flows. The Board sets limits on the level of mismatch of special commission rate re-pricing that may be undertaken, which is monitored daily by the Group's Treasury.

The following table summarises the Group's exposure to special commission rate risks. Included in the table are the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

The Group is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets, liabilities, and derivative instruments that mature or re-price in a given period. The Group manages this risk by matching the re-pricing of assets and liabilities through Risk Management strategies.

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| SAR '000                                                    | Within 3 months    | 3-12 months       | 1-5 years         | Over 5 years      | Non commission    | Total              |
|-------------------------------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>2024</b>                                                 |                    |                   |                   |                   |                   |                    |
| <b>Assets</b>                                               |                    |                   |                   |                   |                   |                    |
| <b>Cash and balances with Saudi Central Bank</b>            |                    |                   |                   |                   |                   |                    |
| Cash in hand                                                | —                  | —                 | —                 | —                 | 874,134           | 874,134            |
| Balances with Saudi Central Bank                            | —                  | —                 | —                 | —                 | 10,046,472        | 10,046,472         |
| <b>Due from banks and other financial institutions, net</b> |                    |                   |                   |                   |                   |                    |
| Current account                                             | 1,858,433          | —                 | —                 | —                 | 168,163           | 2,026,596          |
| Money market placements                                     | 2,989,214          | —                 | —                 | —                 | —                 | 2,989,214          |
| <b>Investments, net</b>                                     |                    |                   |                   |                   |                   |                    |
| Held as FVSI                                                | —                  | —                 | —                 | 357,912           | —                 | 357,912            |
| Held as FVOCI, net                                          | 1,786,073          | 5,111,625         | 12,438,874        | 12,487,842        | 428,367           | 32,252,781         |
| Held at amortised cost, net                                 | 606,466            | 371,013           | 8,052,211         | 18,648,475        | —                 | 27,678,165         |
| <b>Investment in associate, net</b>                         | —                  | —                 | —                 | —                 | 9,695             | 9,695              |
| <b>Positive fair value of derivatives</b>                   |                    |                   |                   |                   |                   |                    |
| Held for trading                                            | 226,176            | 305,050           | 1,912,404         | 2,875,201         | 126,947           | 5,445,778          |
| Held as fair value hedges                                   | —                  | —                 | —                 | —                 | —                 | —                  |
| Held as cash flow hedges                                    | 240,593            | 5,210             | —                 | —                 | —                 | 245,803            |
| <b>Loans and advances, net</b>                              |                    |                   |                   |                   |                   |                    |
| Credit cards and consumer loans                             | 905,597            | 913,400           | 18,131,310        | 17,639,762        | 107,997           | 37,698,066         |
| Overdraft and commercial loans                              | 115,190,797        | 47,098,838        | 1,948,941         | 620               | 2,231,013         | 166,470,209        |
| <b>Property, equipment and right of use assets, net</b>     | —                  | —                 | —                 | —                 | 2,318,805         | 2,318,805          |
| <b>Other assets and other real estate, net</b>              | 2,404,064          | —                 | —                 | —                 | 1,957,968         | 4,362,032          |
| <b>Total assets</b>                                         | <b>126,207,413</b> | <b>53,805,136</b> | <b>42,483,740</b> | <b>52,009,812</b> | <b>18,269,561</b> | <b>292,775,662</b> |



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| SAR '000                                                                 | Within 3 months | 3-12 months | 1-5 years  | Over 5 years | Non commission | Total       |
|--------------------------------------------------------------------------|-----------------|-------------|------------|--------------|----------------|-------------|
| <b>2024</b>                                                              |                 |             |            |              |                |             |
| <b>Liabilities and equity</b>                                            |                 |             |            |              |                |             |
| <b>Due to Saudi Central Bank, banks and other financial institutions</b> |                 |             |            |              |                |             |
| Current accounts                                                         | 109,976         | —           | —          | —            | 307,431        | 417,407     |
| Money market deposits                                                    | 29,664,559      | 76,881      | 6,685      | —            | 2,141,327      | 31,889,452  |
| <b>Customers' deposits</b>                                               |                 |             |            |              |                |             |
| Demand                                                                   | 6,105,673       | —           | —          | —            | 74,259,957     | 80,365,630  |
| Saving                                                                   | 976,105         | —           | —          | —            | —              | 976,105     |
| Time                                                                     | 83,111,477      | 14,141,308  | 806,472    | —            | —              | 98,059,257  |
| Other                                                                    | —               | —           | —          | —            | 5,717,187      | 5,717,187   |
| <b>Negative fair value of derivatives</b>                                |                 |             |            |              |                |             |
| Held for trading                                                         | 3,297,982       | 158,302     | 454,804    | 1,580,375    | 134,616        | 5,626,079   |
| Held as fair value hedges                                                | 127,981         | —           | 1,504      | 7,984        | —              | 137,469     |
| Held as cash flow hedges                                                 | 437,937         | 16,937      | —          | —            | —              | 454,874     |
| <b>Debt securities and term loans</b>                                    | 6,569,272       | —           | 8,948,782  | —            | —              | 15,518,054  |
| <b>Other liabilities</b>                                                 | 745,910         | —           | —          | —            | 6,261,236      | 7,007,146   |
| <b>Total equity</b>                                                      | —               | —           | —          | —            | 46,607,002     | 46,607,002  |
| <b>Total liabilities and equity</b>                                      | 131,146,872     | 14,393,428  | 10,218,247 | 1,588,359    | 135,428,756    | 292,775,662 |
| <b>Commission rate sensitivity</b>                                       |                 |             |            |              |                |             |
| – On statement of financial position                                     | (4,939,459)     | 39,411,708  | 32,265,493 | 50,421,453   | (117,159,195)  | —           |
| <b>Commission rate sensitivity</b>                                       |                 |             |            |              |                |             |
| – Off statement of financial position                                    | (21,803,142)    | (6,899,001) | 31,743,466 | (3,041,323)  | —              | —           |
| <b>Total commission rate sensitivity gap</b>                             | (26,742,601)    | 32,512,707  | 64,008,959 | 47,380,130   | (117,159,195)  | —           |
| <b>Cumulative commission rate sensitivity gap</b>                        | (26,742,601)    | 5,770,106   | 69,779,065 | 117,159,195  | —              | —           |

