

# Continued Growth **Beyond Limits**



بنك الرياض  
Riyad Bank





Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz Al Saud**  
King of Saudi Arabia



His Royal Highness Prince  
**Mohammed bin Salman bin Abdulaziz Al Saud**  
Crown Prince and Prime Minister



# Riyad Bank

## Annual Report

### 2024

This Annual Report summarizes the performance and achievements of Riyadh Bank in 2024, including the Bank’s main business segments and supporting functions, such as technology, human resources, and corporate governance, as well as its commitment and activities related to corporate sustainability and ESG.

#### Report Boundary

The Report covers the activities of Riyadh Bank unless otherwise stated. The boundary for financial reporting includes Riyadh Bank and its subsidiaries.

#### Reporting Period

The report covers the period from 1 January to 31 December, 2024 and is consistent with our usual annual reporting cycle for financial reporting. There are no restatements of information provided in previous reports and no significant changes from previous reporting periods in the scope and aspect boundaries. The most recent previous report covered the 12-month period ended 31 December, 2023. The Report has been issued in both English and Arabic, and in the event of any discrepancy, the Arabic version shall prevail.

#### Digital Annual Report

The interactive digital version of our Annual Report is identical to the PDF version but also includes features for ease of finding, recording, extracting, and sharing information.

#### Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA), and in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia, and by-laws of the Bank.

#### Queries

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In 2024, Riyadh Bank proved that we are determined to maintain our growth trajectory and surpass our previous historical performance.



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In 2024, we continued our journey of success at Riyadh Bank, delivering value to our shareholders and contributing to the economic prosperity of the Kingdom.



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Theme of the Year

# Continued Growth Beyond Limits

**In 2024, Riyadh Bank reaffirmed its position as a leader in Saudi Arabia’s financial sector, driven by its ambition and commitment to excellence. With strategic foresight and unwavering dedication, the Bank pursued innovation, expanded its reach, and strengthened its role as an enabler of economic growth, surpassing expectations and breaking new ground.**

Through a relentless focus on digital transformation, accelerating growth, and driving sustainable impact, Riyadh Bank pushed the boundaries of what a financial institution can achieve. By harnessing cutting-edge technologies, promoting cross-sell activities, and fostering innovation across all business lines, the Bank delivered seamless customer experiences while advancing its ESG commitments. These achievements underscore Riyadh Bank’s ability to align with the Kingdom’s Vision 2030, transforming aspirations into tangible results for its Stakeholders.

The strength of the Bank’s growth lies in its ability to adapt, innovate, and lead in a rapidly changing world. Riyadh Bank’s continued evolution reflects its dedication to building a future defined by resilience, inclusivity, and progress. From championing small and medium-sized enterprises to supporting giga projects, the Bank remains at the forefront of shaping the Kingdom’s economic landscape.

Riyad Bank believes that the horizon holds no limits. The Bank’s achievements in 2024 are a testament to the power of ambition and strategic vision, paving the way for continued growth beyond limits.



# At a Glance

## Financial Highlights

Net loans

ﷲ 320,089 Mn.

Customer Deposits

ﷲ 306,423 Mn.

Operating income

ﷲ 17,285 Mn.

Earnings Per Share

ﷲ 3.01

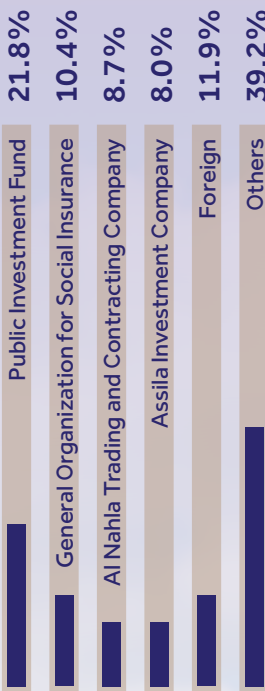
Total assets

ﷲ 450,379 Mn.

Net Profit

ﷲ 9,322 Mn.

## SHAREHOLDERS



## Operating Highlights

Licensed Branches

333

Points of Sale (PoS)

254,260

Employees

7,588

Suadization Rate

96%

## ESG Highlights



Issued a second USD 750 Mn. AT1 Sustainability Sukuk



Developed a whitepaper on sustainability strategy



Offered a total of 99 training programs



Increase in female representation to 29% of its workforce, with 33% of new hires being women





# Bank Profile

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Riyad Bank drives growth and innovation, supporting Vision 2030 with trusted financial solutions.





# About Riyadh Bank

Since 1957, Riyadh Bank has grown into one of the largest financial institutions in Saudi Arabia and the Middle East, with a paid-up capital currently at **ﷲ 30 Bn.** The Bank’s team of over 7,500 dedicated employees, with a Saudization rate of 96% - one of the highest among large organizations in the Kingdom - stands as the cornerstone of its success and a source of immense pride.

Riyad Bank caters to the diverse needs of retail and corporate clients, including small and medium-sized enterprises, with a wide range of industry-leading conventional and Shari’ah-compliant products and services. As a trusted financier and arranger of syndicated loans across key sectors such as oil, petrochemicals, and major infrastructure projects, Riyadh Bank is honored to play a central role in supporting Saudi Arabia’s Vision 2030. Through its subsidiary, Riyadh Capital, the Bank leads in IPO advisory and asset management, earning numerous awards and cementing its position as a pioneer in the financial sector.

Riyad Bank’s cutting-edge banking and financial solutions are delivered through an extensive network of 333 strategically located licensed branches, more than 254,000 POS systems, and over 1,700 ATMs across the Kingdom. Complementing these is the Bank’s advanced digital banking platform, which leverages the latest technologies to provide fast, secure, and seamless services for its customers.

Extending beyond the Kingdom, Riyadh Bank’s presence now spans London, Houston, and Singapore, with a new representative office in China soon to follow. This growing international footprint reflects the Bank’s commitment to serving its customers wherever they are and driving its continued growth beyond limits.

**Vision** To be the most innovative and trusted financial solutions partner.

**Mission** To help people, organizations, and society achieve their aspirations by being their trusted and caring financial solutions partner.

**Values** • We Care • We Win • We are One Team

## Operating Segments

### Retail Banking

Deposits, credit, and investment products for individuals and small to medium-sized businesses.

### Corporate Banking

Principally handling corporate customers’ current accounts, deposits, and providing loans, overdrafts, and other credit facilities and derivative products.

### Treasury and Investment

Principally providing money market, trading, and treasury services, as well as the management of the Group’s investment portfolios.

### Investment Banking and Brokerage

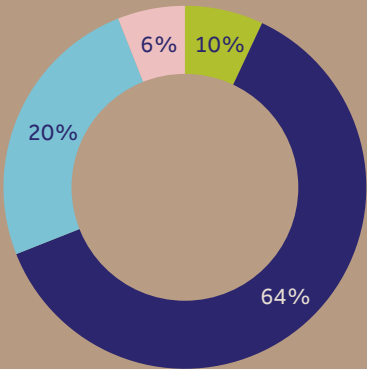
Investment management services and asset management activities related to dealing, managing, arranging, advising, and custody of securities.

The following lays out the contributions of each operating segment to the Bank’s total net income for 2024.

## Net Income\* before Zakat

**ﷲ 10.4 Bn.**

- ﷲ 1,016 Mn.** Retail Banking
- ﷲ 6,641 Mn.** Corporate Banking
- ﷲ 2,079 Mn.** Treasury and Investment
- ﷲ 661 Mn.** Investment Banking and Brokerage\*\*



\*The influence of other subsidiaries on the Bank’s results is not material.  
\*\*Represents Riyadh Capital.



# Geographic Footprint

## Where We Operate

Riyad Bank is ideally positioned to meet the diverse needs of all its customers through its wide geographical presence with more than 333 licensed branches and more than 1,700 ATMs distributed throughout Saudi Arabia. Riyadh Bank’s growing footprint now includes a branch in London, an agency in Houston (USA), and a representative office in Singapore, with a new representative office set to be launched in China soon. This means Riyadh Bank is ideally equipped to meet the diverse needs of its customers and to capture opportunities for further expansion moving forward.



Saudi Arabia  
Licensed Branches

 **333**





ATM Machines

 **+1,700**

Points of Sale

 **+254,000**

International Offices

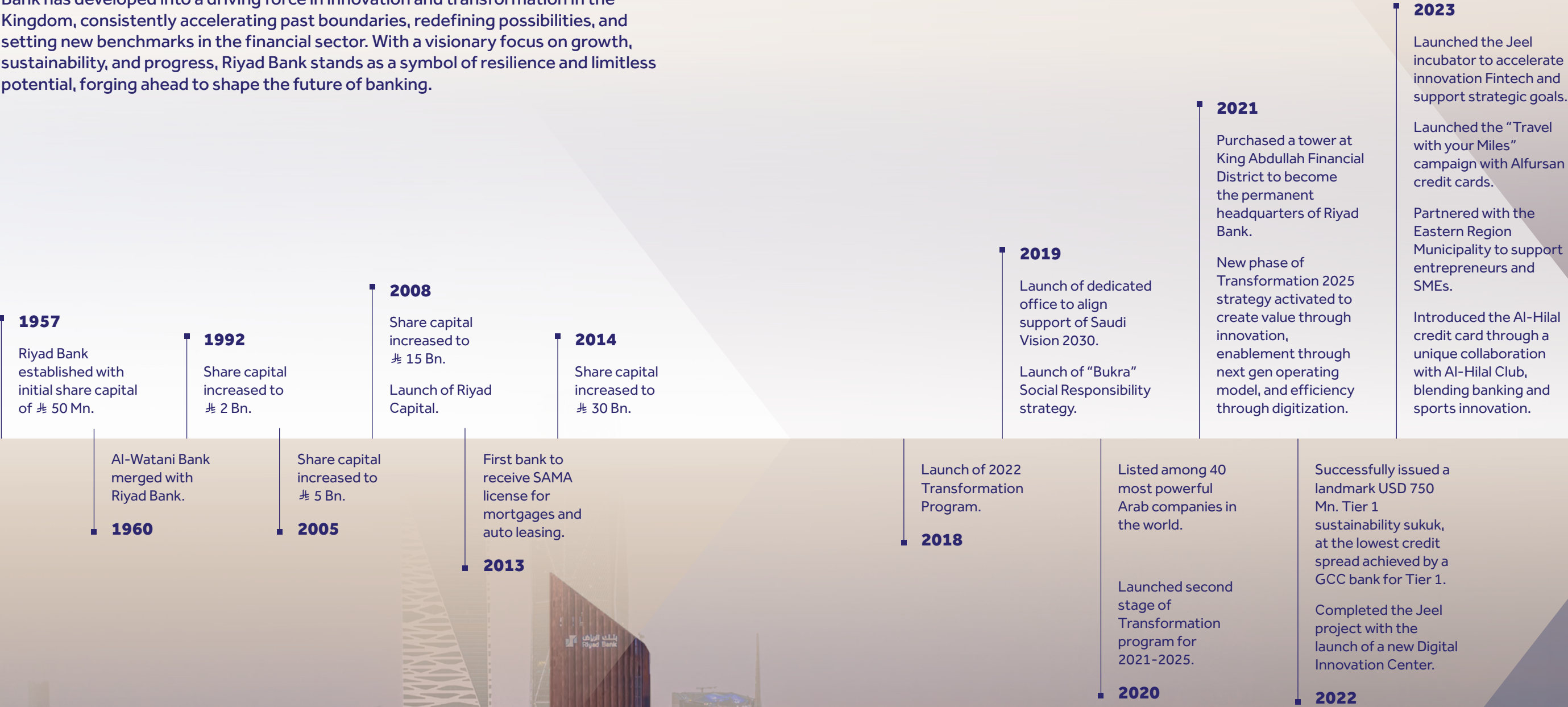
-  UK Branch  
**London**
-  Representative Office  
**Singapore**
-  USA Agency  
**Houston**
-  **Soon in China**





# Riyad Bank's Journey

Through 67 years of unwavering ambition and relentless pursuit of excellence, Riyadh Bank has developed into a driving force in innovation and transformation in the Kingdom, consistently accelerating past boundaries, redefining possibilities, and setting new benchmarks in the financial sector. With a visionary focus on growth, sustainability, and progress, Riyadh Bank stands as a symbol of resilience and limitless potential, forging ahead to shape the future of banking.





# Year in Review

In 2024, Riyadh Bank pushed the boundaries of innovation, collaboration, and impact, solidifying its position as a leader in Saudi Arabia’s financial sector. With an ambition to deliver continued growth beyond limits, the Bank championed transformative projects, empowered key sectors, and introduced groundbreaking solutions that align with the Kingdom’s Vision 2030. Each milestone reflects the Bank’s dedication to driving sustainable development, fostering innovation, and delivering exceptional value to its Stakeholders.

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Riyad Bank signed a sponsorship agreement with Misk Foundation to empower young Saudi entrepreneurs.

<p><b>January</b></p> <p><b>Supporting the Kingdom’s Real Estate Growth</b></p> <p>The Bank demonstrated its commitment to the Kingdom’s real estate sector by sponsoring the Future Real Estate Forum 2024. Alongside this, a memorandum of understanding (MoU) was signed with the National Developmental Housing Foundation (Sakan), focusing on charitable contributions to housing for families in need and raising awareness about developmental housing programs.</p>	<p><b>February</b></p> <p><b>Financing Landmark Tourism Projects</b></p> <p>ﷲ 2 Bn. financing agreement was secured with Red Sea Global to support the development of the Four Seasons Resort at The Red Sea. This project aligns with Saudi Vision 2030, contributing to the Kingdom’s growing tourism sector and economic diversification.</p>	<p><b>March</b></p> <p><b>Planting Trees in Support of the Saudi Green Initiative</b></p> <p>Riyad Bank signed an MoU with the National Center for Vegetation Cover Development to support the Saudi Green Initiative by planting 4 million trees by 2030 in Um Al-Shaqq Reserve, in line with the Bank’s commitment to fund efforts in afforestation, desertification prevention, and environmental awareness.</p>	<p><b>May</b></p> <p><b>Investing in Saudi Fintech Innovation</b></p> <p>Riyad Capital, a subsidiary of Riyadh Bank, launched 1957 Ventures, a venture capital fund aimed at accelerating Fintech startups in Saudi Arabia. This initiative highlights the Bank’s commitment to driving digital transformation and fostering innovation in the financial sector.</p>	<p><b>June</b></p> <p><b>Enhancing Accessibility for Pilgrims</b></p> <p>The Bank partnered with the Ministry of Hajj and Umrah to support the “Tawqeer” initiative, providing mobility assistance to over 50,000 elderly and disabled pilgrims. This effort aligns with Riyadh Bank’s commitment to enriching the Hajj experience while supporting the Kingdom’s social development goals.</p> <p><b>Successful Play “For Tomorrow”</b></p> <p>This exciting and interactive platform was launched, promoting the concept of “social responsibility” among the young generation. The Bank received great audience feedback and all ticket revenue went to Sanad Association to support children with cancer.</p>	<p><b>July</b></p> <p><b>Revolutionizing Banking with AIT</b></p> <p>The Center of Intelligence (COI), the first AI-focused center in Saudi Arabia’s banking sector, was launched. This pioneering initiative leverages advanced analytics and AI to enhance operational efficiency and reinforce Riyadh Bank’s leadership in digital transformation.</p>
<p><b>August</b></p> <p><b>Empowering Startups with Misk Foundation</b></p> <p>Riyad Bank signed a sponsorship agreement with Misk Foundation to empower young Saudi entrepreneurs, supporting the growth of startups and SMEs and the SME-focused ambitions of Saudi Vision 2030.</p>	<p><b>September</b></p> <p><b>Leading SME Financing</b></p> <p>The Bank’s leadership in SME financing under the “Kafalah” Program was honored. This recognition underscores Riyadh Bank’s dedication to empowering the private sector and advancing Vision 2030.</p>	<p><b>October</b></p> <p><b>Driving Positive Impact Through CSR</b></p> <p>Riyad Bank partnered with the Global CSR Forum to showcase the Bank’s contributions to sustainable development. This strategic collaboration highlights the Bank’s commitment to creating a positive social and environmental impact.</p> <p><b>Shaping the Future of Investment</b></p> <p>The Bank participated, as a strategic partner, in the 8th Future Investment Initiative, highlighting the transformative role of investment in shaping sustainable futures and contributing to global economic growth.</p>	<p><b>November</b></p> <p><b>Unveiling the SME Index</b></p> <p>The “Riyad Bank SME Index” was launched, in partnership with S&amp;P Global, providing valuable insights into SME performance and reinforcing the Bank’s role as a key driver of economic diversification.</p>	<p><b>December</b></p> <p><b>Delivering Digital Excellence</b></p> <p>The redesigned mobile app was introduced, offering a seamless and personalized digital banking experience. This innovation supports Riyadh Bank’s strategy to lead digital transformation and advance the Kingdom’s digital economy.</p>	



# Investment Case

Riyad Bank is accelerating growth with innovation, financial strength, and a clear vision for the future. As a key player in Saudi Arabia’s economic transformation, the Bank is expanding its reach, advancing digital capabilities, and driving sustainable impact in line with Vision 2030. With a strong balance sheet, a forward-thinking strategy, and an unwavering commitment to excellence, Riyad Bank continues to push boundaries, delivering lasting value and shaping the future of banking beyond limits.

## 01

### A Well-connected Bank in Saudi Arabia with International Presence

Riyad Bank is the third largest Bank in the Kingdom of Saudi Arabia in terms of assets, with a solid domestic franchise and brand, more than 6 decades of history, and the first joint stock banking company to be established in Saudi Arabia. The Bank has an extensive branch network operating through 333 licensed branches in Saudi Arabia, a London branch, an agency in Houston, a representative office in Singapore, and soon in China. Riyad Bank also fosters excellent government and corporate relationships, offering customers a wide range of banking services.