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| SAR '000                                                    | Within 3 months   | 3-12 months       | 1-5 years         | Over 5 years      | Non commission    | Total              |
|-------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>2023 (restated)</b>                                      |                   |                   |                   |                   |                   |                    |
| <b>Assets</b>                                               |                   |                   |                   |                   |                   |                    |
| <b>Cash and balances with Saudi Central Bank</b>            |                   |                   |                   |                   |                   |                    |
| Cash in hand                                                | —                 | —                 | —                 | —                 | 1,068,081         | 1,068,081          |
| Balances with Saudi Central Bank                            | —                 | —                 | —                 | —                 | 9,490,678         | 9,490,678          |
| <b>Due from banks and other financial institutions, net</b> |                   |                   |                   |                   |                   |                    |
| Current account                                             | 24,629            | —                 | —                 | —                 | 1,612,244         | 1,636,873          |
| Money market placements                                     | 2,314,496         | 161,796           | —                 | —                 | —                 | 2,476,292          |
| <b>Investments, net</b>                                     |                   |                   |                   |                   |                   |                    |
| Held as FVSI                                                | —                 | —                 | 53,756            | 168,181           | 282,777           | 504,714            |
| Held as FVOCI, net                                          | 2,499,821         | 3,141,130         | 9,485,100         | 8,123,346         | 355,737           | 23,605,134         |
| Held at amortised cost, net                                 | 607,591           | 1,628,131         | 6,998,723         | 15,405,773        | —                 | 24,640,218         |
| <b>Investment in associate, net</b>                         | —                 | —                 | —                 | —                 | 9,695             | 9,695              |
| <b>Positive fair value of derivatives</b>                   |                   |                   |                   |                   |                   |                    |
| Held for trading                                            | 482,110           | 248,044           | 2,379,076         | 2,026,776         | 157,369           | 5,293,375          |
| Held as fair value hedges                                   | 4,021             | —                 | —                 | —                 | —                 | 4,021              |
| Held as cash flow hedges                                    | 361,411           | 17                | —                 | —                 | —                 | 361,428            |
| <b>Loans and advances, net</b>                              |                   |                   |                   |                   |                   |                    |
| Credit cards and consumer loans                             | 738,413           | 468,424           | 15,183,422        | 15,963,575        | 41,444            | 32,395,278         |
| Overdraft and commercial loans                              | 87,510,899        | 54,742,483        | 2,586,514         | 365,704           | 1,790,345         | 146,995,945        |
| <b>Property, equipment and right of use assets, net</b>     | —                 | —                 | —                 | —                 | 2,038,231         | 2,038,231          |
| <b>Other assets and other real estate, net</b>              | 2,122,292         | —                 | —                 | —                 | 1,023,371         | 3,145,663          |
| <b>Total assets</b>                                         | <b>96,665,683</b> | <b>60,390,025</b> | <b>36,686,591</b> | <b>42,053,355</b> | <b>17,869,972</b> | <b>253,665,626</b> |

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| SAR '000                                                                 | Within 3 months | 3-12 months | 1-5 years  | Over 5 years | Non commission | Total       |
|--------------------------------------------------------------------------|-----------------|-------------|------------|--------------|----------------|-------------|
| <b>2023 (restated)</b>                                                   |                 |             |            |              |                |             |
| <b>Liabilities and equity</b>                                            |                 |             |            |              |                |             |
| <b>Due to Saudi Central Bank, banks and other financial institutions</b> |                 |             |            |              |                |             |
| Current accounts                                                         | 69,769          | —           | —          | —            | 396,460        | 466,229     |
| Money market deposits                                                    | 13,261,107      | 1,197,403   | 25,488     | —            | 3,995,043      | 18,479,041  |
| <b>Customers' deposits</b>                                               |                 |             |            |              |                |             |
| Demand                                                                   | 1,562,585       | —           | —          | —            | 74,848,955     | 76,411,540  |
| Saving                                                                   | 878,229         | —           | —          | —            | —              | 878,229     |
| Time                                                                     | 69,270,266      | 20,911,982  | 17,245     | —            | —              | 90,199,493  |
| Other                                                                    | —               | —           | —          | —            | 4,719,721      | 4,719,721   |
| <b>Negative fair value of derivatives</b>                                |                 |             |            |              |                |             |
| Held for trading                                                         | 3,507,475       | 78,287      | 465,837    | 975,854      | 68,011         | 5,095,464   |
| Held as fair value hedges                                                | 12,488          | —           | —          | 104,529      | —              | 117,017     |
| Held as cash flow hedges                                                 | 701,764         | 71,087      | —          | —            | —              | 772,851     |
| <b>Debt securities and term loans</b>                                    | 2,245,316       | —           | 6,388,710  | —            | —              | 8,634,026   |
| <b>Other liabilities</b>                                                 | 784,614         | —           | —          | —            | 5,703,403      | 6,488,017   |
| <b>Total equity</b>                                                      | —               | —           | —          | —            | 41,403,998     | 41,403,998  |
| <b>Total liabilities and equity</b>                                      | 92,293,613      | 22,258,759  | 6,897,280  | 1,080,383    | 131,135,591    | 253,665,626 |
| <b>Commission rate sensitivity</b>                                       |                 |             |            |              |                |             |
| – On statement of financial position                                     | 4,372,070       | 38,131,266  | 29,789,311 | 40,972,972   | (113,265,619)  | —           |
| <b>Commission rate sensitivity</b>                                       |                 |             |            |              |                |             |
| – Off statement of financial position                                    | (20,428,475)    | (8,944,342) | 31,257,512 | (1,884,695)  | —              | —           |
| <b>Total commission rate sensitivity gap</b>                             | (16,056,405)    | 29,186,924  | 61,046,823 | 39,088,277   | (113,265,619)  | —           |
| <b>Cumulative commission rate sensitivity gap</b>                        | (16,056,405)    | 13,130,519  | 74,177,342 | 113,265,619  | —              | —           |

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

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

## (ii) Currency Risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Board has set limits on positions by currencies, which are monitored daily, and hedging strategies are also used to ensure that positions are maintained within the limits.