## 02

### Well Positioned for Growth in Line with Saudi Vision 2030

Riyad Bank established a Business Initiatives and Enablers Development Center (BIED), which was the first center in the Kingdom specifically designed to develop initiatives to support business enablers for the Government and private entities working jointly, to achieve the goals of the Kingdom’s Vision 2030. This diversified model provides great opportunities to grow and execute the Bank’s ambitious plans through continuous investments in its core business propositions by delivering world-class technology and digital capabilities to its customers.



### Key Achievements

- Secured the **second-largest market share** in Corporate banking, third in Retail Banking, and maintained the leading position in SME financing.
- Launched the **new Riyad Bank mobile application**, enhancing the digital banking experience for retail customers.
- **Led the trade finance sector** in Saudi Arabia, leveraging both local expertise and international reach.
- Launched the **Jeel incubator to accelerate Fintech innovation**, fostering partnerships and supporting strategic growth.
- Established **1957 Venture Company** in 2024 and **Jeel in 2023** to accelerate digital innovation and Fintech growth.



### Key Pillars of the Bank’s 2025 Strategy

- ✓ **Most Profitable.**
- ✓ **Most Efficient.**
- ✓ **Bank of Choice.**
- ✓ **Most Innovative and Digitally Enabled.**



### Key Drivers and Accomplishments

- Full alignment of **Riyad Bank’s 2025 Strategy** with the objectives of Saudi Vision 2030.
- Led significant financing for **Vision 2030** giga projects and key sectors, including infrastructure, education, and renewable energy.
- Ranked **first in the “Finance Guarantee Program for SMEs (Kafalah)”** for SME financing, guarantees, and number of supported enterprises, leading in the Tourism and Technology sectors.





03

Strong and Well-capitalized Balance Sheet and Solid Income Generation Capacity

Riyad Bank’s proven track record of strong profitability and total Shareholders’ value returns is supported by a strong capital position, high levels of liquidity, and a stable deposit base, providing a robust foundation for meeting the demands of customers and delivering a sustainable return to Shareholders.

Key Ratios

CET1	Total CAR:	Leverage	LCR
14.1%	18.9%	12.1%	145%
NSFR	ROAE	ROAA	RoRWA
107%	16.6%	2.23%	2.48%

“Riyad Bank is accelerating growth with innovation, financial strength, and a clear vision for the future.

04

A Responsible Bank with Strong ESG Credentials and an Experienced Leadership Team

Riyad Bank’s governance and risk management framework ensures responsible, sustainable growth under experienced leadership. The Bank’s ESG commitment, embedded in the “Bukra” strategy, aligns with Vision 2030 and global best practices, driving meaningful impact.

Key Principles

- ✓ Clear roles and responsibilities for the Board of Directors and Management.
- ✓ Performance culture at the center.
- ✓ Experienced and seasoned Management team.

Key Drivers and Accomplishments

- Increased female representation to **29%** of the workforce, and **33%** of new hires were female.
- Signed **3-year strategic partnership** with the Mohammed Bin Salman Foundation (Misk) to support the entrepreneurial community and enhance the capabilities of young entrepreneurs in Saudi Arabia.
- Participated as a **strategic partner in the first Global CSR Forum**, where Riyadh Bank launched its “Bukra Initiatives Social Impact Report for 2023” highlighting the Bank’s contributions to the environment, economy, and community, as well as its commitment to the UN SDGs.



# Shareholder Information

### Share Information

Listing Date:	Number of Shares Issued:
January 1993	3,000,000,000
Exchange:	Closing Price as of 31 December, 2024:
Tadawul	ﷲ 28.60
Symbol:	Market Cap as of 31 December, 2024:
1010	ﷲ 85,800 Mn.
ISIN:	Foreign Ownership Limit:
SA0007879048	49%

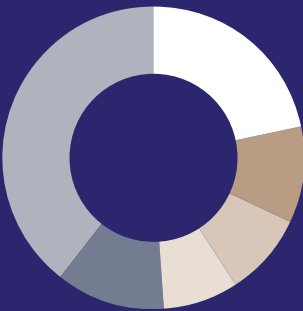
### Investor Relations Calendar 2024

#### Earning Calls

- YE 2023 Earnings call on 26 February, 2024.
- Q1 2024 Earnings call on 7 May, 2024.
- Q2 2024 Earnings call on 15 August, 2024.
- Q3 2024 Earnings call on 6 November, 2024.

#### Conferences and Roadshows

- Saudi Capital Market Forum, 19-20 February, 2024.
- The 18th EFG Hermes One-on-One Conference, 4-5 March, 2024.
- Non-deal Road Show in London, 13-14 May, 2024.
- Morgan Stanley Saudi Arabia Conference in London, 15-16 May, 2024.
- BofA Emerging Markets Debt and Equity Conference in Miami, 29-31 May, 2024.
- Goldman Sachs Financial Symposium in London, 9-10 September, 2024.
- EFG Hermes Conference in London, 11-12 September, 2024.
- USD Sukuk Deal Roadshow in Riyadh, 24-25 September, 2024.
- JP Morgan in New York, 21-22 October, 2024.
- Asia Fixed income NDR, 1-5 December, 2024.
- MEIRA Annual Conference in Abu Dhabi, 11-12 December, 2024.



#### Shareholders Share

- 21.8% Public Investment Fund
- 10.4% General Organization for Social Insurance
- 8.7% Al Nahla Trading and Contracting Company
- 8.0% Assila Investment Company
- 11.9% Foreign
- 39.2% Others

Riyad Bank is pleased to receive Investor and Shareholders inquiries, please contact contact us through the below channels:

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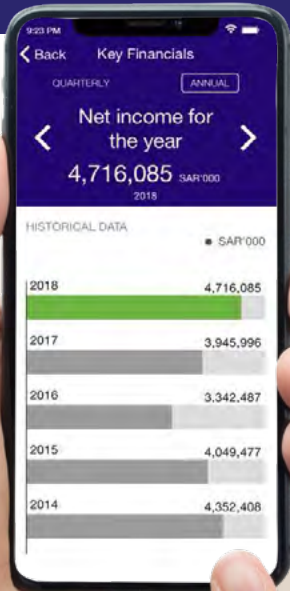
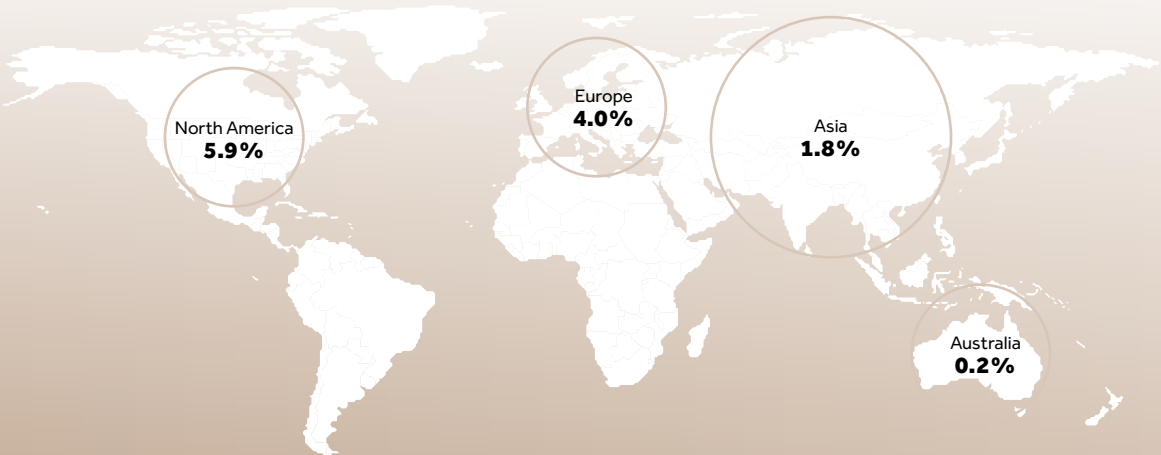
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### Foreign Shareholders by Geography





# Strategic Review

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■ Riyadh Bank's continued success is driven by a clear strategic vision, a focus on digital transformation, and a commitment to enhancing customer experience.





# Chairman's Statement

## Continued Growth Beyond Limits

In 2024, Riyadh Bank proved that we are determined to maintain our growth trajectory and surpass our previous historical performance. We proudly demonstrated outstanding achievements and financial results for another year in a row, while setting the Bank up for continued growth in the future.

Our exemplary leadership and team of elite professionals impressively executed our 2025 Strategy, helping to make us the most profitable (in terms of return on equity, profit growth, and total return to Shareholders), most efficient, most innovative and digitally enabled, and Bank of Choice for customers and employees. We celebrate our team's passion and commitment, which drives us toward becoming the Bank of Choice in Saudi Arabia.

This year, we delivered on our promise of sustainable profit growth and returns to Shareholders. We reported a net profit after zakat of ﷲ 9.3 Bn., a 16% growth compared to ﷲ 8.0 Bn. in 2023. Total Bank assets grew by 16% from ﷲ 386.8 Bn. to reach ﷲ 450 Bn. Customer deposits reached ﷲ 306 Bn., marking a 20% increase compared to ﷲ 254.9 Bn. the previous year.

Asset growth boosted topline growth of 9%, with revenue reaching ﷲ 17 Bn. compared to ﷲ 16 Bn. in 2023. Meanwhile, efficiency efforts supported growth in net operating income and scalability, which bolstered our bottom-line. We also significantly improved our return on average equity to 16.6% by organically growing our balance sheet and improving our return on assets to 2.23%.

Riyad Bank's initiatives to support customers, employees, and the community helped us to further establish our reputation as the Kingdom's Bank of Choice. This year, we strengthened efforts to understand our customer's voice, which was reflected in our improved net promoter scores. We also exceeded our 2025 strategic targets to raise our brand value, and proudly improved our People Index for another year in a row, reflecting increased employee engagement.

Our drive for transformation accelerated our digitalization efforts in 2024. Inaugurating the new Riyadh Bank Mobile App and Riyadh Online platform heralded a new era for the Bank and further solidified our reputation for innovation. These and other pioneering digital innovations for corporate and retail customers further elevated Riyadh Bank's digital maturity index and increased efficiency and security across all business units.

The successful execution of our 2025 Strategy served as a bridge to our new strategy to be launched in the year ahead. The next phase will focus on raising Riyadh Bank's status and relevance in an ever-evolving financial market, capturing new avenues for growth and value creation in line with the Kingdom's Vision 2030.

### An Award-Winning Year

In 2024, Riyadh Bank achieved remarkable recognition for its commitment to innovation, customer experience, and financial excellence. Our Retail Banking services were honored by EMEA Finance Magazine as the Best Private Banking in Saudi Arabia.

Corporate Banking also garnered significant accolades, including JPMorgan's "Elite Quality Recognition" Award for best-in-class payment efficiency and the "Best Innovation in Trade Finance" for leveraging machine learning in trade operations. Riyadh Bank was ranked #1 for entities financed under Kafalah, further cementing our top position in supporting SMEs, and received multiple awards from EMEA Finance Magazine and Euromoney, including "Best Bank for SMEs in the Middle East" and "Best Bank for SMEs in Saudi Arabia."

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Through the Center of Intelligence, we have proudly positioned Riyadh Bank as the advanced analytics and AI lighthouse in the Middle East.

Total Bank Assets Reached  
**ﷲ 450 Bn.**





## Inaugurating the new Riyadh Bank Mobile App and Riyadh Online platform heralded a new era for the Bank and further solidified our reputation for innovation.



Our strides in technology and innovation were also recognized at the Middle East Banking AI and Analytics Summit, where we earned accolades for Best Use Cases in Customer Analytics, AI Solutions, and Customer Intelligence. The Saudi Central Bank acknowledged our focused efforts in Fintech by awarding us with the “Digital Transformation and Innovation” Award and certifications under the SAMA Open Banking framework.

These achievements reflect Riyadh Bank’s relentless pursuit of excellence, its dedication to customer-centric innovation, and its strategic role in advancing the financial landscape in Saudi Arabia and beyond.

### Transforming with the Kingdom

At Riyadh Bank, our commitment to be the Bank of Choice and grow beyond limits is inherently connected to Saudi Arabia’s Vision 2030. Our strategy and ambitions align seamlessly with the Kingdom’s aim to create a vibrant society that serves as the foundation for a thriving economy and an ambitious nation.

### Creating a Vibrant Society

Riyad Bank is committed to improving the quality of living and enhancing financial prosperity through relentless innovation and exceptional customer experience. This includes the design and launch of the new Riyadh Bank Mobile App, which followed an intuitive, customer-centric approach to enable a seamless and meaningful banking journey. This is one of many Riyadh Bank initiatives that allows our people to thrive and pursue their passions with value-led products and services.

Environmental protection also remains a priority at Riyadh Bank. In 2024, we initiated multiple projects to support the Green Riyadh initiative, such as the Bukra Tree Planting initiative, aiming to grow and distribute more than 4 million trees by 2030, and the Alhilal Goal = Tree for Tomorrow, which involved planting 6,700 trees. Additionally, our strategic partnership with the Mohammed Bin Salman Foundation (Misk) aims to enable the younger generation and accelerate the growth of rising businesses in the market.

### Building a Thriving Economy

At Riyadh Bank, we are proud to be the number one enabler of small and medium-sized enterprises (SMEs) in Saudi Arabia. The Bank continued to be the leading credit facility provider to SMEs which supports the



### Revenue Reached

ﷲ 17 Bn.

delivery of the Financial Sector Development Program 2025 target related to SMEs. Additionally, Riyadh Bank is the second largest provider of corporate financing to support private sector growth and economic activities in Saudi Arabia. We are also the third largest provider of retail financing, promoting the increase of homeownership in the Kingdom.

### Ambition without Limits

As a growth-oriented organization, we continue to develop rising products, services, and segments, marking many milestones for change and setting new standards. To support our expansion, this year we began preparing for our official move to the new Riyadh Bank Headquarters in King Abdullah Financial District in 2025. Our location in the heart of Riyadh’s financial district reflects our lead position in the financial sector and will create a working environment for our people to thrive and innovate, delivering on the Bank’s strategic objectives as well as the Kingdom’s vision.

Our ambition is best exemplified by this year’s launch of the Riyadh Bank Center of Intelligence (COI), which aims to revolutionize innovation and digital transformation in the banking industry. The first-of-its-kind center provides intuitive and meaningful insights and data using advanced analytics, machine learning, and artificial intelligence (AI) tools through our internal capabilities. Through the COI, we have proudly positioned Riyadh Bank as the advanced analytics and AI lighthouse in the Middle East.

### Unprecedented Economic Growth

2024 was a remarkable year for the Saudi banking industry and Riyadh Bank. Our performance was significantly shaped by several key market factors, highlighting the robust growth of the non-oil GDP as a major contributor to the economic landscape. Forecasted to exceed 4%, this growth signifies a positive shift towards economic diversification, reducing dependency on oil revenues.

Riyad Bank’s Purchasing Managers’ Index (PMI) crossed the 50-mark, underscoring the positive business sentiments in the market. This optimism bolstered confidence among businesses to expand operations and encouraged financial institutions like Riyadh Bank to increase our financing activities. As a result, the sector witnessed an acceleration in credit lending, surging beyond 11%, directly benefiting banks through increased loan uptake and improved revenue growth.

We also launched the “Riyad Bank SME Index”, developed in partnership with S&P Global, which provides comprehensive insights into SME performance, helping to track key metrics like production and employment. This initiative reinforces our position as a key driver of economic diversification, empowering decision-makers and supporting the Kingdom’s ambitious growth and development goals.

Vision 2030’s ambitious framework laid the groundwork for substantial infrastructure development, acting as a catalyst for private-sector growth. By focusing on creating a robust infrastructure, the plan facilitated ease of doing business, empowering SMEs to thrive. This growth in the SME sector further propelled demand for banking services, including financing and advisory, thereby enhancing the profitability and market share of lenders like Riyadh Bank.

With a forward-looking approach and a steadfast commitment to Saudi Vision 2030, Riyadh Bank is well-positioned to continue our journey of growth and success, ensuring we remain the Bank of Choice for our customers, employees, and Stakeholders. Together, we are supporting the transformation of the Kingdom, contributing to a vibrant society and thriving economy.

### Acknowledgements

On behalf of all of us at Riyadh Bank, I extend our heartfelt thanks and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud, Prime Minister – may Allah protect and guide them. Their visionary leadership inspires us to reach for new heights each year.

We also express our deepest gratitude to the Ministry of Finance, the Saudi Central Bank, and the Capital Market Authority for their unwavering support and assistance to the banking sector. Their contributions enable us to achieve our goals and support our success each year, as we continue to transform and accelerate towards even greater heights in the years ahead.

### Abdullah Mohammed Al-Issa

Chairman of the Board



# CEO's Message

## Accelerating Momentum through Strategic Execution

In 2024, we continued our journey of success at Riyadh Bank, delivering value to our shareholders and contributing to the economic prosperity of the Kingdom. Our accelerated growth as well as our leadership in digital innovation and sustainability brought us closer to our goal of being the Bank of Choice in Saudi Arabia.

The Bank continued the execution of its strategic initiatives this year with focus and ambition. We met and outperformed our key performance indicators across all 4 strategic pillars: to be the most profitable (in terms of return on equity, profit growth, and total return to investors), to become the most efficient, the most innovative and digitally enabled, and to be the Bank of Choice for customers and employees.

Our 2025 Strategy and comprehensive set of growth initiatives drove impressive profitability across all business lines. Net income reached ﷲ 9.3 Bn. in 2024, representing an increase of 16% compared to ﷲ 8.0 Bn. the previous year.

This success was underpinned by several key factors, accelerating growth including our proactive cross-sell activities, continued leadership in digitalization and innovation, and the execution of high-impact initiatives to improve cost and operational efficiencies. Our growth reflected the ambitions of the Kingdom and the goals of Saudi Vision 2030, with Riyadh Bank emerging as a leading funder of giga projects and supporter of micro, small and medium-sized enterprises (MSMEs).

Our strong operating income and improved efficiencies played a significant role in driving our positive financial results. Return on equity increased 100 bps to reach 16.6% coupled with a market leading return on assets at 2.23%. Despite ongoing investments in infrastructure, digital capabilities, and strategic initiatives, our cost efficiency continued to improve, demonstrating our commitment to prudent financial management.

Net special commission income witnessed a marginal increase, driven by an improved asset yield and effective cost of fund management. We also achieved solid balance sheet expansion, fueled by growth in loans and investments, and funded mainly by a customers'

deposits. This ensured a comfortable liquidity position, leaving ample room for further growth. Additionally, our proactive risk management, higher recoveries, and sustained asset quality helped normalize the cost of risk, further enhancing our financial stability.

### Adopting Transformative Technologies

Digital transformation serves as a cornerstone of Riyadh Bank's ambitious transformation strategy. This year, we continued to advance our digital maturity score through relentless innovation and the adoption of cutting-edge technologies. In line with moving towards a cashless economy, we supported a significant uptake in digital activities balanced by a decrease in cash transactions.

Our comprehensive range of digital initiatives included the launch of the new Riyadh Online platform, as well as the new Riyadh Bank Mobile App. The new Scale Up RM Workbench, our digitally enabled relationship manager, has revolutionized customer engagement, leveraging advanced analytics to deliver seamless, personalized support for our corporate clients.

Investing in the technology sector also remains a strategic priority for us at Riyadh Bank. In 2024, we allocated more than USD 1 Bn. in funding to growing technology companies. We also launched 1957 Ventures, which supports promising Fintech entrepreneurs with funding and support to build, launch, and scale disruptive new Fintechs.

### The Center of Intelligence

A landmark achievement for Riyadh Bank was the launch of the Center of Intelligence (COI) in July. The COI is the first initiative of its kind in the regional banking sector, leveraging advanced analytics, artificial intelligence (AI), and machine learning to drive data-driven decision-making and elevate efficiency across our operations.

“

Digital transformation remained a cornerstone of our strategy, with the launch of the enhanced Riyadh Bank Mobile App, streamlining access to a range of financial solutions.

Net Income Reached  
ﷲ 9.3 Bn.





Building on its successes in 2024, the COI aims to further personalize customer experiences, harness predictive analytics for enhanced cross-selling, and streamline processes in customer engagement, cash management, and lending. Additionally, AI-driven personalized support and back-office automation will significantly improve overall customer service quality.

Expanding Open Banking

In 2024, Riyadh Bank made significant strides in open banking by introducing secure data-sharing capabilities with approved third-party providers. This advancement has led to the creation of customized financial products and services, enhancing customer experience and fostering innovative financial solutions built on our robust data management foundation.

To further expand our open finance initiatives, Riyadh Bank is actively collaborating with third-party Fintechs and digital providers. These partnerships aim to solidify our position as a leader in the regional financial ecosystem, showcasing our commitment to driving innovation and delivering exceptional value to our customers.

Solid Progress across Our Business

Corporate Banking

Riyad Bank’s Corporate Banking Division solidified its role as a leading player in advancing Vision 2030 projects, providing critical support for giga projects and strategic sectors such as infrastructure, education, and renewable energy. As the largest supporter of MSMEs under the Kafalah program, we further expanded our reach by acquiring nearly 2,000 new clients and 23% of MSME portfolio growth. This year, we also reinforced our commitment to sustainability by expanding financing for green and renewable initiatives, including USD 4.3 Bn. in Islamic finance transactions, underscoring our role in driving the Kingdom’s transition to a sustainable economy.

Retail Banking

In 2024, the Retail Banking Division achieved significant milestones, reflecting Riyadh Bank’s commitment to growth, innovation, and customer-centricity. We expanded our customer base, introduced innovative multi-currency credit card offerings and continued to align our services with evolving customer needs. Our Private Banking segment achieved record-high net

promoter scores, underscoring our dedication to delivering exceptional, personalized experiences for our most valued clients.

Digital transformation remained a cornerstone of our strategy, with the launch of the enhanced Riyadh Bank Mobile App, streamlining access to a range of financial solutions. Additionally, we strengthened our leadership in the market by advancing financial inclusion and driving operational efficiency, all while supporting the Kingdom’s Vision 2030 objectives.

Treasury and Investments

The Treasury and Investment Division also demonstrated exceptional performance in 2024. Key highlights included the successful issuance of a USD 750 Mn. Sustainability Sukuk under our new USD 5 Bn. AT1 program. This marks the lowest coupon achieved by any Saudi bank for AT1 issuance this year. This issuance also supports Saudi Arabia’s Vision 2030 and net zero 2060 goals, reaffirming our commitment to sustainable finance.

Riyad Bank expanded its presence in derivatives markets locally and internationally, including the introduction of a USD 5 Bn. Certificate of Deposit program to diversify funding sources. We also executed a number of other landmark transactions, including hedging solutions for US-based clients and asset swaps totaling ₪ 6 Bn.

Connecting with Our People

This year at Riyadh Bank, we made it a priority to create meaningful engagements across all levels of our organization, ensuring that our employees felt supported and valued. Through my departmental and regional visits, I engaged directly with our teams, listened to their perspectives, and understood the unique challenges they face in different areas of the business. Initiatives such as “Coffee with the CEO” allowed me to recognize and personally connect with our top performers, reinforcing a culture of appreciation and motivation.

Beyond these face-to-face interactions, we implemented structured programs to support our employees’ professional development and growth. We invested in upskilling opportunities and improved our infrastructure, enabling our employees to provide their best service. Our Employee Value Proposition ensures

Riyad Bank launched  
1957 Ventures

that the Bank is positioned competitively in the market, aligning with our strategic aspiration to become the Bank of Choice for employees.

Maintaining an open line of communication has allowed us to remain responsive to employee needs, ensuring that everyone feels recognized and valued. Together, we continue to build a supportive and empowering workplace that drives our collective success.

Prioritizing Sustainability

Across our organization, we are deeply committed to sustainable finance practices and corporate social responsibility. In 2024, Riyadh Bank made significant advancements in our environmental, social, and governance (ESG) strategy, which underpins our dedication to fostering a sustainable future.

As part of our sustainability leadership role in the region, we have aligned our initiatives with the Kingdom’s target of achieving net zero emissions by 2060. Our second USD 750 Mn. AT1 Sustainability Sukuk issuance in 2024 further strengthens our position in sustainable banking practices. We continue to expand our sustainable finance framework and establish a transition finance framework to support our long-term goals.

To guide others on their sustainability journey, we developed a sustainability strategy whitepaper that demonstrated our methodological approach in developing our ESG strategy, providing a “how-to” template for others.

This year, the Ministry of Economy and Planning (MEP) recognized our sustainability efforts, choosing Riyadh Bank to be a country champion on ESG. Proudly participating in the MEP Champions Program and the MEP Corporate Sustainability Policy Development Working Group, where we are one of only 2 Saudi banks, highlights our determination in the field. Additionally, we contribute to the ESG Saudi Banks Advisory Committee, working to improve ESG ratings and set a benchmark for the country and the region.

2025 Focus

Riyad Bank is committed to sustaining our growth momentum and investing in key areas that will drive our future success. In the year ahead, we will conclude our ambitious 2025 Strategy and begin developing our new 2030 strategy, setting the stage for the next 5 years.

Our ambition to become the Bank of Choice in the country remains a central goal, and we will continue to focus on ESG and sustainability initiatives. A key priority will be to drive increased cross-selling opportunities, enhancing our product offerings and customer engagement. We are also exploring a possible initial public offering of Riyadh Capital, which would involve listing our investment arm on the Saudi Exchange.

The positive economic outlook for Saudi Arabia, coupled with a healthy credit demand, underpins our confidence in delivering our strategic initiatives. Several key projects will support our ambitions, including the approval of our home buying ecosystem, which is expected to support sales activities, and the launch of our new MSME platform. Additionally, new projects from 1957 Ventures will enter the market, further driving sustainable growth. Finally, we look forward to our full move into our new headquarters, which will cement our presence at the heart of Riyadh’s financial district.

Acknowledgements

I extend my heartfelt thanks and congratulations to all our employees and Stakeholders for their extraordinary dedication, achievements, and determination that made this year a resounding success. Your hard work and commitment have propelled us closer to our ambition of becoming the Bank of Choice in Saudi Arabia. Together, we are steadfast in our focus on ESG principles, a priority for both the Board and the entire organization, as we strive to build a sustainable and responsible future together.

With this solid focus and foundation firmly in place, Riyadh Bank is well-positioned to continue its journey of success, delivering value to Stakeholders and contributing to the economic prosperity of the Kingdom.

Nadir S. Al-Koraya

Chief Executive Officer



# Business Model

As Riyadh Bank continues to advance towards its ambition of being the best bank in the Kingdom of Saudi Arabia, the Bank applies its distinctive strengths, deep expertise, and a performance-driven culture to deliver sustainable growth, continuous innovation, and ever-increasing value to all Stakeholders.



## Our Strengths

### Financial Strength

- **ﷲ 450 Bn.** in Assets.
- **ﷲ 320 Bn.** in Loans.
- **ﷲ 306 Bn.** in Deposits.

### Operational Strength

- **333** Branches.
- **1,796** ATMs.
- **254,260** PoS.

### Rating Strength

- Fitch: **A-**
- Standard & Poor's: **A-**
- Moody's: **A1**

### Human Capital Strength

- **7,588** Employees.
- **29%** Women.
- **96%** Saudi Nationals.

### Vision 2030 Partners

- Launched dedicated office to align and support Saudi Vision 2030.
- A leading player in financing Vision 2030 projects, providing critical support for giga projects and strategic sectors such as infrastructure, education, and renewable energy.
- The largest supporter of MSMEs under the Kafalah program as well as having a leading market share in MSME lending.





### Our Brand\*

- **ﷲ 9.48 Bn.** Brand Value.
- **94%** Customer Satisfaction Rate on Riyadh Bank products and services.
- **AA+** Brand Rating.

\*Brand Finance



### Innovation Strength

- Launched Center of Intelligence.
- Launched Digital Innovation Center last year.
- Established Open Banking ecosystem.
- Unveiled new mobile application.
- Launched 1957 Ventures Company.



## How We Create Value

Riyad Bank is the third largest bank in Saudi Arabia, with a global presence to serve its customers and create value for its Stakeholders.

### Our Vision

To be the most innovative and trusted financial solutions partner.

### Our Mission

To help people, organizations, and society achieve their aspirations by being their trusted and caring financial solutions partner.

### Our Values

- We Care.
- We Win.
- We are One Team.

### Our Business

- Retail Banking.
- Corporate Banking.
- Treasury and Investments.
- Riyadh Capital.





## Value Creation for our Stakeholders

In 2024, Riyadh Bank deepened its engagement with key Stakeholder groups, driving meaningful impact and creating exceptional, enduring value for both the present and future.

### Our Shareholders

- Net profits after zakat increased by **16%** to reach **ﷲ 9.3 Bn.**
- Total Shareholders' equity increased by **9%** to reach **ﷲ 59 Bn.**
- Inviting Shareholders to attend the Ordinary General Assembly Meeting held on Sunday, 24 March, 2024, corresponding to Ramadan 14, 1445, to participate and vote. Attendance in-person and via modern technology.
- Inviting Shareholders to attend the Extraordinary General Assembly Meeting held on Wednesday, 29 May, 2024, corresponding to Dhu al-Qi'dah 21, 1445, to participate and vote via modern technology.
- Using digital channels to engage Shareholders, including electronic voting, virtual attendance, and activating digital alerts to remind them to attend and vote.
- Distributing cash dividends to Shareholders for the second half of 2023 and the first half of 2024.

### Our Customers

- Conducted multiple usability test sessions for diversified products and services to improve usability.
- Interviewed 6,500+ customers, and 18,000+ employees and conducted more than 300,000 NPS surveys to understand their expectations of Riyadh Bank's products and services with the aim to exceed those expectations.
- Enhanced the customer journey for offline and digital channels, such as the mortgage loan request journey.
- Successfully launched new Riyadh Bank mobile application with innovative features and functionality.
- Launched Riyadh Bank's WhatsApp with customers, for more efficient surveying and managed to send over 5.6 million surveys.
- Launched a revamped VOC program to gauge customers' feedback.
- Improved the error rate for all retail products and services to reduce customers' branch visits.
- Embedded the "doing things right the first time" culture into the Bank.
- 38 Awareness campaigns (Survey 5 + Awareness 33).
- 104,885 Awareness SMSs.

### Our Employees

- Female representation 29% of the workforce, and 33% of new hires were female.
- Collaborated with the Government on the Tamheer training program, career fairs, internship programs, and fresh graduate programs, attracting and nurturing future Riyadh Bank employees while also giving opportunities of training and career growth to Saudi young talents.
- Hired 695 new Saudi employees and providing them with new career opportunities and future growth.
- Delivered 90 training courses, engaging a total of 3,333 attendees, reflecting the Bank's commitment to enhancing employees' skills and fostering a culture of continuous learning and development.
- Implemented The Leaders 2025 program for 224 participants to ensure alignment with strategic objectives and support leadership development within the Bank.
- Completed the launch and implementation of LTIP (long-term incentive program) to upper leadership in alignment with the new regulations.
- Enhanced employee benefits such as: education allowance and daycare allowance, to provide better support for employees and their families.
- Offered an education allowance for employees' children with disabilities, with no limitations of grades or number of children.
- Prioritized creating meaningful engagements across all levels of the organization, ensuring employees felt supported and valued, through arranging departmental and regional visits with the CEO, aiming to engage directly with them, listening to their perspectives, and understanding the unique challenges they face in different areas of the business.





## Value Creation for our Stakeholders



### Our Suppliers/Partners

- Established 24X7 Off Prim Command Center as a managed service.
- Robotic Process Automation (RPA) (Transactions growth: RPA transactions have surged from 7.5 million in December 2023 to 29 million by December 2024, reflecting an impressive increase of 287%), and reaching 500+ RPA automation process across the Bank.
- Achieved Elite Quality Certificate from JP Morgan for reaching an impressive 99% Straight Through Process (STP) rate for corporate and treasury payments.
- Received recognition award from Custodian (Clear stream) on highest efficiency rate across local KSA banks.
- Honored with Open Banking KSA Standard 2023 award.
- Implemented Collateral Management from middle office to back office.



### Our Communities

- Signed a 3-year partnership with Misk Foundation to support young entrepreneurs and drive economic diversification.
- Partnered in the first Global CSR Forum, launching the 2023 "Bukra Initiatives Social Impact Report" to highlight sustainable development contributions.
- Supported over 5,500 beneficiaries through the Martyrs Fund with medical insurance, disability services, home renovations, and psychological consultations.
- Launched the musical play "For Tomorrow", attracting 2,112 attendees and donating proceeds to Sanad Children's Cancer Support Association.
- Promoted digital citizenship with MCIT, reaching 30,339 beneficiaries and 40,000 students through storytelling in 82 schools.
- Enhanced the Hajj experience for 30,000 elderly and special needs pilgrims with wheelchairs and golf carts through the "Tawqeer" initiative.
- Distributed 30,000 Ramadan food baskets with employee volunteers, benefiting families across 239 NGOs.
- Sponsored the seventh Misk Fellowship Program, training 70 young leaders in sustainability and leadership across 6 SDGs.
- Engaged employees and communities in a blood donation campaign, achieving 1,019 donations and saving 3,057 lives.

Riyad Bank is the third largest bank in Saudi Arabia, with a global presence to serve its customers and create value for its Stakeholders.

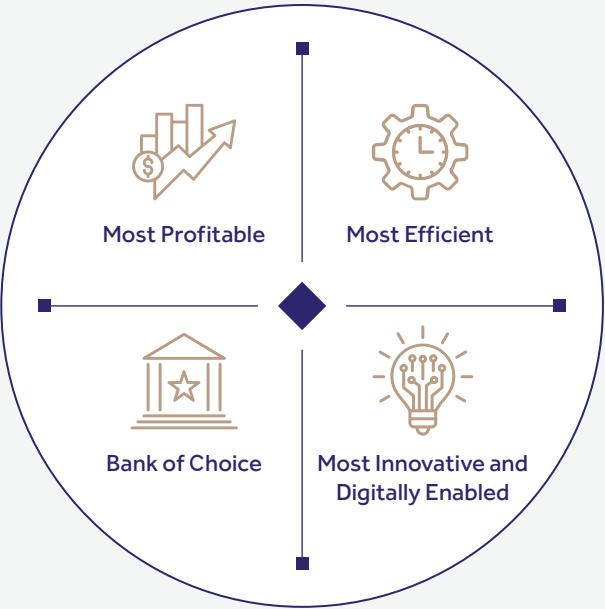




# Strategy and KPIs

## Strategic ambitions driving continued growth

The Bank’s strategy, initially established in 2017 and further refined in 2022, has always been committed to positioning Riyadh Bank as the **“the most innovative and trusted financial solutions partner”**. The strategy is crafted to accelerate growth and innovation through 4 essential strategic pillars:



These strategic pillars represent the Bank’s aspirations for 2025, and to realize them requires excellence across internal and external capabilities. Internally focusing on active risk management, accelerated launch of new products, overall organizational agility, and talent management. While externally, dedication is focused on customer experience, ecosystem expansion beyond traditional banking to emphasize sustainability and ESG, and collaboration with strategic partners to drive innovations and Fintech.

Fully aligned with the goals of Saudi Vision 2030 and the Bank’s commitments to corporate sustainability, this strategy allows the Bank to pursue its business ambitions while contributing to the greater good and success of the Kingdom.