The table below shows the currencies to which the Group has a significant exposure as at December 31, 2024 and 2023 on its non-trading monetary assets and liabilities and forecasted cash flows. The analysis calculates the effect of reasonable possible movement of the currency rate against SAR, with all other variables held constant, on the consolidated statement of income (due to the fair value of the currency sensitive non-trading monetary assets and liabilities) and equity (due to change in fair value of commission rate swaps used as cash flow hedges). A positive effect shows a potential increase in the consolidated statement of income or equity; whereas a negative effect shows a potential net reduction in the consolidated statement of income or equity.

| SAR '000<br>Currency exposures | 2024                               |                         |                     | 2023                               |                         |                     |
|--------------------------------|------------------------------------|-------------------------|---------------------|------------------------------------|-------------------------|---------------------|
|                                | Change in<br>currency<br>rate in % | Effect on<br>net income | Effect<br>on equity | Change in<br>currency<br>rate in % | Effect on<br>net income | Effect<br>on equity |
| USD                            | +5                                 | (36,974)                | —                   | +5                                 | 1,818                   | —                   |
| EUR                            | -3                                 | (30)                    | —                   | -3                                 | (1,040)                 | —                   |

There is no material impact on equity and net income due to change in other foreign currencies.

## (iii) Currency Position

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

| SAR '000       | 2024<br>Long/(short) | 2023<br>Long/(short) |
|----------------|----------------------|----------------------|
| US Dollar      | (867,219)            | (3,750)              |
| Euro           | 999                  | 34,658               |
| Pound Sterling | (1,633)              | 22,996               |
| Other          | (8,689)              | 19,892               |
| <b>Total</b>   | <b>(876,542)</b>     | <b>73,796</b>        |

## (iv) Equity Price Risk

Equity price risk refers to the risk of decrease in fair values of equities in the Group's non-trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks.

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

| SAR '000<br>Market Indices | 2024                           |                           | 2023                           |                           |
|----------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|
|                            | Change in<br>equity<br>Price % | Effect on<br>market value | Change in<br>equity<br>Price % | Effect on<br>market value |
| Tadawul                    | +5                             | 6,434                     | +5                             | 7,266                     |
| Tadawul                    | -5                             | (6,434)                   | -5                             | (7,266)                   |

There is no material impact on market value due to change in prices of listed international securities.

## 35. Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to become unavailable immediately. To mitigate this Risk, Management has diversified funding sources and assets are managed with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents, and readily marketable securities.

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

In accordance with the Banking Control Law and the Regulations issued by SAMA, the Bank maintains a statutory deposit

with SAMA equal to 7% of total customers' demand deposits, and 4% of due to banks and other financial institutions (excluding balances due to SAMA and non-resident foreign currency deposits), saving deposits, time deposits, margins of letters of credit and guarantee, excluding all type of repo deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of not less than 20% of its deposit liabilities, in the form of cash, Saudi Government securities or assets which can be converted into cash within a period not exceeding 30 days. The Bank can also raise additional funds through repo facilities available with SAMA against its holding of Saudi Government securities.

### (a) Maturity analysis of assets and liabilities

The following table summarizes the maturity profile of the Group's assets and liabilities. The expected maturities of assets and liabilities have been determined on the basis of the remaining period at the reporting date to the final contractual maturity date and do not take into account the effective maturities as indicated by the Group's deposit retention history. Management monitors the maturity profile to ensure that adequate liquidity is maintained. For presentation purposes all demand, saving and other deposit balances have been shown in no fixed maturity. These demand deposit balances are payable on demand.

| SAR '000                                                    | Within 3 months | 3-12 months | 1-5 years   | Over 5 years | No fixed maturity | Total       |
|-------------------------------------------------------------|-----------------|-------------|-------------|--------------|-------------------|-------------|
| <b>2024</b>                                                 |                 |             |             |              |                   |             |
| <b>Assets</b>                                               |                 |             |             |              |                   |             |
| <b>Cash and balances with Saudi Central Bank</b>            |                 |             |             |              |                   |             |
| Cash in hand                                                | –               | –           | –           | –            | 874,134           | 874,134     |
| Balances with Saudi Central Bank                            | –               | –           | –           | –            | 10,046,472        | 10,046,472  |
| <b>Due from banks and other financial institutions, net</b> |                 |             |             |              |                   |             |
| Current account                                             | –               | –           | –           | –            | 2,026,596         | 2,026,596   |
| Money market placements                                     | –               | 1,696,410   | 1,292,804   | –            | –                 | 2,989,214   |
| <b>Investments, net</b>                                     |                 |             |             |              |                   |             |
| Held as FVSI                                                | –               | –           | –           | 357,912      | –                 | 357,912     |
| Held as FVOCI, net                                          | 847,423         | 4,205,216   | 13,470,055  | 13,301,720   | 428,367           | 32,252,781  |
| Held at amortised cost, net                                 | –               | 138,543     | 8,891,147   | 18,648,475   | –                 | 27,678,165  |
| <b>Investment in associate, net</b>                         | –               | –           | –           | –            | 9,695             | 9,695       |
| <b>Positive fair value of derivatives</b>                   |                 |             |             |              |                   |             |
| Held for trading                                            | 125,915         | 341,316     | 2,055,308   | 2,923,239    | –                 | 5,445,778   |
| Held as fair value hedges                                   | –               | –           | –           | –            | –                 | –           |
| Held as cash flow hedges                                    | 22,223          | 22,362      | 201,218     | –            | –                 | 245,803     |
| <b>Loans and advances, net</b>                              |                 |             |             |              |                   |             |
| Credit cards and consumer loans                             | 345,710         | 914,944     | 18,256,123  | 17,683,656   | 497,633           | 37,698,066  |
| Overdraft and commercial loans                              | 35,278,784      | 30,776,992  | 81,837,406  | 17,528,215   | 1,048,812         | 166,470,209 |
| <b>Property, equipment and right of use assets, net</b>     | –               | –           | –           | –            | 2,318,805         | 2,318,805   |
| <b>Other assets and other real estate, net</b>              | –               | –           | –           | –            | 4,362,032         | 4,362,032   |
| <b>Total assets</b>                                         | 36,620,055      | 38,095,783  | 126,004,061 | 70,443,217   | 21,612,546        | 292,775,662 |



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| SAR '000                                                                 | Within 3 months | 3-12 months | 1-5 years  | Over 5 years | No fixed maturity | Total       |
|--------------------------------------------------------------------------|-----------------|-------------|------------|--------------|-------------------|-------------|
| <b>2024</b>                                                              |                 |             |            |              |                   |             |
| <b>Liabilities and equity</b>                                            |                 |             |            |              |                   |             |
| <b>Due to Saudi Central Bank, banks and other financial institutions</b> |                 |             |            |              |                   |             |
| Current accounts                                                         | –               | –           | –          | –            | 417,407           | 417,407     |
| Money market deposits                                                    | 31,316,957      | 565,810     | 6,685      | –            | –                 | 31,889,452  |
| <b>Customers' deposits</b>                                               |                 |             |            |              |                   |             |
| Demand                                                                   | –               | –           | –          | –            | 80,365,630        | 80,365,630  |
| Saving                                                                   | –               | –           | –          | –            | 976,105           | 976,105     |
| Time                                                                     | 82,008,448      | 11,638,791  | 4,412,018  | –            | –                 | 98,059,257  |
| Other                                                                    | –               | –           | –          | –            | 5,717,187         | 5,717,187   |
| <b>Negative fair value of derivatives</b>                                |                 |             |            |              |                   |             |
| Held for trading                                                         | 154,151         | 273,014     | 2,207,274  | 2,991,640    | –                 | 5,626,079   |
| Held as fair value hedges                                                | –               | 190         | 129,295    | 7,984        | –                 | 137,469     |
| Held as cash flow hedges                                                 | –               | 112,373     | 342,501    | –            | –                 | 454,874     |
| <b>Debt securities and term loans</b>                                    | –               | 2,058,749   | 13,459,305 | –            | –                 | 15,518,054  |
| <b>Other liabilities</b>                                                 | 62              | 302         | 69,155     | 605,248      | 6,332,379         | 7,007,146   |
| <b>Total equity</b>                                                      | –               | –           | –          | –            | 46,607,002        | 46,607,002  |
| <b>Total liabilities and equity</b>                                      | 113,479,618     | 14,649,229  | 20,626,233 | 3,604,872    | 140,415,710       | 292,775,662 |

| SAR '000                                                    | Within 3 months | 3-12 months | 1-5 years  | Over 5 years | No fixed maturity | Total       |
|-------------------------------------------------------------|-----------------|-------------|------------|--------------|-------------------|-------------|
| <b>2023 (restated)</b>                                      |                 |             |            |              |                   |             |
| <b>Assets</b>                                               |                 |             |            |              |                   |             |
| <b>Cash and balances with Saudi Central Bank</b>            |                 |             |            |              |                   |             |
| Cash in hand                                                | –               | –           | –          | –            | 1,068,081         | 1,068,081   |
| Balances with Saudi Central Bank                            | –               | –           | –          | –            | 9,490,678         | 9,490,678   |
| <b>Due from banks and other financial institutions, net</b> |                 |             |            |              |                   |             |
| Current account                                             | –               | –           | –          | –            | 1,636,873         | 1,636,873   |
| Money market placements                                     | 513,890         | 161,796     | 1,800,606  | –            | –                 | 2,476,292   |
| <b>Investments, net</b>                                     |                 |             |            |              |                   |             |
| Held as FVSI                                                | –               | –           | 53,756     | 168,181      | 282,777           | 504,714     |
| Held as FVOCI, net                                          | 1,340,408       | 2,274,223   | 10,657,924 | 8,976,842    | 355,737           | 23,605,134  |
| Held at amortised cost, net                                 | –               | 1,395,636   | 7,606,314  | 15,638,268   | –                 | 24,640,218  |
| <b>Investment in associate, net</b>                         | –               | –           | –          | –            | 9,695             | 9,695       |
| <b>Positive fair value of derivatives</b>                   |                 |             |            |              |                   |             |
| Held for trading                                            | 133,216         | 290,785     | 2,578,460  | 2,290,914    | –                 | 5,293,375   |
| Held as fair value hedges                                   | –               | –           | 4,021      | –            | –                 | 4,021       |
| Held as cash flow hedges                                    | 46,138          | 24,073      | 291,217    | –            | –                 | 361,428     |
| <b>Loans and advances, net</b>                              |                 |             |            |              |                   |             |
| Credit cards and consumer loans                             | 215,637         | 720,365     | 15,269,780 | 15,693,818   | 495,678           | 32,395,278  |
| Overdraft and commercial loans                              | 20,009,243      | 38,924,981  | 45,075,792 | 42,020,409   | 965,520           | 146,995,945 |
| <b>Property, equipment and right of use assets, net</b>     | –               | –           | –          | –            | 2,038,231         | 2,038,231   |
| <b>Other assets and other real estate, net</b>              | –               | –           | –          | –            | 3,145,663         | 3,145,663   |
| <b>Total assets</b>                                         | 22,258,532      | 43,791,859  | 83,337,870 | 84,788,432   | 19,488,933        | 253,665,626 |

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| SAR '000                                                   | Within 3 months | 3-12 months | 1-5 years  | Over 5 years | No fixed maturity | Total       |
|------------------------------------------------------------|-----------------|-------------|------------|--------------|-------------------|-------------|
| <b>2023 (restated)</b>                                     |                 |             |            |              |                   |             |
| <b>Liabilities and equity</b>                              |                 |             |            |              |                   |             |
| <b>Due to SAMA, banks and other financial institutions</b> |                 |             |            |              |                   |             |
| Current accounts                                           | –               | –           | –          | –            | 466,229           | 466,229     |
| Money market deposits                                      | 14,683,901      | 1,663,928   | 2,131,212  | –            | –                 | 18,479,041  |
| <b>Customers' deposits</b>                                 |                 |             |            |              |                   |             |
| Demand                                                     | –               | –           | –          | –            | 76,411,540        | 76,411,540  |
| Saving                                                     | –               | –           | –          | –            | 878,229           | 878,229     |
| Time                                                       | 68,303,793      | 18,147,539  | 3,748,161  | –            | –                 | 90,199,493  |
| Other                                                      | –               | –           | –          | –            | 4,719,721         | 4,719,721   |
| <b>Negative fair value of derivatives</b>                  |                 |             |            |              |                   |             |
| Held for trading                                           | 64,418          | 291,548     | 2,546,129  | 2,193,369    | –                 | 5,095,464   |
| Held as fair value hedges                                  | –               | –           | 12,488     | 104,529      | –                 | 117,017     |
| Held as cash flow hedges                                   | –               | 52,903      | 719,948    | –            | –                 | 772,851     |
| <b>Debt securities and term loans</b>                      | –               | –           | 8,634,026  | –            | –                 | 8,634,026   |
| <b>Other liabilities</b>                                   | 29,192          | 62,391      | 273,043    | 298,492      | 5,824,899         | 6,488,017   |
| <b>Total equity</b>                                        | –               | –           | –          | –            | 41,403,998        | 41,403,998  |
| <b>Total liabilities and equity</b>                        | 83,081,304      | 20,218,309  | 18,065,007 | 2,596,390    | 129,704,616       | 253,665,626 |

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, balances with SAMA, items in the course of collection, loans and advances to Groups and loans and advances to customers. The cumulative maturities of commitments and contingencies are given in note 21 (c-i) of the consolidated Financial Statements. Maturity analysis of other liabilities include lease liabilities.