## Strategic Drivers

Riyad Bank’s success in achieving its aspirations will be driven by 3 strategic drivers:

### Value through Innovation

Within the 2025 strategy, value will be driven by innovation across the entire customer experience. This entails developing tailored value propositions for the various customer segments in the Saudi market, offering products and services beyond banking, developing personalized relationships with customers, offering customized pricing, and providing state-of-the-art digital platforms for customers to conveniently interact with the Bank.

### Efficiency through Digitalization

A key focus of the strategy is the continuous enhancement of digital maturity across the Bank, to enable faster customer service, operational efficiency, and cost optimization. Digitalization covers all aspects of the Bank’s operations, including customer touch points (e.g., Riyadh Bank’s mobile application), customer journeys, and internal processes.

### Enablement through Next Gen Operating Model

Successful implementation of the strategy is supported by improvements across all enabler departments. This entails pioneering new ways of working (e.g., implementing Agile), upgrading existing systems (e.g., modernizing the Bank’s core IT infrastructure), and elevating the Bank’s culture.

Riyad Bank’s strategic aspirations are driven by key operating model tactics across its business units.

<b>Segments</b> Groups of Riyadh Bank customers with similar characteristics and behaviors, such as affluence and confidentiality.	<b>Strategic Approach</b> Focusing on the customer ecosystem beyond banking to create custom propositions for particular segment levels.
<b>Products</b> “What” the Bank offers the customers, from accounts to credit cards to loans.	<b>Strategic Approach</b> Developing customized relationships via risk-based pricing and capturing transactions, FX, fees, etc. to create wealth for customers.
<b>Channels</b> “How” the Bank offers services and products to serve customers through multiple touchpoints, such as branches, IVR, digital portal, and app.	<b>Strategic Approach</b> Mobile/digital first for sales and service.

## Roadmap to Success





Riyad Bank embarked on a carefully planned journey designed to steer the Bank towards its 2025 aspirations, through significant milestones. This journey is supported by multiple strategic initiatives that span across the Bank’s core business functions and support divisions. Riyadh Bank has launched ambitious initiatives and projects aimed at enhancing business/product offerings across all segments, improving technological and digital infrastructures, elevating customer experience through tailored products and personalized services, and equipping enabling divisions with advanced tools and processes. Several of these initiatives and projects have already reached completion, while the remainder are being closely monitored to ensure they meet strategic timelines and objectives.





Strategic Pillars

Riyad Bank’s corporate strategy outlines 4 strategic pillars with clear targets to be achieved that will collectively make Riyadh Bank the Best Bank in the Kingdom:

	 ■ Most Profitable	 ■ Most Efficient	 ■ Bank of Choice	 ■ Most Innovative and Digitally Enabled
Description	Highest Shareholder value created sustainably.	Highest return on spend and operational excellence.	Best Bank for customers, employees, and society.	Most innovative and digitally enabled bank.
Success Measurement Criteria	<ul style="list-style-type: none"><li>Return on Equity (RoE).</li><li>Total Shareholder return.</li><li>Profit growth.</li></ul>	<ul style="list-style-type: none"><li>Cost-to-income ratio.</li></ul>	<ul style="list-style-type: none"><li>Net Promoter Score (NPS) of customer satisfaction.</li><li>Brand value.</li><li>People Index:<ul style="list-style-type: none"><li>- Employee engagement.</li><li>- Employee satisfaction.</li><li>- Talent measures.</li></ul></li></ul>	<ul style="list-style-type: none"><li>Digital Maturity Index.</li></ul>
2024 Achievements	<ul style="list-style-type: none"><li>RoE increased significantly mainly due to the improvement in net income. The main driver of the net income improvement was growth in net interest income, which was driven by the impact of repricing and volume of the loan portfolio growth. In contrast, there was an increase in operating expenses, due to the continuous investment in the Bank from both a talent acquisition and a technology perspective.</li></ul>	<ul style="list-style-type: none"><li>The higher positive growth in operating income compared to the lower growth in operating expenses has led to the overall improvement in the cost-to-income ratio.</li></ul>	<ul style="list-style-type: none"><li>The consumer NPS for customer satisfaction improved by 4% at year-end compared to the first half.</li><li>Riyad Bank’s brand value in the Brand Finance Report increased significantly to ₪ 9.48 Bn. (USD 2.53 Bn.) by year end.</li><li>The People Index, comprised of several KPIs has had a significant impact on employee’s engagement, satisfaction, and retention across their employment lifecycle. Each KPI had a defined target to be achieved by the end of 2024, which have successfully been achieved.</li></ul>	<ul style="list-style-type: none"><li>Several initiatives to enhance digital maturity on mobile banking for both corporate and retail customers, which has increased efficiency and security throughout the Bank’s business units.</li></ul>
2025 Goals	<ul style="list-style-type: none"><li>Improve RoE and profit growth to achieve 2025 aspirations.</li><li>Ensure a sustainable profit growth to achieve 2025 aspirations.</li><li>Maintain position in Top 3 among peers in total Shareholder returns.</li></ul>	<ul style="list-style-type: none"><li>Improve cost-to-income ratio to achieve 2025 aspirations.</li><li>Enhance time efficiency to achieve 2025 targets among multiple products.</li></ul>	<ul style="list-style-type: none"><li>Increase NPS for retail and corporate consumers across all segments and channels to achieve 2025 aspirations.</li><li>Enhance brand value towards exceeding 2025 aspirations.</li><li>Achieve People Index targets working towards 2025 aspirations to be the Bank of Choice.</li></ul>	<ul style="list-style-type: none"><li>Achieve higher digital maturity and increase digital sales by leveraging multiple digital platforms.</li></ul>
Principal Risks	<ul style="list-style-type: none"><li>High interest rates leading to higher cost of funds.</li><li>Further slowdown in credit growth.</li><li>More shifts towards interest bearing deposits.</li></ul>	<ul style="list-style-type: none"><li>Decreased customer engagement due to overly standardized processes that lack personalized interactions.</li></ul>	<ul style="list-style-type: none"><li>Competing with other banks for top talent might lead to difficulties in retaining skilled employees, affecting the Bank’s ability to maintain a committed and talented workforce.</li></ul>	<ul style="list-style-type: none"><li>Delay in implementation or launch of the digital platforms.</li><li>Regulatory approvals on new products and channels.</li></ul>



# Financial Results

In 2024, Riyadh Bank reached new heights, delivering exceptional financial and operational performance and setting the foundation for sustainable, long-term growth. By accelerating revenue growth, enhancing efficiencies, and driving innovation, we solidified our leadership in the market while advancing our strategic objectives aligned with Saudi Vision 2030.

Riyad Bank stands as the third-largest bank in Saudi Arabia by total assets, holding a market share of 11%. Our business segments each contributed significantly to our success. Corporate Banking continued to lead, supported by increased credit demand from MSMEs and large corporates involved in Vision 2030 projects. We are ranked second in Corporate Banking with a market share of 14% and proudly lead the MSME segment with the largest market share at 21% as of the end of the third quarter of 2024. Retail Banking demonstrated a solid growth in net income despite the challenges of a higher interest rate environment, which impacted customer demand. As of year-end, our Retail Banking franchise ranked third in the Kingdom, with a market share of 8%. Our ambition is to become the best bank in the Kingdom, leading in terms of return on equity, profit growth, and total return to shareholders, efficiency, customer satisfaction, and innovation.

This solid financial health provides Riyadh Bank with the flexibility to navigate market uncertainties and seize growth opportunities in alignment with Saudi Arabia’s Vision 2030. Our unwavering focus on execution and creating value for shareholders has enabled us to achieve a return on equity of 16.6%, representing an increase of 100 basis points compared to the previous year. Return on assets improved to 2.23%, up by 7 basis points, while earnings per share rose to ﷲ 3.01, reflecting an impressive growth of 16.5%.

Additionally, Riyadh Bank reported net profits of ﷲ 9,322 Mn. for the 12 months ending 31 December, 2024, reflecting an increase of 16% compared to ﷲ 8,046 Mn. during the same period in the previous year.

Despite ongoing economic changes and challenges, the Bank maintained its strong financial position by focusing on core banking activities, executing its strategy and continuing to innovate. Net loans and advances grew by 17% to reach ﷲ 320,089 Mn., up from ﷲ 274,398 Mn. in 2023, while customer deposits rose by 20% to ﷲ 306,423 Mn., compared to ﷲ 254,908 Mn. in the prior year. Total assets increased by 16% to ﷲ 450,379 Mn., compared to ﷲ 386,849 Mn. in 2023.

Total operating income for the year reached ﷲ 17,285 Mn., marking an increase of 9% from ﷲ 15,899 Mn. in 2023. Highlighting the strength of its asset base and the diversity of its financing and investment offerings, Riyadh Bank achieved a 4% rise in net special commission income, amounting to ﷲ 12,873 Mn. in 2024, up from ﷲ 12,414 Mn. the previous year. Earnings per share climbed to ﷲ 3.01, compared to ﷲ 2.58 in 2023.

### Material Differences in Operating Results compared to the Previous Year\*

Description ( ﷲ Mn.)	2024	2023	Change	Change %
Net income after zakat	9,322	8,046	1,276	16%
Total operating income	17,285	15,899	1,386	9%
Net special commission income	12,873	12,414	459	4%
Earnings per share ( ﷲ )	3.01	2.58	0.4	17%
Total assets	450,379	386,849	63,530	16%
Net investments	69,669	58,109	11,560	20%
Net loans and advances	320,089	274,398	45,691	17%
Customer deposits	306,423	254,908	51,516	20%

\*Certain comparative figures have been reclassified to conform to the current year classifications.

Riyad Bank reported net profits of

ﷲ 9,322 Mn.

Total operating income for the year reached

ﷲ 17,285 Mn.

Total assets increased to

ﷲ 450,379 Mn.

### A Summary of Riyadh Bank’s Financial Results during the Past 5 Years

A) The following is an analysis of the most important items on the consolidated statement of financial position: \*

Description ( ﷲ Mn.)	2024	2023	2022	2021	2020
<b>Assets</b>					
Cash and balances with banks, other financial institutions, and the Saudi Central Bank	45,174	41,609	53,980	43,232	55,579
Loans and advances, net	320,089	274,398	242,365	217,290	191,347
Investments, net	69,669	58,109	52,196	58,637	56,450
Property, equipment, and other real estate	7,271	6,138	3,774	3,020	2,752
Other assets	8,175	6,595	7,338	3,556	3,961
Total assets	450,379	386,849	359,653	325,736	310,088
<b>Liabilities</b>					
Balances with banks	43,949	42,464	38,760	43,134	41,789
Customer deposits	306,423	254,908	240,007	211,678	203,039
Other liabilities	32,064	29,219	24,712	23,624	20,905
Total equity	67,942	60,258	56,173	47,300	44,355

\*Certain comparative figures have been reclassified to conform to current year classifications.

B) The following is an analysis of the most important items on the consolidated income statement: \*

Description ( ﷲ Mn.)	2024	2023	2022	2021	2020
Total operating income and Riyadh Bank’s net share in the associates’ profits	17,315	15,911	13,519	11,535	11,224
Total operating expenses	6,918	6,940	5,691	4,817	5,740
Net income after zakat	9,322	8,046	7,019	6,025	4,715
Earnings per share ( ﷲ )	3.01	2.58	2.32	2.01	1.57

\*Certain comparative figures have been reclassified to conform to current year classifications.



Geographical Analysis of the Total Revenue of Riyadh Bank and its Subsidiaries

The total revenue for the year ended on 31 December, 2024 amounted to ﷲ 15,183 Mn. from operations inside the Kingdom, and ﷲ 2,101 Mn. from operations outside the Kingdom.

Geographical Analysis of the Total Revenue of Riyadh Bank and its Subsidiaries Within the Kingdom (ﷲ Mn.):

Year	Western Region	Central Region*	Eastern Region	Total Revenue from Within the Kingdom
2024	3,288	9,758	2,137	15,183

\* The amount specified for the Central Region includes revenue from central investments related to the investment and treasury sector, amounting to ﷲ 6,575 Mn. These are not linked to a specific geographical sector within the Kingdom. It also includes revenue related to other regions that cannot be separated.

Geographical Analysis of the Total Revenue of Riyadh Bank and its Subsidiaries from Outside the Kingdom (ﷲ Mn.):

Year	GCC Countries and the Middle East Region	Europe	North and Latin America	Southeast Asia	Other Regions	Total Revenue from Outside the Kingdom
2024	1,003	508	457	22	111	2,101

Dividends

Riyad Bank complies with the relevant applicable regulations, and aligns with the below policies when distributing profits to Shareholders:

- a) 25% of the net profits shall be deducted to form the statutory reserve. The deduction may be stopped when the total reserve reaches the amount of the paid-up capital.
- b) Based on the recommendations of the Board of Directors and the approval of the General Assembly, the determined profits shall be distributed to the Shareholders from the net profits, relative to the number of shares held.

The Board of Directors recommended that the dividends be distributed as follows:

	(ﷲ'000s)
Retained earnings from 2023	11,277,171
Net profit after zakat for the year 2024	9,321,894
<b>Total</b>	<b>20,599,065</b>
<i>To be allocated and distributed as follows:</i>	
Cash dividends distributed to Shareholders for the first half of 2024	(2,396,000)
Tier 1 sukuk cost	(317,712)
Final dividends for 2023	(2,246,250)
Disposal of FVOCI equity	51,270
Transferred to the statutory reserve	(2,330,474)
<b>Retained earnings for the year 2024</b>	<b>13,359,899</b>

Riyad Bank distributed profits to Shareholders on 22 August, 2024 for the first half at 80 Halalas per share. The balance of the profits proposed to be distributed to the Shareholders for the second half of the year, at 90 Halalas per share, will be distributed, if approved by the General Assembly, bringing the total distributions for the full year 2024 to ﷲ 5,092 Mn., at ﷲ 1.7 per share. This is equivalent to 17% of the nominal value of the shares, after deducting zakat.

Bank’s Credit Rating

Rating Agency	Long-term	Short-term	Future Outlook
Fitch	A-	F2	Stable
Standard & Poor’s	A-	A-2	Positive
Moody’s	A1	P-1	Stable

Finance and Debt Securities Issued

Riyad Bank successfully issued USD 750 Mn. Additional Tier 1 Sustainable Sukuk in September 2024 under its newly established USD 5 Bn. AT1 Program. The issuance, which aligns with the Bank’s Sustainable Finance Framework and the KSA Vision 2030, attracted exceptional market interest, with the orderbook peaking at USD 3.8 Bn., representing a 5.1 times oversubscription rate. The strong demand enabled the Bank to upsize the transaction to USD 750 Mn. while achieving a final pricing of 5.50%. This landmark transaction enhances the Bank’s capital structure while reinforcing its commitment to sustainable financing and growth objectives.

Riyad Bank also confirms the following:

- There are no debt instruments issued by the subsidiaries.
- There are no term loans due from subsidiaries with a local bank as at 31 December, 2024.
- The Bank did not issue or grant any convertible debt instruments, contractual securities, subscription rights notes, or similar rights during 2024.
- The Bank did not issue or grant any conversion or subscription rights under convertible debt instruments, contractual securities, subscription right memorandums, or any similar rights during 2024.
- The Bank, and its subsidiaries, have not made any refund, purchase, or cancellation of any redeemable debt instruments.

Disclosure of Treasury Shares held by Riyadh Bank and Details of their Uses

The Extraordinary General Assembly on 26 March, 2023, approved the employee stock incentive program, of which 5 Mn. shares were purchased as treasury shares and allocated to the employee stock incentive plan. The number of treasury shares held amounted to 4,972,566 shares as on 31 December, 2024.



Accounting Standards Followed

The Bank prepares the financial statements 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), the Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia, and the by-laws of the Bank. These are audited by the external Auditors of the Bank in accordance with the International Standards on Auditing (“ISAs”) that are endorsed in the Kingdom of Saudi Arabia.

Statutory Payments

There are no final statutory payments due by Riyadh Bank for the year 2024, except for what is mentioned in the descriptions below:

Description	ﷲ'000s	
	Paid	Due
Zakat – Tax and Customs Authority (ZATCA) (regarding the fiscal year 2024)*	-	1,074,937
Taxes borne by Riyadh Bank on behalf of some non-resident entities (according to the terms of the contract)	69,518	-
Taxes owed to Riyadh Bank foreign branches in favor of official authorities outside the Kingdom	64,146	-
GOSI	135,048	-
Visa and passport costs	6,035	-
Any other regular payments**	9,378	-

\* Zakat will be paid for the year 2024, no later than 30 April, 2025.  
\*\* Governmental fees.

Statutory Violations and Penalties

Riyad Bank applies, in the course of its daily business, all banking systems, regulations, and rules issued by the supervisory authorities. Riyadh Bank is also keen to limit the occurrence of any violations and to take the necessary corrective actions if they occur.

Penal Decisions of the Saudi Central Bank:

Violation Subject	Fiscal Year 2024		Fiscal Year 2023	
	Number of Penal Decisions	Total Amount of Fines (ﷲ)	Number of Penal Decisions	Total Amount of Fines (ﷲ)
Violation of the Central Bank's supervisory instructions	36	16,533,330	29	19,688,595
Violation of the Central Bank's instructions regarding due diligence in combating money laundering and terrorist financing	0	0	0	0
Violation of the Central Bank's instructions for customer protection	3	467,500	0	0
Violation of the Central Bank's instructions for due diligence	0	0	0	0
Violation of the Central Bank's instructions regarding the level of performance of ATMs, points of sale, and SADAD machines	0	0	0	0

The statutory violations and penalties imposed by the supervisory, regulatory, or other judicial authorities in 2024:

Authority	Classification of the Violation	Number of Fines	Total Amount of Fines (ﷲ)
Secretariats and other government agencies	Fines from Municipalities, and other fines	19	1,238,700

Transactions with Related Parties

The following statement shows the balances resulting from related party transactions as on 31 December, 2024, which took place during the normal business cycle of Riyadh Bank:

Description	ﷲ'000s
	Total
Loans and advances	1,656,104
Customer deposits	32,804,878
Derivatives (at fair value)	(2,835)
Commitments and contingencies	2,507,843
Special commission income	91,256
Special commission expenses	1,189,542
Fee and commission income, net	279,115
Miscellaneous operating expenses	197,675



Transactions with related parties include a set of business contracts that are carried out for the account of Riyadh Bank, in which the Major Shareholders, or members of the Board of Directors, or Senior Executives, or Subsidiaries have a direct or indirect interest, they are as follows:

Nature of the Contract	Related Party	Owner	Contract Expiry	Contract Duration (In Years)	Annual Value of the Contract /or Total Spend for the Year (ﷲ)
Renting the headquarters of the Sixtieth Street Branch 286 for exhibitions No. (1,2,3,5) - Riyadh	The General Organization for Social Insurance (GOSI) - Major Shareholders	The General Organization for Social Insurance (GOSI)	08.08.26	5	600,000
Renting an ATM site at Umm Al-Qura Makarim Hotel - Makkah Al-Mukarramah - Ajyad District	Eng. Abdullah Mohammed Al-Issa- the Chairman	Mohammed Ibrahim Al-Issa & Sons Co.	20.02.26	5	18,000
Renting ATM no. 2729 site at Marriott Hotel - Riyadh - Al-Maathar District	Eng. Abdullah Mohammed Al-Issa- the Chairman	Dur Hospitality Company - Riyadh Marriott Hotel	22.11.25	5	30,000
A service contract to review the operations of an auto leasing product	Public Investment Fund (PIF) - Major Shareholders	Elm Information Security Company	03.03.27	3	2,427,752
Contract to provide connectivity services of a second service provider (SJN)	Eng. Mutaz Kusai AlAzzawi - Vice Chairman of the Board of Directors	Etihad Etisalat Company - Mobily	24.07.26	2	48,600
A contract for linking the branches and buildings network for IPVPN data services	Public Investment Fund (PIF) - Major Shareholders	Saudi Telecom Company (stc)	30.05.25	5	18,699,232
An agreement to provide Yakeen (Direct) Service to add the number of Yakeen service output dependents	Public Investment Fund (PIF) - Major Shareholders	Elm Information Security Company	07.05.26	3	12,598,106
Public supplier contract for supply of the required stationery to the Bank's various departments and branches	Eng. Abdul Rahman Ismail Tarabzouni - Board Member	Jarir Marketing Company	22.01.26	7	1,950,000

Nature of the Contract	Related Party	Owner	Contract Expiry	Contract Duration (In Years)	Annual Value of the Contract /or Total Spend for the Year (ﷲ)
Data Supply Agreement between Masdr Data Solutions and Riyadh Bank	The General Organization for Social Insurance (GOSI) - Major Shareholders	Masdr Data Solutions	02.01.25	4	50,022
A connectivity service providing a link to the Saudi Central Bank & Dammam Data Center shared network	Eng. Mutaz Kusai AlAzzawi - Vice Chairman of the Board of Directors	Etihad Etisalat Company - Mobily	30.01.25	1	48,600
SMS package	Public Investment Fund (PIF) - Major Shareholders	Saudi Telecom Company (stc)	29.06.25	3	73,870,000
Dakhli	Public Investment Fund (PIF) - Major Shareholders	Elm Information Security Company	16.07.26	3	1,500,000
A contract for managing cash centers, including ATM replenishment, cash handling, and transferring funds to bank branches.	Public Investment Fund (PIF) - Major Shareholders	National Security Service Company (SAFE)	30.06.27	4	45,494,947
54 contracts to rent ATM sites throughout the Kingdom	Eid Faleh Al-Shamri - Audit Committee Member	Aldrees Petroleum and Transport Services Company	20.08.28	5	2,917,000
Renting ATM no. 3108 site - Passenger Terminal - Dammam	Public Investment Fund (PIF) - Major Shareholders	Saudi Arabia Railways - (SAR)	21.07.24	5	20,000
Renting ATM no. 3227 site - Passenger Parking Spaces - Dammam	Public Investment Fund (PIF) - Major Shareholders	Saudi Arabia Railways - (SAR)	18.12.24	1	35,000
Renting ATM no. 3426 site - Passenger Terminal - Hofuf	Public Investment Fund (PIF) - Major Shareholders	Saudi Arabia Railways - (SAR)	19.06.23	1	15,000
Renting ATM no. 2513 site - Passenger Terminal - Riyadh	Public Investment Fund (PIF) - Major Shareholders	Saudi Arabia Railways - (SAR)	01.03.24	1	15,000

Nature of the Contract	Related Party	Owner	Contract Expiry	Contract Duration (In Years)	Annual Value of the Contract /or Total Spend for the Year (ﷲ)
Renting ATM no. 2824 site - Dry Port - Riyadh	Public Investment Fund (PIF) - Major Shareholders	Saudi Arabia Railways - (SAR )	06.07.24	1	15,000
Renting ATM no. 2823 site - Al Kharj Station	Public Investment Fund (PIF) - Major Shareholders	Saudi Arabia Railways - (SAR )	06.07.24	1	15,000
National Credit Data Pooling (NDP) Services	Abdulaziz bin Abdullah Al-Askar - Chief Risk Officer	Saudi Credit Bureau (SIMAH)	31.12.27	3	455,000
An Agreement to Record & Report OTC Derivatives	Abdulaziz bin Abdullah Al-Askar - Chief Risk Officer	Saudi Credit Bureau (SIMAH)	31.12.26	3	432,170
SIMA Full Membership Agreement - Individual Benchmarking Reports and SIMAH Scoring (Credit Performance Index )	Abdulaziz bin Abdullah Al-Askar - Chief Risk Officer	Saudi Credit Bureau (SIMAH)	31.12.25	1	18,099,429
Unified Framework Agreement to Purchase Off-Plan Housing Units - SEDRA 2	Public Investment Fund (PIF) - Major Shareholders	Developer / ROSHN Real Estate Company	31.12.26	4	200,000
Unified Framework Agreement to Purchase Off-Plan Housing Units - ALAROUS	Public Investment Fund (PIF) - Major Shareholders	Developer / ROSHN Real Estate Company	30.09.26	4	200,000
Authentication (Electronic Authenticator service)	Public Investment Fund (PIF) - Major Shareholders	Elm Information Security Company	24.11.26	3	249,264
An agreement to provide Yakeen (Direct) Service	Public Investment Fund (PIF) - Major Shareholders	Elm Information Security Company	23.11.26	3	1,110,796
A service contract to verify electronic link of different systems online	Public Investment Fund (PIF) - Major Shareholders	Elm Information Security Company	27.01.27	3	2,800,527
KAFD Network Bandwidth Upgrade	Eng. Mutaz Kusai AlAzzawi - Vice Chairman of the Board of Directors	Etihad Etisalat Company - Mobily	15.09.25	1	2,500,000

Nature of the Contract	Related Party	Owner	Contract Expiry	Contract Duration (In Years)	Annual Value of the Contract /or Total Spend for the Year (ﷲ)
Renting Car Parking Spaces at Granada Business	The General Organization for Social Insurance (GOSI) - Major Shareholders	The General Organization for Social Insurance (GOSI)	14.08.25	1	359,014
Renting Administrative Building at Granada Business	The General Organization for Social Insurance (GOSI) - Major Shareholders	The General Organization for Social Insurance (GOSI)	14.08.25	1	48,320,742
Buy 73 QuickNet SIM cards	Public Investment Fund (PIF) - Major Shareholders	Saudi Telecom Company (stc)	15.08.25	1	275,940
An agreement for providing cleaning, hospitality, landscaping, pest control, and logistics services in the Central Province	Public Investment Fund (PIF) - Major Shareholders	National Security Service Company (SAFE)	09.01.27	3	21,026,772
KAFD Network Bandwidth Upgrade	Public Investment Fund (PIF) - Major Shareholders	Saudi Telecom Company (stc)	08.10.25	1	2,163,000
Session Initiation Protocol (SIP) trunking service to link the bank to the main data center in Riyadh and Dammam.	Public Investment Fund (PIF) - Major Shareholders	Saudi Telecom Company (stc)	08.10.25	1	994,122
Session Initiation Protocol (SIP) trunking service to link the bank to the main data center in Riyadh and Dammam.	Public Investment Fund (PIF) - Major Shareholders	Saudi Telecom Company (stc)	08.10.25	1	286,858
Credit Shield Insurance Product for Credit Card Holders	Riyad Bank is one of the Major Shareholders	Liva Insurance	31.08.25	1	252,686
Providing Professional Services	A subsidiary of Riyad Bank	Riyadh Esnad Company	05.02.27	3	140,478,662
Professional and Consulting Services Agreement	A subsidiary of Riyad Bank	Jeel Digital Innovation Company Ltd.	13.09.27	3	44,861,192



Disclosure of Small, Medium, and Micro Enterprises Data

1- Qualitative Disclosure:

The approved definition of small, medium, and micro enterprises:  
Micro, small, and medium enterprises (MSMEs) are classified according to the definitions of the Saudi Central Bank, which is based on criteria such as annual turnover and number of employees.

In 2024, Riyadh Bank reaffirmed its commitment to the growth of MSMEs as part of Saudi Vision 2030, recognizing them as a dynamic and vital component of the national economy. The MSME sector now represents 22.5% of the Bank’s corporate lending portfolio, supported by a significant annual growth rate of 23.2%, underscoring the Bank’s role as a leading financial partner for small businesses.

Initiatives taken by Riyadh Bank to support these facilities, in addition to the number of employees, training initiatives, and workshops provided to customers and employees for the year 2024:

2024	Borrowing	Non-Borrowing
Sector they belong to	Corporate Banking	Retail Banking
Their administration	MSMEs	MSMEs
Number of employees serving the segment	250	63
Number of employees who have been given training courses	271	
Number of training days provided to employees	310	
Number of clients who have been given training courses	23,193	
Number of workshops provided to clients	18	
Number of training days provided to clients	282	
Number of centers or branches where the segment provides its services to clients	47	All branches of Riyadh Bank in all regions of the Kingdom

Awards obtained by the Bank in the MSMEs sector during the year 2024:

- Best Bank for SMEs in Saudi Arabia, presented by Euromoney.
- Best Bank for SMEs in the Middle East, presented by EMEA Finance Magazine.
- The “Finance Guarantee Program for SMEs (Kafalah)” awarded Riyadh Bank:
  - Outstanding Performance Award - ranked first in 2024 based on the value of financing, guarantees, and the number of beneficiary enterprises the Bank supported.
  - Tourism Sector Award - ranked first in 2024 in terms of the value of financing and guarantees given, and for the number of beneficiaries supported in the Tourism Sector.
  - New SMEs Award - ranked first in 2024 for the number and value of borrowings by new SMEs for the first time.

Initiatives taken by Riyadh Bank to support these enterprises:

1. Product offering and programs development:

- Riyadh Bank has continued its USD 1 Bn. initiative, initially launched at LEAP Tech Conference in Saudi Arabia 2023, aimed at financing telecommunications and information technology enterprises. This initiative has successfully met its 2024 targets, demonstrating the Bank’s commitment to driving innovation and growth in the sector.
- Riyadh Bank conducted a comprehensive review of its existing product portfolio and undertook an in-depth analysis of its performance metrics. This assessment identified several opportunities for enhancement to further optimize the Bank’s offerings and strengthen its value proposition to clients.
- In Riyadh Bank’s commitment to delivering efficient and responsive services, the Bank has implemented significant technical enhancements within its credit application processing system. These upgrades are designed to streamline workflows, automate key processes, and reduce turnaround time (TAT) for credit applications. With that the Bank has improved processing speeds, enabling faster responses to client needs.
- Riyadh Bank has launched an initiative to enhance its corporate call center, specifically for SME clients. This initiative includes upgrading the call management system to handle calls effectively. With that the Bank is ensuring that SMEs receive prompt and knowledgeable support. Riyadh Bank has significantly increased the number of calls handled.

2. New agreements:

As part of Riyadh Bank’s commitment to advancing the MSME sector, the Bank has entered into new strategic partnership agreements and signed multiple Memorandum of Understandings (MOUs) with key entities such as:

- SME Authority (Monsha’at)
- Mudad
- Shwra
- Tabuk Chamber of Commerce
- Madinah Chamber of Commerce
- Namaa Al Munawara

These collaborations are designed to enhance support for MSMEs by leveraging shared resources. Network capabilities aim to provide MSMEs with tailored solutions and expanded opportunities, further empowering them to contribute to economic growth and innovation.

3. Opening of new centers:

In line with Riyadh Bank’s strategic focus on empowering the SME sector, the Bank has continued the establishment of new branches specifically dedicated to serving small and medium enterprises.

This year, Riyadh Bank opened new branches at:

Riyadh	Hail	Hafar Al-Batin
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These branches are designed to provide a tailored banking experience, offering specialized financial products, advisory services, and dedicated support to meet the unique needs of SMEs. By expanding the branch network with a targeted approach, Riyadh Bank is enhancing accessibility for SMEs and reinforcing the Bank’s commitment to fostering growth and sustainability within this vital sector of the economy.

4. Sponsorships and participation in exhibitions:

As part of Riyadh Bank’s ongoing commitment to community engagement and sectoral development, the Bank actively participated in Biban24 Global and in a variety of sponsorships and exhibitions through the year including:

- Gathering 25
- Creative Summit “Riyadh”
- Kafalah Annual Gathering Ceremony
- Biban24 Global
- Cityscape Global 2024

In addition to the Bank’s sponsorships and participation in major exhibitions, it was also actively involved in a series of workshops and discussion panels focused on enhancing knowledge:

- The E-commerce Week in “Riyadh, Jeddah, Al Khobar, Al Madinah, and Al Munawarah” with Monsha’at.
- The Retail Business Week in “Riyadh, Jeddah, Al Khobar, Al Madinah, and Al Munawarah” with Monsha’at.
- Sponsored the Entrepreneurship World Cup (EWC) to empower entrepreneurs and foster Saudi Arabia Startup ecosystem
- Finance Week in “Riyadh, Jeddah, Al Khobar, Al Madinah, and Al Munawarah” with Monsha’at.
- The Tourism Week in “Riyadh” with Monsha’at.
- Participated in discussion panel arranged by SIMAH & Biz2x to discuss the topic of Transformative Synergies in Finance: Revolutionizing SME growth through digital banking and evolving capital markets.
- Financial Management Camp in “Riyadh” with Monsha’at.
- Financial Management Awareness Session with Etimad.
- Participation in the financing track - Jazan Chamber.
- Participation as a Main Sponsor at the Fintech Endeavor.
- Participation as a Sponsor at the Winter of opportunities by “Kafalah”.
- Sponsored Restatex Exhibition2024.
- Launching the SME Index in collaboration with S&P Global.

These initiatives underscore Riyadh Bank’s dedication to supporting events that drive economic growth, foster innovation, and strengthen relationships within the industry. Through its involvement, the Bank aims to promote its brand, connect with diverse Stakeholders, and contribute meaningfully to forums that empower small and medium-sized enterprises, financial literacy, and show case advancements in technology and banking solutions.

2- Quantitative Disclosure

2024	ﷲ'000s			
	Micro	Small	Medium	Total
Financing for small and medium enterprises - on-balance sheet items	8,853,198	14,481,391	28,007,505	51,342,094
Financing for small and medium enterprises - off-balance sheet items (nominal value)	1,168,899	5,269,096	12,551,108	18,989,103
On-balance sheet financing for small and medium-sized enterprises as a percentage of total on-balance sheet financing	2.7%	4.5%	8.6%	15.8%
Off-balance sheet financing for small and medium-sized enterprises as a percentage of total off-balance sheet financing	0.7%	2.9%	7.0%	10.6%
Total secured financing from the “Kafalah” program (on and off- balance sheet)	1,162,745	4,233,542	5,710,859	11,107,146

2023	ﷲ'000s			
	Micro	Small	Medium	Total
Financing for small and medium enterprises - on-balance sheet items	4,980,980	13,518,456	23,164,342	41,663,778
Financing for small and medium enterprises - off-balance sheet items (nominal value)	886,100	3,933,418	10,612,649	15,432,167
On-balance sheet financing for small and medium-sized enterprises as a percentage of total on-balance sheet financing	1.8%	4.8%	8.3%	14.9%
Off-balance sheet financing for small and medium-sized enterprises as a percentage of total off-balance sheet financing	0.7%	3.0%	8.2%	11.9%
Total secured financing from the “Kafalah” program (on and off- balance sheet)	222,553	3,985,665	4,420,819	8,629,037



# Market Overview

Global economic growth is projected to remain steady at 3.2% in 2024 before edging up to 3.3% in 2025, according to the latest forecasts by the International Monetary Fund (IMF). This stability reflects a balance of slowing momentum in advanced economies and resilience in emerging markets. The effects of past monetary tightening, restrictive credit conditions, and softer labor markets continue to weigh on growth, particularly in advanced economies, where activity has moderated significantly.

Emerging markets, however, show relative strength, supported by improved domestic demand and policy adjustments. In some regions, such as the Middle East and Central Asia, growth is expected to accelerate as temporary disruptions ease. Despite these dynamics, global growth remains weak by historical standards, constrained by structural challenges and lingering sectoral weaknesses. A cautious outlook persists, as economies adapt to post-pandemic shifts and ongoing monetary policies.

Global headline inflation is projected to fall from 5.7% in 2024 to 4.2% in 2025, supported by easing energy and food prices and normalizing supply chains. However, core inflation remains higher than central bank targets. With previous interest rate hikes, the financial market

became more constrained. This has curbed spending and investment as borrowing costs increased. Meanwhile, global manufacturing lags, as shrinking orders and weak trade weigh on production, leaving the economy bracing for an uncertain and uneven recovery.