## (b) Analysis of financial liabilities by remaining undiscounted contractual maturities

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted repayment obligations. As special commission payments up to contractual maturity are included in the table, totals do

not match with the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the reporting date to the contractual maturity date and do not take into account the effective expected maturities. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history. These demand deposit balances are payable on demand.

| SAR '000                                                                 | Within 3 months | 3-12 months | 1-5 years  | Over 5 years | No fixed maturity | Total       |
|--------------------------------------------------------------------------|-----------------|-------------|------------|--------------|-------------------|-------------|
| <b>2024</b>                                                              |                 |             |            |              |                   |             |
| <b>Due to Saudi Central Bank, banks and other financial institutions</b> |                 |             |            |              |                   |             |
| Current accounts                                                         | –               | –           | –          | –            | 417,407           | 417,407     |
| Money market deposits                                                    | 31,532,071      | 567,670     | 6,860      | –            | –                 | 32,106,601  |
| <b>Customers' deposits</b>                                               |                 |             |            |              |                   |             |
| Demand                                                                   | –               | –           | –          | –            | 80,365,630        | 80,365,630  |
| Saving                                                                   | –               | –           | –          | –            | 976,105           | 976,105     |
| Time                                                                     | 82,835,983      | 12,012,807  | 4,663,803  | –            | –                 | 99,512,593  |
| Other                                                                    | –               | –           | –          | –            | 5,717,187         | 5,717,187   |
| <b>Debt securities and term loans</b>                                    | 86,975          | 2,773,569   | 15,491,553 | –            | –                 | 18,352,097  |
| <b>Total</b>                                                             | 114,455,029     | 15,354,046  | 20,162,216 | –            | 87,476,329        | 237,447,620 |
| <b>2023</b>                                                              |                 |             |            |              |                   |             |
| <b>Due to Saudi Central Bank banks and other financial institutions</b>  |                 |             |            |              |                   |             |
| Current accounts                                                         | –               | –           | –          | –            | 466,229           | 466,229     |
| Money market deposits                                                    | 14,815,604      | 1,748,793   | 2,133,368  | –            | –                 | 18,697,765  |
| <b>Customers' deposits</b>                                               |                 |             |            |              |                   |             |
| Demand                                                                   | –               | –           | –          | –            | 76,411,540        | 76,411,540  |
| Saving                                                                   | –               | –           | –          | –            | 878,229           | 878,229     |
| Time                                                                     | 69,512,387      | 17,309,778  | 5,470,382  | –            | –                 | 92,292,547  |
| Other                                                                    | –               | –           | –          | –            | 4,719,721         | 4,719,721   |
| <b>Debt securities and term loans</b>                                    | 31,531          | 325,200     | 10,340,666 | –            | –                 | 10,697,397  |
| <b>Total</b>                                                             | 84,359,522      | 19,383,771  | 17,944,416 | –            | 82,475,719        | 204,163,428 |

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

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

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability

The fair values of on statement of financial position financial instruments are not significantly different from their carrying amounts included in the consolidated Financial Statements.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

#### Valuation models

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices and foreign currency exchange rates.

The objective of the valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Group uses widely recognized valuation models for determining the fair value of common and simpler financial instruments.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair value aims also to reflect the credit risk of

the instrument and include adjustments to take account of the credit risk of the Group and the counterparty where appropriate.

#### Valuation Framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Market Risk Department, which is independent of Front Office management and reports to the Chief Risk Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models involving Risk Division;
- back-testing of models against observed market transactions and analysis and investigation of significant daily valuation movements

When third party information, such as broker quotes or pricing services, is used to measure fair value, Market Risk Department assesses and documents the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;

- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and

- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes

Any significant valuation issue is reported at a regular frequency (in addition to whenever deemed necessary) to the Groups Market Risk Committee in order to take appropriate actions accordingly.

#### 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 instrument (i.e. without modification or repackaging) 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.

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| SAR '000                                             | Carrying Value    | Level 1           | Level 2           | Level 3        | Total             |
|------------------------------------------------------|-------------------|-------------------|-------------------|----------------|-------------------|
| <b>2024</b>                                          |                   |                   |                   |                |                   |
| <b>Financial assets</b>                              |                   |                   |                   |                |                   |
| Derivative financial instruments                     | 5,691,581         | –                 | 5,691,581         | –              | 5,691,581         |
| Financial investments designated at FVSI             |                   |                   |                   |                |                   |
| – Fixed rate securities                              | 357,912           | –                 | 357,912           | –              | 357,912           |
| – Equity                                             | –                 | –                 | –                 | –              | –                 |
| <b>Total</b>                                         | <b>357,912</b>    | <b>–</b>          | <b>357,912</b>    | <b>–</b>       | <b>357,912</b>    |
| Financial investments at FVOCI                       |                   |                   |                   |                |                   |
| – Fixed rate securities                              | 27,943,999        | 18,987,142        | 8,956,857         | –              | 27,943,999        |
| – Floating rate securities                           | 3,880,415         | 1,009,579         | 2,870,836         | –              | 3,880,415         |
| – Equity                                             | 428,367           | 128,688           | –                 | 299,679        | 428,367           |
| <b>Total</b>                                         | <b>32,252,781</b> | <b>20,125,409</b> | <b>11,827,693</b> | <b>299,679</b> | <b>32,252,781</b> |
| <b>Total</b>                                         | <b>38,302,274</b> | <b>20,125,409</b> | <b>17,877,186</b> | <b>299,679</b> | <b>38,302,274</b> |
| <b>Financial Liabilities</b>                         |                   |                   |                   |                |                   |
| Derivative financial instruments negative fair value | 6,218,422         | –                 | 6,218,422         | –              | 6,218,422         |
| <b>Total</b>                                         | <b>6,218,422</b>  | <b>–</b>          | <b>6,218,422</b>  | <b>–</b>       | <b>6,218,422</b>  |
| <b>2023 (restated)</b>                               |                   |                   |                   |                |                   |
| <b>Financial assets</b>                              |                   |                   |                   |                |                   |
| Derivative financial instruments                     | 5,658,824         | –                 | 5,658,824         | –              | 5,658,824         |
| Financial investments designated at FVSI             |                   |                   |                   |                |                   |
| – Fixed rate securities                              | 221,937           | 72,877            | 149,060           | –              | 221,937           |
| – Floating rate securities                           | –                 | –                 | –                 | –              | –                 |
| – Equity                                             | 282,777           | 282,777           | –                 | –              | 282,777           |
| <b>Total</b>                                         | <b>504,714</b>    | <b>355,654</b>    | <b>149,060</b>    | <b>–</b>       | <b>504,714</b>    |

| SAR '000                                             | Carrying Value    | Level 1           | Level 2           | Level 3        | Total             |
|------------------------------------------------------|-------------------|-------------------|-------------------|----------------|-------------------|
| <b>Financial investments at FVOCI</b>                |                   |                   |                   |                |                   |
| – Fixed rate securities                              | 19,116,117        | 13,680,978        | 5,435,139         | –              | 19,116,117        |
| – Floating rate securities                           | 4,133,280         | 842,362           | 3,290,918         | –              | 4,133,280         |
| – Equity                                             | 355,737           | 145,320           | –                 | 210,417        | 355,737           |
| <b>Total</b>                                         | <b>23,605,134</b> | <b>14,668,660</b> | <b>8,726,057</b>  | <b>210,417</b> | <b>23,605,134</b> |
| <b>Total</b>                                         | <b>29,768,672</b> | <b>15,024,314</b> | <b>14,533,941</b> | <b>210,417</b> | <b>29,768,672</b> |
| <b>Financial Liabilities</b>                         |                   |                   |                   |                |                   |
| Derivative financial instruments negative fair value | 5,985,332         | –                 | 5,985,332         | –              | 5,985,332         |
| <b>Total</b>                                         | <b>5,985,332</b>  | <b>–</b>          | <b>5,985,332</b>  | <b>–</b>       | <b>5,985,332</b>  |

During the year, there have been no transfers in between level 1, level 2 and level 3.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

## Financial investments classified as FVOCI

| SAR '000                                    | 2024           | 2023           |
|---------------------------------------------|----------------|----------------|
| <b>Balance at the beginning of the year</b> | 210,417        | 210,353        |
| Transfer from level 2                       | –              | –              |
| Additions during the year                   | 107,503        | 6,247          |
| Disposal during the year                    | (9,000)        | –              |
| Change in the value                         | (9,241)        | (6,183)        |
| <b>Balance at the end of the year</b>       | <b>299,679</b> | <b>210,417</b> |

Level 3 investment instruments include private equity portfolio of SAR 7 million (2023: SAR 16 million) which has been valued at cost as their market value is not significantly different from the carrying values. The remaining level 3 portfolio of SAR 293 million (2023: SAR 194 million) invested in funds which were valued based on the valuation techniques using their latest Financial Statements. The acquisition value of those funds was SAR 309 million (2023: SAR 202 million).

The fair values of on-Statement of Financial Position financial instruments, except for loans and advances and financial instruments held at amortized cost are not significantly different from the carrying values included in the consolidated Financial Statements. The fair values of commission bearing customers' deposits, debt securities, due from and due to banks which are carried at amortized cost, are not significantly different from the carrying values included in the consolidated Financial Statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of due from and due to banks. An active market for these instruments is not available and the Bank intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

The estimated fair values of the investments held at amortized cost are based on quoted market prices when available or pricing models when used in case of bonds. Consequently, differences can arise between carrying values and fair value estimates. The fair values of derivatives are based on the quoted market prices when available or by using the appropriate valuation technique.

Derivative products valued using a valuation technique with market observable inputs are mainly commission rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and commission rate curves. Other investments in level 2 are valued based on market observable data including broker rates etc.

The fair values of investments held at amortized cost are SAR 26,098 million (2023: SAR 23,988 million) against carrying value of SAR 27,678 million (2023: SAR 24,640 million). It includes level 1 investment amounting to SAR 2,059 million (2023: SAR 2,149 million), level 2 investment amounting to SAR 23,400 million (2023: SAR 21,291 million) and level 3 investment amounting to SAR 639 million (2023: SAR 548 million).

The Group uses the discounted cash flow method using current yield curve to arrive at the fair value of loans and advances (level 3 instruments) after adjusting internal credit spread which is SAR 205,276 million (2023: SAR 179,455 million). The carrying values of those loans and advances are SAR 204,168 million (2023: SAR 179,391 million).

## 37. Related party transactions and balances

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of the management and the Board, the related party transactions are carried out on group's internal pricing framework. The related party transactions are governed by limits set by the Banking Control Law and Regulations issued by SAMA.

The balances with related parties have been defined as per regulatory guidelines which also include relationships with entities with common directorships or common key management personal.

### (a) The balances as at December 31, 2024 and 2023 resulting from such transactions included in the consolidated Financial Statements are as follows:

| SAR '000                                                                                            | 2024      | 2023       |
|-----------------------------------------------------------------------------------------------------|-----------|------------|
| <b>Associates</b>                                                                                   |           |            |
| Investments                                                                                         | 9,695     | 9,695      |
| Due to banks and other financial institutions                                                       | 8,781     | 8,462      |
| <b>Directors, senior management, shariah members and their affiliates (key management personal)</b> |           |            |
| Loans and advances                                                                                  | 6,558,236 | 7,442,827  |
| Investments                                                                                         | 683,674   | 1,021,721  |
| Due from banks and other financial institutions                                                     | 395,625   | 395,625    |
| Other assets                                                                                        | 49,182    | 25,736     |
| Customers' deposits                                                                                 | 8,201,695 | 10,020,831 |
| Due to banks and other financial institutions                                                       | 40,000    | 2,822,190  |
| Other liabilities                                                                                   | 247       | 4,550      |
| Derivatives at fair value, net                                                                      | (48,141)  | (13,772)   |
| Commitments and contingencies                                                                       | 2,666,822 | 3,055,299  |
| <b>Major shareholders' and their affiliates</b>                                                     |           |            |
| Loans and advances                                                                                  | 1,532,037 | 671,978    |
| Customers' deposits                                                                                 | 128,146   | 6,284,014  |
| Derivatives at fair value, net                                                                      | 37        | —          |
| Commitments and contingencies                                                                       | 12,500    | —          |