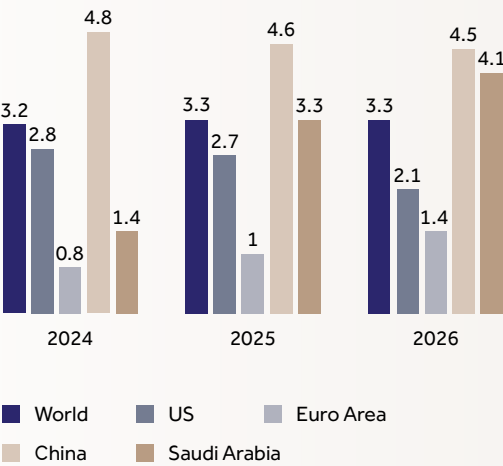
While inflation has moderated in some regions, elevated price levels continue to strain economies, prompting central banks to shift from tightening to easing monetary policies. In 2024, monetary easing by central banks in both advanced and emerging economies persisted, as they aimed to support growth and navigate an uncertain outlook for 2025. This adjustment reflects efforts to stabilize economic conditions amid concerns over financial stability and weakening consumer confidence.

The **global energy sector** has played a pivotal role in shaping economic outcomes in 2024. Fluctuating oil and gas prices, partly driven by geopolitical tensions and supply chain adjustments, have created uncertainty for both producers and consumers. Emerging markets reliant on energy exports have faced volatility in revenue streams, while energy-importing countries have struggled with elevated costs. Meanwhile, advancements in renewable energy adoption and investment have provided some regions with a buffer against global shocks, signaling a gradual shift toward more sustainable energy solutions.

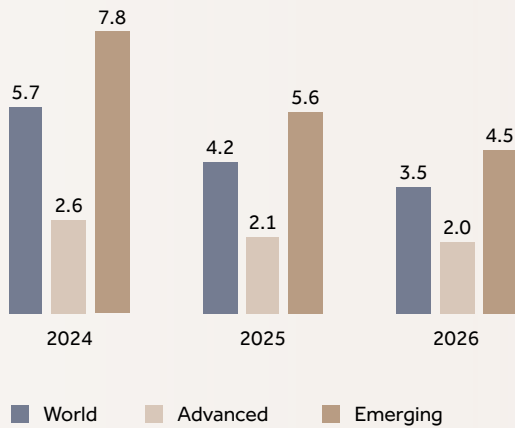
## Continued Growth for Saudi Arabia

Saudi Arabia's non-oil economy remains a cornerstone of its growth trajectory, as the Government continues its efforts to diversify the economy and strengthen the private sector, which is crucial for job creation. In Q4 of 2024, according to the latest recent flash estimate, the real GDP expanded by 4.5% compared to the same period in the previous year, with non-oil activities achieving a notable growth rate of 4.7%. The recent flash estimates for the overall real GDP grew by 1.3% for 2024, with non-oil activities serving as a major contributor. These projections underscore the success of ongoing reforms under Vision 2030 to stimulate private investment and economic diversification.

Real GDP Growth Projections



Inflation Expectations



“  
The total assets of the banking sector stood at approximately **ﷲ 4.49 Tn.** in 2024.

Inflation, as measured by the consumer price index, is forecast to remain moderate, averaging around 1.9% in December 2024. The primary drivers of this inflation include rising rates in the services sector and housing rents. These factors reflect increased economic activity and demand within the non-oil sectors, signaling resilience despite global economic uncertainties. The Riyadh Bank Purchasing Managers' Index, a barometer of non-oil private sector performance, continues to indicate robust growth, supported by a sharp increase in new business. The resulting uptick in job creation has marked the strongest improvement in employment levels in nearly a decade. Wage growth has accelerated alongside input costs, partly due to higher purchase price inflation.

On the fiscal side, Saudi Arabia recorded a deficit of ﷲ 115 Bn. in 2024, with government spending rising by 4% year-on-year. Tax revenue is estimated to increase by 2.7% to ﷲ 366 Bn. compared to ﷲ 361 Bn. in the previous year, while the remaining revenues which include oil revenues increased slightly by 0.9% to reach ﷲ 863 Bn. In 2025, the Ministry of Finance plans to allocate over ﷲ 1.285 Tn. in expenditures, projecting a deficit of ﷲ 101 Bn. by year-end, as the Kingdom maintains its focus on achieving sustainable economic growth and diversification.

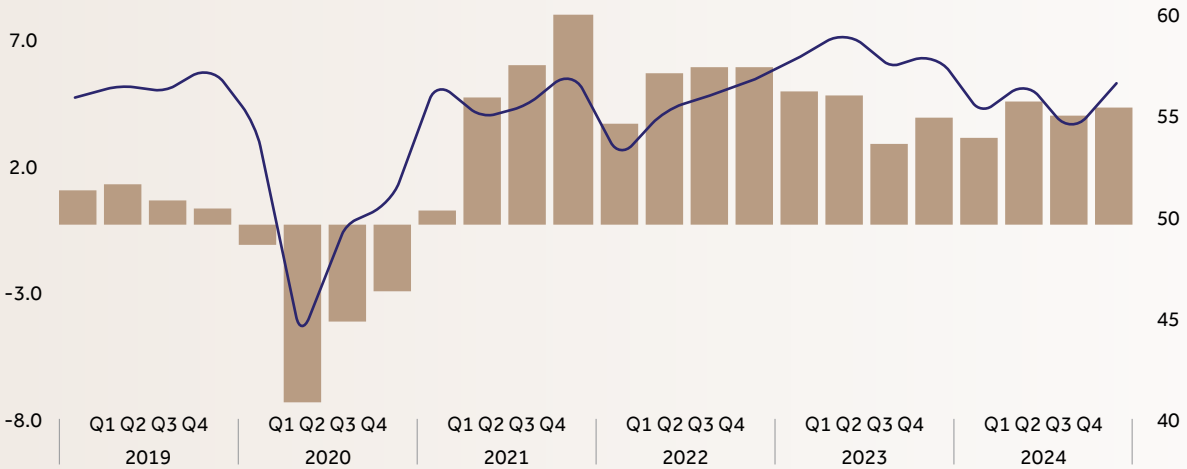
**Saudi Banking Sector Driving Stability and Growth**

Saudi Arabia's banking sector has proven its resilience in 2024, playing a pivotal role in maintaining economic stability and supporting growth across multiple sectors. According to the Saudi Central Bank's (SAMA) latest data, the total assets of the banking sector stood at approximately ﷲ 4.49 Tn. in Q4 2024. This reflects a stable and robust performance despite global economic uncertainties, showcasing the sector's ability to provide consistent credit availability to businesses and households. The continued expansion of lending activity highlights the sector's capacity to navigate global economic uncertainties and sustain domestic growth momentum.

Despite recent declines in interest rates, Saudi Arabia's money supply (M3) has remained stable, supported by strong credit demand and consistent government spending. Lower rates typically encourage borrowing and boost the money supply, and this trend has been evident throughout 2024. The banking sector's ability to maintain liquidity and meet the needs of the economy highlights its adaptability and vital role in ensuring financial stability.

These trends underscore the robustness of Saudi Arabia's banking sector, which continues to anchor the country's financial system and support its economic development. By maintaining strong credit flows and adapting to changes in deposit structures, the sector plays a vital role in fostering sustainable growth and mitigating external economic pressures.

Non-Oil GDP - PMI





# Digital Banking and Innovation

In 2024, Riyad Bank made significant strides in its innovation journey by achieving key milestones in artificial intelligence (AI), digitalization, and operational efficiency. Through strategic initiatives, the Bank achieved its annual targets by the end of the third quarter and significantly increased its ranking on the Digital Maturity Index.

This year, Riyad Bank underwent major transformations to optimize operations, enhance customer experience, and mitigate risks. In February, the Bank began significant experimentation with generative AI and large language models (LLMs), laying the groundwork for full-scale adoption in 2025. The Bank is currently preparing new on-site infrastructure to support these advanced technologies as part of its strategy for the years ahead.

In 2024, AI and machine learning technology were leveraged to develop and execute innovative use cases, including hidden affluent customer identification, fraud prevention targeting mule and victim accounts, smart lending services, cash optimization analytics, and enhanced support for cross-selling activities. These initiatives generated significant insight and foresight and improved the customer experience, reduced risk, increased sales and enhanced operational efficiency.

## An Award-Winning Year

In 2024, Riyad Bank was honored with several notable recognitions for innovation in technology and digitization, including:

**“Digital Transformation and Innovation Award”**  
from the Saudi Arabian Monetary Authority (SAMA), recognizing Riyad Bank’s strides in Fintech integration and innovation.

**“Best Use Case for Customer Analytics”, “Best Use Case for AI Solutions” and “Best Use Case for Customer Intelligence”**  
by the Middle East Banking AI and Analytics Summit.

■ Additionally, the Bank obtained certifications under the SAMA Open Banking framework and earned recognition from the Financial Academy Fintech Bootcamp.

## Pioneering Data-Driven Innovation

In July, the Bank launched the Center of Intelligence (COI), the region’s first within the banking sector, marking a significant advancement in Riyad Bank’s commitment to innovation, AI, and operational excellence. The COI is a specialized hub dedicated to harnessing the power of advanced analytics, AI, and machine learning to transform banking processes and enhance customer experience.

The COI is designed to support intelligent decision-making, foster deeper customer insights, streamline risk management, and drive process automation across the Bank’s operations. Through its data-driven initiatives, the COI is enabling smarter decision-making and improving efficiency across various banking functions. This pioneering approach underscores Riyad Bank’s role as a leader in leveraging cutting-edge technology to set new standards in the financial industry.

## Empowering Fintech Innovation

Riyad Bank proudly introduced 1957 Ventures as the first of its kind bank led corporate Venture Builder in the market, a groundbreaking initiative designed to invest in build, launch, and manage a portfolio of innovative Fintech ventures. 1957 Ventures is focused on fostering innovation and supporting the growth of pioneering financial technologies that have the potential to reshape the financial landscape.

By aligning with the Bank’s strategic vision, 1957 Ventures leverages digital disruptive technologies and business models and emerging Fintech trends to drive impactful changes within the financial sector. This initiative underscores Riyad Bank’s commitment to advancing the industry and empowering the next generation of Fintech entrepreneurs.

## Driving Progress in Open Banking into Open Finance

Riyad Bank has made significant strides in open banking this year, enabling secure data-sharing with approved third-party providers. This initiative supports the creation of personalized financial products, enhancing customer experience and encouraging innovation by leveraging the Bank’s robust data management capabilities.

As part of Riyad Bank’s commitment to this transformation, the Bank obtained all certifications under the open banking AIS (Account Information System) framework. Furthermore, the bank has embarked on its Open Finance Strategy where it will build upon Open Banking and emerging technologies to become the market leader in Banking as a Service and Embedded Finance to become a new business line for the bank. The Bank has leveraged its earlier established digital innovation center and subsidiary Jeel to successfully develop and deploy a proprietary consent management solution, ensuring customer data is handled securely and in compliance with industry standards. Additionally, the Bank is finalizing work on key open banking and open finance use cases, including account aggregation and personal finance management.

## Advancements from the Digital Innovation Company

Established in 2023, the Digital Innovation Company, known as Jeel, introduced several innovative, customer-centric solutions across the Bank. Among these, the AI-powered Personal Finance Management tool stands out, offering personalized financial advice to enhance financial health management for individual customers. Additionally, Riyad Bank launched Youth Banking Solutions, a digital-first initiative tailored for younger customers, featuring gamification and goal-based savings tools to foster financial literacy and engagement. The Bank also expanded its digital platform offerings for health and wellness banking solutions, leveraging AI-driven health and fitness insights to create a unique value proposition for health-conscious customers.

To strengthen data-driven decision-making, Riyad Bank collaborated with Jeel to upgrade the Bank’s AI and data monetization capabilities. This enhancement enables deeper insights into customer trends and improves the automation of services. The Bank’s efforts in upgrading data monetization have allowed for the provision of more targeted services, resulting in personalized experiences, and predictive engagement models.

Furthermore, Jeel focused on optimizing customer experience across digital platforms, employing insights from the Innovation Assurance Framework. This strategic approach led to higher engagement metrics, including increased use of mobile and online banking services, underscoring Riyad Bank’s commitment to digital excellence.



New Products and Partnerships

Riyad Bank introduced several innovative solutions aimed at enhancing customer service and operational efficiency. These advancements include the operationalization of a hidden affluent detection AI model, which helps to identify and serve high-potential customers more effectively. Additionally, a fraud prevention module designed to target mule accounts and protect potential fraud victims was introduced.

Riyad Bank also launched smart lending solutions for small and medium-sized enterprises, leveraging AI to make informed lending decisions based on data-driven insights. In the area of cash management, advanced analytics technology was introduced to streamline cash management processes and improve collection efficiency.

Riyad Bank’s WSL platform, a comprehensive B2B2X (Business-to-Business-to-Others) solution, now enables seamless access to the Bank’s services for organizations seeking to develop new products and enhance customer experiences. Key features of this platform include an application programming interface (API) simulator, sandbox, API testing module, orchestration layer, and an API marketplace, all of which cater to the needs of developers and partners.

Furthermore, Riyad Bank forged new partnerships to expand its embedded finance offerings. In collaboration with an innovative auto lease partner, APIs were developed for embedded auto leasing finance. The Bank also collaborated with a digital brokerage platform licensed by the Saudi Central Bank to connect banks and financing companies, offering individuals and businesses a seamless way to compare and choose the best financing options to provide embedded personal finance APIs. In addition, the Bank worked with Jeel on an internal program to foster innovation, where employees developed minimum viable products based on ideas generated through the MOLHEM platform.

Looking Forward to 2025

In 2025, Riyad Bank aims to improve customer experience, strengthen fraud detection, and reduce costs across its operation. The center of intelligence (COI) will focus on offering more personalized services, using data to predict customer needs, and improving overall efficiency. This will be achieved through smarter product recommendations, AI-Powered customer interaction, better cash flow management, and flexible lending solutions.

Customer service will become more personalized with the help of smart AI tools and more automated internal processes. To ensure strong data privacy and security, the COI will also start activating generative AI and large language models (LLMs) within the bank’s secure systems.

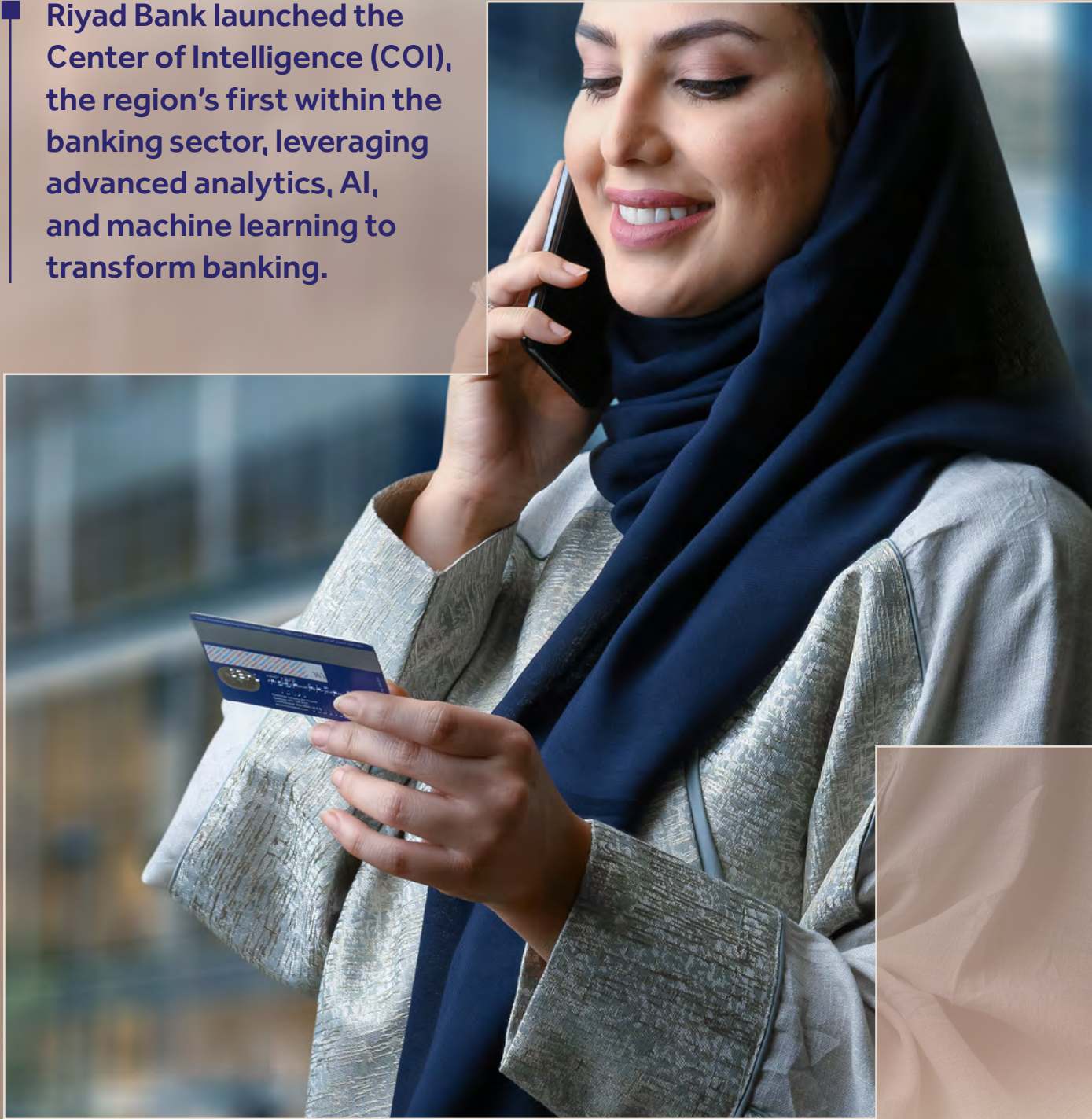
Riyad Bank aims to expand its open finance initiatives by collaborating with third-party Fintech and digital providers, establishing the Bank as a regional leader in this space. Key initiatives include pursuing Payment Initiation Services (PIS) certification with SAMA, launching digital payment APIs, deploying digital business process management, and offering Cash as a Service through Cortera with reserved virtual IBANs. These efforts will contribute to a more integrated financial ecosystem.