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### (b) Income and expenses pertaining to transactions with related parties included in the consolidated Financial Statements are as follows:

| SAR '000                                                                                       | 2024           | 2023           |
|------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Special commission income</b>                                                               |                |                |
| – Directors, senior management, shariah members and their affiliates (key management personal) | 604,622        | 671,220        |
| – Major shareholders' and their affiliates                                                     | 95,011         | 139,813        |
| <b>Total Special commission income</b>                                                         | <b>699,633</b> | <b>811,033</b> |
| <b>Special commission expense</b>                                                              |                |                |
| – Directors, senior management, shariah members and their affiliates (key management personal) | 233,423        | 256,253        |
| Major shareholders' and their affiliates                                                       | 12,102         | 221,188        |
| – Associates                                                                                   | 315            | 368            |
| <b>Total Special commission expense</b>                                                        | <b>245,840</b> | <b>477,809</b> |
| Fees, commission income and others, net                                                        | 76,897         | 89,355         |
| Directors' fees                                                                                | 18,980         | 9,318          |
| Other general and administrative expenses                                                      | 75,840         | 196,715        |

Major shareholder represents a shareholder having more than 5% of shareholding.

### (c) The credit exposure of related party balances by stage analysis

| December 31, 2024                                                                                                           |              |                                  |                              |           |
|-----------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------|------------------------------|-----------|
| SAR '000                                                                                                                    | 12 month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total     |
| <b>Directors, senior management, shariah members (key management personal) and major shareholders' and their affiliates</b> |              |                                  |                              |           |
| Loans and advances                                                                                                          | 8,054,835    | 35,438                           | –                            | 8,090,273 |
| Investments                                                                                                                 | 683,674      | –                                | –                            | 683,674   |
| Due from banks and other financial institutions                                                                             | 395,625      | –                                | –                            | 395,625   |
| Commitments and contingencies                                                                                               | 2,678,722    | 600                              | –                            | 2,679,322 |

| December 31, 2024                                                                                                           |              |                                  |                              |           |
|-----------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------|------------------------------|-----------|
| SAR '000                                                                                                                    | 12 month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total     |
| <b>Directors, senior management, shariah members (key management personal) and major shareholders' and their affiliates</b> |              |                                  |                              |           |
| Loans and advances                                                                                                          | 8,055,456    | 59,349                           | –                            | 8,114,805 |
| Investments                                                                                                                 | 1,021,721    | –                                | –                            | 1,021,721 |
| Due from banks and other financial institutions                                                                             | 395,625      | –                                | –                            | 395,625   |
| Commitments and contingencies                                                                                               | 3,054,543    | 756                              | –                            | 3,055,299 |

As at December 31, 2024, the Group maintains an ECL provision amounting to SAR 9 million (2023: SAR 7 million) for related party exposure

The below table shows the total amount of salaries and employee related benefits to the Bank's key management personnel are as follows:

| SAR '000                           | 2024           | 2023          |
|------------------------------------|----------------|---------------|
| Short term benefit                 | 66,066         | 61,791        |
| Long term benefit (deferral bonus) | 14,605         | 8,454         |
| Long term retention plan           | 23,500         | 23,750        |
| Termination benefit                | 1,428          | –             |
| <b>Total</b>                       | <b>105,599</b> | <b>93,995</b> |

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

## 38. Treasury Shares

The below table demonstrates Banque Saudi Fransi's outstanding obligations under the Bank's Long Term Retention Plan (LTR), by annual cycle, in chronological order.

The significant features of these plans are as follows:

| Nature of Plan                         | Long Term Retention Plan                                | Long Term Retention Plan                                | Long Term Retention Plan                                |
|----------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Number of outstanding plans            | 1                                                       | 1                                                       | 1                                                       |
| Grant date                             | March 31, 2022                                          | March 31, 2023                                          | March 31, 2024                                          |
| Maturity date                          | April 01, 2025                                          | April 01, 2026                                          | April 01, 2027                                          |
| Grant price - SAR                      | 51.141                                                  | 37.338                                                  | 39.32                                                   |
| Vesting period                         | 3 years                                                 | 3 years                                                 | 3 years                                                 |
| Vesting conditions                     | Employees remain in service, meets and service criteria | Employees remain in service, meets and service criteria | Employees remain in service, meets and service criteria |
| Method of settlement                   | Equity                                                  | Equity                                                  | Equity                                                  |
| Valuation model                        | Monte-Carlo                                             | Monte-Carlo                                             | Monte-Carlo                                             |
| Fair value per share on grant date-SAR | 46.745                                                  | 30.862                                                  | 31.298                                                  |

The share performance will be granted under a service condition along with market condition associated with them. The total amount of expense recognized in these consolidated Financial Statements in respect of the above plans for the year is SAR 61 million (2023: SAR 47 million).

|                                                                             | 2024        | 2023        |
|-----------------------------------------------------------------------------|-------------|-------------|
| Number of shares allocated for LTR calculation at the beginning of the year | 4,489,407   | 4,234,340   |
| Vested/forfeited during the year                                            | (1,404,399) | (1,559,520) |
| Bonus issuance                                                              | 4,689,313   | —           |
| Allocated during the year, net                                              | 1,596,074   | 1,814,587   |
| Number of shares allocated for LTR calculation at the yearend-              | 9,370,395   | 4,489,407   |

Total number of treasury shares which are not part of LTR plan as of December 31, 2024 was 10.3 million shares (December 31, 2023: 3.1 million shares).

## 39. Capital Risk Management

The Group actively manages its capital base to cover the risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision including the framework and guidance regarding the implementation of capital reforms under Basel III ("Basel III Accord") which has been adopted by the Group's regulator, SAMA. The Basel III capital ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to risk-weighted assets ("RWA") at or above agreed minimum level.

## 40. Capital Adequacy

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

The RWAs, total capital and related ratios as at December 31, 2024 and December 31, 2023 are presented as per Basel III final reform issued by SAMA (circular number 44047144) effective from January 01, 2023. The Bank is in compliant with all the regulatory ratios in the current and previous years.

| SAR '000                     | 2024               | 2023               |
|------------------------------|--------------------|--------------------|
| Credit Risk RWA              | 238,385,884        | 213,334,598        |
| Operational Risk RWA         | 8,627,534          | 7,594,969          |
| Market Risk RWA              | 3,958,794          | 2,800,566          |
| <b>Total RWA</b>             | <b>250,972,212</b> | <b>223,730,133</b> |
| Common Equity Tier I Capital | 39,215,558         | 37,487,505         |
| Additional Tier I Capital    | 8,000,000          | 5,000,000          |
| <b>Tier I Capital</b>        | <b>47,215,558</b>  | <b>42,487,505</b>  |
| <b>Tier II Capital</b>       | <b>2,193,948</b>   | <b>1,363,733</b>   |
| Total Tier I & II Capital    | 49,409,506         | 43,851,238         |
| Capital Adequacy Ratio %     |                    |                    |
| Common Equity Tier I ratio   | 15.63%             | 16.76%             |
| Tier I ratio                 | 18.81%             | 18.99%             |
| Tier I + Tier II ratio       | 19.69%             | 19.60%             |

## 41. Investment management, brokerage and corporate finance services

The Group offers investment services to its customers through its subsidiary, which include management of certain investment funds in consultation with professional investment advisors as well as brokerage services. Income from the subsidiaries is included in the consolidated statement of income under fees and commission income. Determining whether the Group controls such an investment fund usually depends on the assessment of the aggregate economic interests of the Group in the Fund (comprising of its investments, any carried profit and expected management fees) and the investors' rights to remove the Fund Manager.

As a result of the above assessment, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds. However, the Group's share of these funds is included in the FVOCI investments and fees earned are disclosed under related party transactions.

The Group through its subsidiary offers investment management services to its customers, which include management of certain investment funds in consultation with professional investment advisors, having net asset value of SAR 30,494 million (2023: SAR 23,985 million). These include certain Islamic mutual funds with total assets under management of SAR 3,346 million (2023: SAR 2,422 million).

## 42. Climate Related Risk

The relevance and urgency of climate change, and its associated financial impact, have rapidly risen up companies' agendas over the past few years due to the increasingly prevalent risks over the short, medium, and long-term horizons. Addressing and mitigating climate change is a complex challenge, and one in which the banking sector will play a central role.

The banking sector will be increasingly impacted by climate risk through accelerating stakeholder expectations, regulatory development, and market pressures. Banks are exposed to climate-related risks through their lending and investment activities, which can be susceptible to heightened climate-sensitive sectors and assets.

Therefore, it is vital that BSF fully identify, assess and manage its climate-related risks and their impact on the Group's principal risk categories, such as credit risk, reputational risk, and liquidity risk. BSF will achieve this by categorizing the crucial physical and transitional risks that may impact the business.

## Physical risks

Physical risks are weather events and longer-term shifts in climate that are driven by climate change. These can be acute events, such as hurricanes, floods, wildfires, or chronic changes that result in sea level rise, increased ambient temperatures, and desertification. The nature, severity, and timing of extreme weather events are uncertain, but globally we are seeing a surge in their frequency and the impact on economies is becoming increasingly evident. Physical risks may impact a business through damage to property, stranded assets, and supply chain disruption.

## Transitional risks

As countries commit to transitioning to a low-carbon economy around the globe, there are significant financial risks associated with this shift, which can depend on the nature, speed, uptake and significance of changes imposed. Transition risks can include accelerating regulatory expectations, technology advancements, reputational damage and market risks.

Although climate change presents challenges to BSF and the broader banking sector, there are also significant opportunities for the Group to capitalize upon. The transition to a low-carbon economy will require new products and services (such as green and climate bonds), increased resource efficiency will lead to cost savings and access to new markets.

BSF will extend its comprehensive Risk Management processes to embed climate-related risks within its core procedures. As part of future climate risks assessments, BSF will consider the following to measure, manage and monitor climate-related risks within the business:

- The key sectors and areas of business that will be impacted by climate change
- Associating and estimating the financial impact of the identified risks
- Possible mitigation measures the Group can implement

BSF recognizes this is an evolving subject and will require the Group to work holistically to contribute to its complexity. A better fundamental understanding of these risks will allow the Group to make more informed financial decisions and engage with stakeholders more effectively on the topic.

## 43. Comparative figures

Certain prior period figures have been reclassified to conform to the current period's presentation, which are not material in nature to the consolidated Financial Statements.

44. Subsequent event

Subsequent to the year ended December 31, 2024, the Bank via BSF Sukuk Company Limited issued USD 750 million senior unsecured trust certificates (the "Certificates") under its USD 4 Billion Trust Certificate Programme. The certificates mature on January 21, 2030.

45. Restatement

During the year ended December 31, 2024, management identified equity investments in which the Bank held interest, in prior years. These were not recorded in the prior year's consolidated Financial Statements. Upon identifying these equity investments, management decided to classify this as fair value through profit or loss and sold these investments during Q4 2024. Consequently, the Bank's investments and retained earning balances were understated as of December 31, 2023 and as of January 01, 2023. The Bank's

management has rectified this by restating the affected consolidated Financial Statement line items as below:

| SAR '000                                            | As previously presented | Restatement | Restated balance |
|-----------------------------------------------------|-------------------------|-------------|------------------|
| <b>As at December 31, 2023</b>                      |                         |             |                  |
| <b>Consolidated statement of financial position</b> |                         |             |                  |
| Investments, net                                    | 48,467,289              | 282,777     | 48,750,066       |
| Retained earnings                                   | 11,428,181              | 282,777     | 11,710,958       |

The impact of these unrecorded equity investments on the consolidated statement of income for the year ended December 31, 2023 was insignificant and accordingly, these have not been restated. Further, the Bank has not presented the consolidated statement of financial position as of January 01, 2023, as the impact was insignificant on the consolidated statement of financial position as of this date. On disposal of these investments, the Bank has recognized a gain of SAR 296 million in the current year's consolidated statement of income.

46. Board of Directors approval

The consolidated Financial Statements were approved by the Board of Directors on January 29, 2025 corresponding to Rajab 29, 1446H.







**Banque Saudi Fransi**

King Saud Road

PO Box 56006

Riyadh 11554

Kingdom of Saudi Arabia

[www.bsf.sa](http://www.bsf.sa) 