Riyad Bank will also launch embedded finance solutions for corporate and SME clients. This means financial services like personal loans or auto leasing will be easily available in sectors such as retail and fast-moving consumer goods.

To support its sustainability goals, Riyad Bank has partnered with Jeel to promote the use of digital and environmentally friendly products, while staying aligned with the environmental, social, and governance (ESG) standards.

Lastly, the Bank is advancing its Wealth as Service to give customers more options for managing and growing their wealth.

Riyad Bank launched the Center of Intelligence (COI), the region’s first within the banking sector, leveraging advanced analytics, AI, and machine learning to transform banking.





# Customer Experience and Communication

Riyad Bank’s customers are at the heart of everything they do. In 2024, the Bank strengthened its commitment to delivering personalized and innovative solutions that foster trust and loyalty, ensuring every interaction reflects its dedication to meeting their evolving needs.

With customer experience as a core driver of its corporate strategy, the Bank has sustained its competitive edge and continued to explore new ways to enhance customer service and retention. Riyadh Bank enhanced satisfaction and achieved an impressive 4% increase in its overall Net Promoter Score (NPS) in year-end 2024 compared to the first half of the year. By creating more positive experiences for customers, the Customer Experience Department also reduced support needs and complaints as well as fostered organic growth across its business lines.

## Building Brand Loyalty

In 2024, Riyadh Bank achieved a significant milestone with a remarkable increase in brand value, rising from USD 2.06 Bn. to USD 2.53 Bn. This growth reflects the success of its rebranding efforts, including the launch of the newly designed retail and corporate credit and debit cards, which further solidified Riyadh Bank’s identity in the market. The official Riyadh Bank Sonic Identity was also introduced, adding a new auditory dimension to the brand experience. This initiative was particularly meaningful as it enhanced accessibility for individuals with visual disabilities and was implemented seamlessly across both internal and external channels.

The Bank reduced errors on mortgage loan requests by over 50%

Another key achievement was the successful launch of the brand perception campaign, “You Are the Story”, which emphasized the personal connection behind the Bank’s tagline, “Always with You”, and positioned Riyadh Bank as a brand that truly understands and represents its people. Additionally, significant progress was made in preparing for the move to the Bank’s new headquarters at King Abdullah Financial District, an ambitious step that symbolizes a new chapter for the Bank and its people. These milestones reflect Riyadh Bank’s continued commitment to innovation, inclusivity, and growth.

## Accelerating Digitalization

At Riyadh Bank, the focus on seamless digital experiences enhanced convenience, personalized services, and fostered more user-friendly interfaces for the customers. By leveraging data analytics, tailored product recommendations, alerts, and insights were offered, allowing customers to receive advice aligned with their unique financial goals. This level of personalization has proven instrumental in boosting customer satisfaction and loyalty.

In 2024, the Bank advanced its strategic commitment to digital transformation by prioritizing user-centric solutions and aligning business objectives with customer experience. The approach focused on enhancing digital platforms to deliver intuitive and seamless interactions, reflecting the Bank’s dedication to innovation and improving customer satisfaction.

As Riyadh Bank continues to prioritize digital strategies, they are transforming into a more agile, customer-centric organization, equipped to meet the evolving demands of modern banking. This transformation allows the Bank to connect more deeply with its customers, offering a dynamic and responsive banking experience that upholds its commitment to reliability and innovation.

## Prioritizing Customer Feedback

This year, Riyadh Bank delivered tangible progress in enhancing its product offerings, particularly in digital banking, by prioritizing customer feedback. The commitment to understanding and addressing customer needs is central to the Bank’s digital transformation strategy. Notably, a comprehensive 360-degree view of customer interactions was developed by gathering insights from surveys, complaints, branch visits, and the mystery shopper program.

Riyad Bank achieved a  
**4% increase**  
in Net Promoter Score

As part of the Bank’s ongoing efforts, the Voice of the Customer (VOC) program was expanded by introducing targeted initiatives, such as affluent banking experience assessments and employee experience evaluations. Additionally, an Automated Closed-Loop Feedback (CLF) process was implemented, to ensure continuous follow-up with customers at key touchpoints, including branches, digital banking, and contact centers for retail and corporate clients. This process has been instrumental in identifying areas for improvement and enhancing the overall customer experience.

The Bank’s commitment to listen to its customers also led them to establish a program that allows them to meet customers in branches and at the Bank’s CX Lab, gaining valuable insights directly from their experiences. These efforts were recognized when Riyadh Bank won the Best Use Case of Customer Analytics award at the Middle East Banking AI and Analytics Summit, highlighting its dedication to using data-driven insights to elevate the customer experience.

### Streamlining Processes

In 2024, Riyadh Bank focused on streamlining operations and enhancing the customer journey within its branches. By improving request quality and reducing error rates, Customer Experience worked to create a seamless experience that delivers on the promise of “doing things right the first time”. This commitment extended across the Bank, as the Department strengthened relationships with other divisions to provide a comprehensive customer experience enhancement service. The Bank focused on driving improvements across key initiatives, including digital projects and process enhancements, while reaffirming its commitment to quality through the renewal of important certifications.

To empower product and channel owners, the Department granted them direct access to the VOC and NPS role-based dashboards. This tool allows them to monitor performance, identify bottlenecks, and take action to improve the customer experience. It also initiated regular sessions with business Stakeholders to review VOC findings and implement actionable improvements.

Using a suite of international customer experience metrics – including NPS, turnaround time, error rate, engagement rate, acquisition, and retention rates – the Bank’s performance is benchmarked against GCC, Middle Eastern, and global financial standards. Notably, the Bank reduced errors on mortgage loan requests by over 50% and introduced a new feedback channel to gather and analyze customer insights more effectively, both ahead of schedule and within budget. These measures reinforce the Bank’s dedication to maintaining high standards in customer satisfaction and operational efficiency.

### Focus for 2025

Riyad Bank is deeply committed to advancing the customer’s experience and strengthening its brand value as it looks toward 2025. Building on recent achievements, the aim is to continue elevating brand

value, exceeding the current standing, and setting new benchmarks within the industry. The Bank’s focus is on enriching the lives of its people and customers by delivering meaningful experiences that go beyond traditional banking services – what the Bank proudly calls “Riyad Bank Experiences”. Additionally, the Bank is determined to position itself as the industry benchmark for communication and creativity, redefining how banks engage with their customers and communities.

For the year ahead, Riyadh Bank has set a range of ambitious customer experience objectives aimed at enhancing customer satisfaction and streamlining service delivery. A major focus will be on improving the Customer Listening Framework to empower the Customer Experience Department with tools to better understand and address customers’ key pain points. Additionally, machine learning-powered insights and analytics will be integrated into the VOC program to scale experience management, enabling a human touch in critical, high-value interactions aligned with specific business goals.

The Department plans to increase engagement and idea sharing across Riyadh Bank to foster enhancements to employee and customer experience in 2025. This strategy includes actively supporting the MOLHEM program and participating in platforms and bootcamps that promote innovation.

The Department will also implement proactive customer support measures such as machine learning-driven chatbots for quick and accurate responses, real-time notifications, and personalized recommendations. A focus on reducing error rates across retail products and services will aim to decrease branch visits, aligning with a “right things right, first time” approach that promotes efficiency and reliability in service delivery.

To further elevate the customer experience, Riyadh Bank is introducing a new digital experience to reinforce its customer experience core values. Enhancing customer journeys across products, services, and channels will ensure a seamless, cohesive experience, keeping the Bank responsive to evolving customer needs in a dynamic financial landscape.

■ **Riyad Bank launched the newly designed retail and corporate credit and debit cards, which further solidified its identity in the market.**





# Operating Review

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Riyad Bank's continued success is driven by customer growth, supporting Vision 2030 initiatives, and a commitment to innovative solutions and strategic investments.





# Retail Banking

Retail Banking achieved remarkable growth and sustained profitability in 2024, acting as a significant driver of Riyadh Bank’s financial performance. By leveraging strategic initiatives and enhancing customer experience, the Division delivered robust results across deposits, loans, and digital transformation, reinforcing the Bank’s position as a leader in the Saudi banking sector.

Despite market challenges, the Division sustained profitability while maintaining its positive contribution to Riyadh Bank’s total deposits. Operating income grew by 18% this year, supported by a 15% improvement in net special commission income and a 148% increase in fees and other income. Retail Banking achieved a 10% reduction in operating expenses as a result of cost optimization initiatives that supported the Bank’s strategic goals to increase efficiencies.

The Retail segment recorded single-digit growth in total deposits, increasing by 6% year-on-year. This growth was driven by multiple segments, including Private Banking, which achieved a remarkable increase in non-interest bearing (NIB) deposits. Loans expanded by 1%, with credit card receivables growing by 19%, fueled by targeted campaigns and portfolio optimization measures. Auto lease volumes also saw significant growth, increasing by 50% due to strategic initiatives that enhanced Riyadh Bank’s value proposition in the market.

Riyadh Bank’s Retail Banking services earned accolades this year for innovation and customer experience. EMEA Finance Magazine recognized the Bank for the Best Private Banking in Saudi Arabia. The Qorus Reinvention Awards – MEA 2024 also selected Riyadh Bank for the Bronze Award for the Best Credit Card, in recognition of its Al-Hilal credit card.

## Upgrading the Digital Experience

In June 2024, the revamped Riyadh Mobile application was launched, marking a significant milestone in the Bank’s digital transformation journey. This initiative is part of the broader strategy to enhance customer experiences and streamline access to products and services through digital channels. The migration of customers to the new app is currently underway, with comprehensive marketing campaigns ensuring a smooth transition and promoting adoption among the client base.

Operating Income  
Grew by

18%

In June 2024, the revamped Riyadh Mobile application was launched, marking a significant milestone in the Bank’s digital transformation journey.

The revamped Riyadh Mobile application introduces a fully digital journey for applying to a range of financial products, including credit cards, personal loans, refinancing options, Qasset programs, and semi-digital auto lease solutions. These enhancements reaffirm the Bank’s commitment to innovation, convenience, and providing a seamless digital banking experience.

## Optimizing Network Efficiency

This year, Riyadh Bank emphasized collaboration between Retail Banking and Corporate Banking, aiming to maximize client engagement and deliver superior service. Through its cross-selling initiatives, branches have evolved into integrated service hubs, providing customers with seamless access to a wide array of products and services across various channels. This strategic reconfiguration has not only streamlined operations but also reinforced the Bank’s commitment to delivering a holistic and satisfying client experience.

Riyadh Bank also undertook a comprehensive review of its branch and ATM network to optimize cost efficiency, align with strategic priorities, and maximize client engagement. By evaluating profitability, productivity, service metrics, and growth potential, Retail Banking implemented significant changes to streamline operations and enhance client satisfaction.

As of December 2024, Retail Banking had a total of 333 licensed branches compared to 335 the previous year. This change was driven by Riyadh Bank’s network optimization and supported by its digital initiatives, with the introduction of numerous products through the new mobile application.

Several underperforming branches were closed, and 15 locations were remodeled to reflect the modern brand image. This reconfiguration strengthened the role of branches as integrated service hubs, where clients can access comprehensive offerings from various channels. These strategic efforts have not only improved operational efficiency but also enhanced overall client satisfaction. In addition, 442 ATM locations were closed in 2024, in line with Retail Banking’s initiatives to optimize costs and improve efficiencies.

## New Products and Enhancements

In 2024, Riyadh Bank successfully launched a range of innovative retail products and enhancements designed to meet the evolving needs of their customers and to expand their market presence. One of the key highlights was the introduction of a multi-currency product, which was commercially launched and received an overwhelmingly positive response, addressing customer demands for flexible currency solutions.

15%  
improvement in Net Special Commission

In the mortgage segment, new products and features were introduced, including the Real Estate Development Fund (REDF) initiative. This initiative provided a grace period for off-plan and self-construction projects, offering equalized installments that incorporated the REDF subsidy with a minimum payment of SAR 400 and a maximum tenure of 36 months. Additionally, down payment support subsidies for off-plan and self-construction projects were introduced, and mortgage offerings were expanded to include expatriates with premium residency, thereby broadening the Bank’s customer base. The commercial financing solutions were also enhanced, increasing the maximum finance amount and tailoring offerings for self-construction projects.

As part of the Bank’s commitment to enhancing customer engagement, the Hassad loyalty program was revamped, including a rebranding of card designs. This created significant excitement in the market and introduced fresh value propositions that have elevated the program’s appeal. These efforts reflect the Bank’s dedication to providing innovative and customer-centric financial solutions while strengthening its market position.



Expanding Private and Affluent Banking

In 2024, Riyadh Bank’s Private and Affluent Banking Divisions demonstrated robust growth and achieved several key milestones. These achievements underscore the Bank’s commitment to delivering premium financial solutions and personalized services to their high-net-worth and affluent clients.

Private Banking achieved remarkable success in attracting deposits to support the Bank’s funding needs, including NIB deposits, which registered 7.8% growth compared to December 2023. Additionally, Private Banking raised its already high NPS and customer satisfaction ratings, demonstrating its continuous efforts in improving customer satisfaction. To align with its strategic vision, Private Banking launched the slogan “Beyond Banking,” and introduced a new segment, Private+ which saw a successful soft launch.

Private Banking grew NIB deposits by 7.8%, improved customer satisfaction, and launched the “Beyond Banking” slogan.

Geographical expansion played a key role in the growth of Private Banking, with new offices established in key cities such as Al-Qassim, Al-Ahsa, Madina, Makkah, and Abha. The Division also introduced innovative offerings, including the Lombard lending program, a pre-approved credit solution for Private Banking clients that enhances Riyadh Bank’s commercial lending portfolio. Other product launches included the exclusive World Elite Credit Card and a family-focused proposition to accelerate wealth acquisition and management for affluent families.

Affluent Banking also saw strong performance, with operations supported by 46 dedicated Diamond Banking centers and 104 Golden Banking offices. The customer base grew by 8%, with new client acquisition showing significant momentum and reactivated clients growing by 28% in diamond segment.

New Riyadh Bank App

Transforming Digital Banking for a Seamless Customer Experience

With the rapid pace of digital transformation and growing customer demand for streamlined, personalized services, Riyadh Bank identified the need to elevate its digital banking offering to new heights. The existing application, while functional, lacked the advanced features and intuitive design required to meet evolving customer expectations.

Riyad Bank launched a completely redesigned mobile application, combining modern design with an intuitive user interface tailored to individual needs. The app introduced innovative features such as customizable user experiences, electronic requests for credit cards and personal financing, and direct communication with customer service. The convenience aspect was enhanced with the updated “Hassad” loyalty program, ensuring seamless access to a wide range of banking services while maintaining the highest security and privacy standards.

This transformation redefined how customers interact with their finances, delivering greater efficiency, convenience, and satisfaction. By enabling users to complete transactions effortlessly and access exclusive offers, the new app not only improved customer engagement but also reinforced Riyadh Bank’s position as a leader in digital innovation. As a cornerstone of the Bank’s digital strategy, the app supports the Kingdom’s Vision 2030 goals, advancing financial inclusion and fostering a robust digital economy.

Supporting Saudi Vision 2030

At Riyadh Bank, the Retail Banking Division made significant contributions to support Saudi Government objectives and align with Vision 2030. A comprehensive range of initiatives promoted the financial well-being of Saudi citizens and the advancement of the banking and financial sector.

Riyad Bank advanced financial inclusion by extending financial services to underserved segments of the population, including women, youth, and those in remote areas. Notable achievements include a 4.5% increase in female customers and a 1% increase of

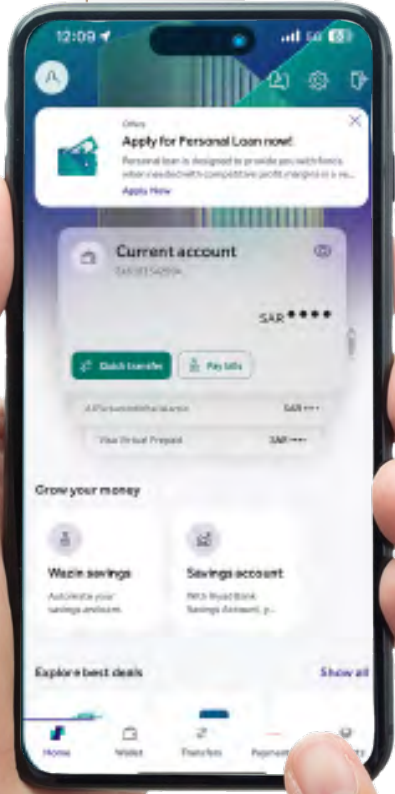
customers in remote areas. Additionally, there was a remarkable 18% increase in youth customers (under 18 years old).

Riyad Bank also accelerated its digital transformation across platforms, enabling greater adoption of non-cash transactions via card products and mobile applications. This included several key digital initiatives in partnership with the Saudi Government, such as the integration of donation platforms with the Ministry of Finance (MOF), the introduction of Samsung Pay and Google Pay, and advancements in data privacy across digital channels. Non-cash financial transactions accounted for 95% of Retail Banking activity in 2024.

In alignment with the housing initiatives under Vision 2030, Riyadh Bank signed a memorandum of understanding (MOU) with the National Developmental Housing Foundation (Sakan) during the Real Estate Future Forum 2024. This partnership focuses on charitable contributions to support families in need of housing through the Jood Eskan platform. Additionally, the agreement aims to raise awareness about developmental housing programs.

In line with the development of real estate financing solutions in the Saudi market and reference to the Bank’s cooperation with the Real Estate Development Fund, the initiative “Your Installment is Your subsidy” was developed in Riyadh Bank, which aims to enable REDF beneficiaries to obtain real estate financing for off-plan and self-construction products.

An MOU was signed with ROSHN to provide specialized banking services to ROSHN’s subcontractors and developers. This partnership underscores Riyadh Bank’s commitment to fostering private sector growth and supporting the Kingdom’s economic diversification goals.



“Our new digital platform empowers customers with a seamless, personalized experience, reflecting our commitment to innovation and setting a new standard for convenience and connectivity in banking.”



Looking Forward to 2025

Riyad Bank has an ambitious vision for Retail Banking in 2025, centered on deeper digital engagement, broader financial inclusion, and enhanced use of client data to deliver personalized offerings. With a focus on expanding its product and service portfolio, Retail Banking is well-positioned to achieve sustained growth and align with the Bank’s long-term strategic goals.

This year, the plan is to enrich the Bank’s liability product line with new features, aimed at driving customer deposit growth, strengthening market positioning, and promoting a savings culture in line with government objectives. The integration of Bancassurance products into the Bank’s digital platforms will enable seamless customer experiences while creating an additional revenue stream.

Anticipating a steady decline in benchmark interest rates, the Bank plans to capture opportunities in the mortgage market, creating an attractive environment for homebuyers. Retail Banking will also introduce Investment Properties Financing, targeting individuals – particularly Private Banking clients – with enhanced product offerings.

Efforts in the credit card segment will continue with targeted campaigns and lifecycle optimization strategies to enhance customer engagement and sales. Retail Banking will develop new credit card products through strategic partnerships to meet customer transaction and lifestyle requirements.

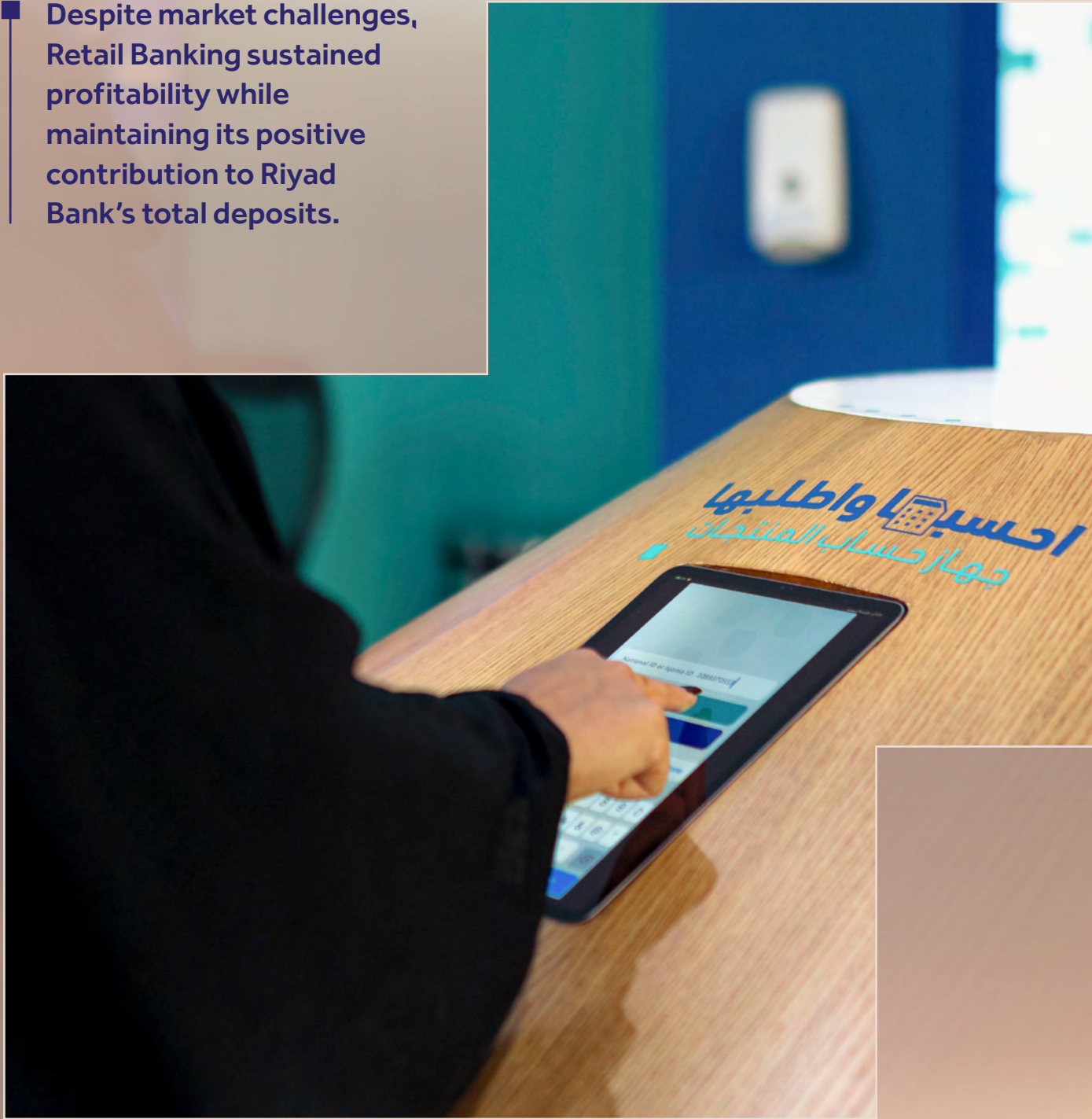
Private+, a new high-end tier within Private Banking services, will cater to affluent clients, offering a unique value proposition and supporting Riyad Bank’s overall asset growth ambitions. In addition, the aim is to expand commercial lending within the Private Banking segment to complement the retail growth strategy.

To further strengthen Riyad Bank’s digital presence, the mobile banking platform will be enhanced, to acquire new customers and promote higher adoption. The platform will undergo another phase of significant upgrades, after the release of the revamped Riyad Mobile, to align with the Bank’s ambition to become a global leader in mobile banking.

Additionally, the modernization of Riyad Online will focus on enhancing its technology, user interface, and user experience to deliver a more robust and intuitive platform. The Bank will implement a state-of-the-art campaign management platform and advanced analytics capabilities to enhance personalization and communication strategies.

Finally, Riyad Bank will expand its reach in the auto leasing market. The Bank is pursuing a range of initiatives that will streamline the process for capturing and managing lease requests, including an automated solution to ensure efficiency and improve customer experience.

■ **Despite market challenges, Retail Banking sustained profitability while maintaining its positive contribution to Riyad Bank’s total deposits.**





# Corporate Banking

The Corporate Banking Division sustained strong momentum in 2024, achieving remarkable results and promoting synergies across the Bank’s business units. Its targeted transformation and innovation initiatives were key drivers of the Bank’s impressive growth in net income.

By aligning the Bank’s strategic approach with market demands, the Division successfully delivered a compelling value proposition across its segments, from micro and small- and medium-sized enterprises (MSMEs) to large corporates. This progress underscores Riyad Bank’s commitment to supporting diverse business needs with tailored solutions and strengthening its competitive position within the corporate banking landscape.

This year, the Division focused on expanding its market share within high-growth sectors by leveraging previous initiatives in segmentation, data analytics, and market intelligence. These efforts enabled more precise targeting, optimized resource allocation, and enhanced the Division’s channels, products, and capabilities.

## Key Financial Highlights

In 2024, Corporate Banking earned 64% of Riyad Bank’s total income, compared to 62% in 2023. The Division’s assets increased by 27% from ₪ 182 Bn. to ₪ 230 Bn. Total operating income also rose from ₪ 8.4 Bn. to ₪ 9.1 Bn., representing an improvement of 8%. Net special commission income increased by 5% year-on-year to ₪ 7.0 Bn., while fees and other income increased by 22% to ₪ 2.1 Bn.

Operating expenses totaled ₪ 2.5 Bn. for 2024, a 13% reduction compared to ₪ 2.9 Bn. in 2023. Corporate Banking’s net income saw a 19% improvement, from ₪ 5.6 Bn. in 2023 to ₪ 6.6 Bn. in 2024. These results highlight the Division’s strong financial performance and ongoing commitment to delivering value to clients and Shareholders.

Corporate Banking earned  
**64%**  
of Riyad Bank’s total income

Riyad Bank held a  
**21.5%**  
market share in MSME financing within Saudi Arabia by the end of the third quarter

Riyad Bank has committed  
**₪ 31.3 Bn.**  
of its balance sheet to key sectors

Corporate Banking continued to be a strategic partner in advancing the Kingdom’s Vision 2030 objectives.

## Supporting the Kingdom’s Vision

Corporate Banking continued to be a strategic partner in advancing the Kingdom’s Vision 2030 objectives. The Division’s role is essential in driving economic transformation through support for giga projects, infrastructure, and social initiatives, with a strong emphasis on sectors such as education, healthcare privatization, tourism, and entertainment.

The Bank has committed ₪ 31.3 Bn. of its balance sheet to key sectors, with funding spanning giga projects, industrial and logistics sectors, public-private partnership initiatives, and critical infrastructure developments aimed at driving economic growth and creating jobs across the Kingdom. Notable projects include the Neom Green Hydrogen Project, Neom Trojena Dams, Neom Construction Villages, and the Amaala Multi-Utilities Project, which supports infrastructure for the Red Sea’s Amaala development. The Division also supported the Kingdom’s sustainability agenda, financing renewable and green projects in power and water with USD 4.3 Bn. in Islamic finance transactions.

To further these goals, the Division has expanded its Business Initiatives and Enablers Development Center, dedicated to advancing Vision 2030 objectives within government entities. Additionally, its specialized Government and Public Sector segment provides a comprehensive range of tailored banking products and services to meet the unique requirements of public projects.

## Executing Transformation 2025

The Corporate Banking Division remains fully aligned with the Bank’s goals and 2025 strategy to be the Best Bank in Saudi Arabia. With clearly defined objectives, gap assessments, and targeted initiatives, the Division supports the Bank’s vision to advance digital capabilities and drive internal efficiencies.

In 2024, the Division introduced a series of digital enhancements to elevate client experiences and improve relationship management. A notable achievement was the work of the Merchant Acquiring Solutions unit, which focused on new digital capabilities and operational efficiency. Among the key projects started this year was the Point of Sales (PoS) Profitability Reporting initiative, an advanced profitability model that refines insights on business opportunities, identifies product strengths and weaknesses, and enables portfolio optimization to boost revenues and reduce costs.

Other key initiatives include introducing the new eCommerce Gateway, which will provide a cost-effective gateway to streamline payment processing, as well as the integration of eCommerce UnionPay to support a new Chinese scheme, which expands Riyad Bank’s global transaction acceptance.

Additionally, the Corporate Cards – Smart Data program that will be introduced along with the Commercial Credit Card for corporate clients, providing customizable spending controls, improved expense management, and dedicated credit facilities to meet specific client requirements, all will be availed for the Bank’s corporate clients.

In alignment with Riyad Bank’s broader transformation strategy, Corporate Banking has also invested heavily in human capital. The Division emphasizes employee well-being and continues to expand cultural programs that enhance skills and strengthen engagement.

## An Innovative New Brand

In line with Riyad Bank’s 2025 Strategy objectives, the Division executed a major project to revamp its corporate online banking platform under the new brand name, “Riyad Business”. This transformation focuses on improving digital solutions, providing a seamless, efficient experience for corporate clients, and enhancing customer satisfaction and retention.

By centralizing operations, the Division streamlined services and reduced operational costs. The new corporate dashboard aggregates each corporate client's financial accounts, displaying total asset values across cash balances, investments, and deposits. This feature offers customers an immediate snapshot of their financial position, supporting strategic decision-making.

**Upgrading Corporate Products and Processes**

Riyad Bank kicked off the launch of new SME cards for MSMEs, offering flexible limits and easy access to funds for essential business expenses.

In order to maximize the efficiency of the trade finance operations, the Bank has initiated the implementation of machine learning for document checking. This is a building block for the operations transformation toward reliable, cost-effective, and sustainable transaction processing. This ideation was well recognized by MEA Finance and the Bank was awarded for this milestone.

To enhance customer support, Corporate Banking initiated a Conversational AI Corporate Chatbot project, which will assist customers with a wide range of financial and non-financial transactions across platforms such as the website, Riyad Online, Riyad Trade Finance, Interactive Voice Response, and social media.

Furthermore, the Division initiated the Supply Chain Finance Program and the Approved Payable Finance Program to offer fully digitalized, end-to-end solutions tailored for corporate customers, strengthening the Bank's position in supply chain finance.

The Acquiring Solutions Division also reached several milestones in expanding digital services. This included enhancing POS offerings to better meet merchant needs, and launching Phase 2 of Riyad Business, which provides merchants with greater online visibility over transactions, claims, and terminal maintenance. Additionally, it rolled out visa Local Settlement Service to facilitate UAE-dirham transactions, offering "Bank as a Service" capabilities for seamless, localized transaction processing.

**Real Estate and Environmental Sustainability Programs**

Riyad Bank continues to support strategic national goals through targeted financing initiatives. The Off-Plan Developer Guarantee Program, Damanat, developed in partnership with the Real Estate Development Fund, provides a first-of-its-kind financing solution for off-plan sales. The scheme offers guarantees that cover up to 80% of financing needs in the real estate development sector.

Furthermore, the Guarantee Program with the Environment Fund supports financing for projects focused on environmental and sustainability goals, with guarantees covering up to 80% of financing for eligible clients. These initiatives underscore Riyad Bank's commitment to fostering growth in real estate and environmental sustainability, aligning with the Kingdom's strategic development goals.

**A Key Player in the MSME Ecosystem**

The Corporate Banking Division has continued its commitment to supporting MSMEs in alignment with the Government's targeted MSME support program and the national objective of enhancing private-sector contributions to the GDP. As of the end of the third quarter of 2024, Riyad Bank held a 21.5% market share in MSME financing within Saudi Arabia, as reported by the Saudi Central Bank.

This year, the Division made several key achievements in this area, including acquiring 1,987 new clients, which translated into a 23% growth in MSMEs loans. Efforts included launching new loan initiatives, particularly in the telecommunications sector, establishing new partnerships, and organizing 18 workshops with industry partners to further assist MSMEs.

The Division also engaged in major internal and external events to foster entrepreneurship and support MSMEs. Key initiatives included sponsorship of the Real Estate Future Forum and participation in the Retail Business Week across major cities like Riyadh, Jeddah, and Al Khobar. Additionally, Corporate Banking signed agreements with various chambers, including the Tabuk Chamber and Al Madinah Chamber, to enhance MSME access to its services. Riyad Bank's sponsorship of the

Forum on Entrepreneurship and Modern Work Patterns further underscored the Bank's commitment to fostering an entrepreneurial environment.

Throughout the year, the Division conducted specialized workshops and forums in partnership with Monsha'at to support MSME growth through innovative digital banking solutions and capital market access. These initiatives underscore Riyad Bank's dedication to building a strong, supportive ecosystem for MSMEs, reinforcing the Bank's role as a leading financial partner in their growth journey.

**Looking Forward to 2025**

In 2025, Corporate Banking aims to sustain growth by offering a comprehensive product suite, expanding its client base, and strengthening partnerships with the Government and Vision 2030 initiatives.

Looking ahead, the Division anticipates increased demand for financing driven by Vision 2030's diversification goals and the growing needs of the corporate sector, including MSMEs. It plans to expand its asset base by diversifying sectors and scaling operations for MSMEs through new digital platforms.

Additionally, Riyad Bank is well-positioned to support the transition to net-zero carbon emissions, aligning with regulatory efforts on climate risk. Corporate Banking intends to play a key role in financing transformative projects that will reshape the Kingdom's economic and social landscape.

Moving forward, Riyad Bank's Corporate Banking is poised to play a critical role in funding a wide array of strategic projects aligned with Vision 2030. Strategic priorities include transformative initiatives that will contribute to reshaping the economic and social fabric of the Kingdom.

**Awards and Recognitions**

Riyad Bank earned multiple awards and recognitions in 2024 with support from the Corporate Banking Division. These included:

- JPMorgan's **"Elite Quality Recognition"** Award for outstanding achievement of best-in-class MT103 and MT202, related to payment efficiency.
- **"Best Innovation in Trade Finance"** from MEA Finance for implementation of machine learning in trade operations.
- **Ranked #1** in terms of number of entities financed by all participants (banks and non-banks) with Kafalah.
- **"Outstanding Performance", "Tourism Sector Award",** and **"New SMEs Award"** from Kafalah.
- **"Best Bank for SMEs in the Middle East"** Award from EMEA Finance Magazine.
- **"Best Bank for SMEs in Saudi Arabia"** from Euromoney.

**Best Bank for SMEs in Saudi Arabia**

*Presented by Euromoney*





# Treasury and Investment

The Treasury and Investment Division remained the key contributor to the Bank’s bottom line. Despite the challenging market environment, it efficiently managed the Bank’s liquidity and proprietary investments, and provided a wide range of innovative financial solutions to the Bank’s customers.

## A Year of Landmark Achievements

In 2024, Treasury and Investment expanded its contribution to non-fund-based income for the Bank to ﷲ 1,388 Mn., an impressive growth of 39% compared to ﷲ 998 Mn. in 2023. Meanwhile, it contributed ﷲ 2,079 Mn. to the Bank’s net income.

The Division’s efforts to provide customer-centric financial solutions helped to expand Riyadh Bank’s market share in fee and other income by 120 bps to 14%. It also continued to expand our presence in the derivatives market, achieving a notable growth in the local market that represented more than 23% of the total growth and the highest market share increase in 2024.

Treasury and Investment has achieved a significant milestone in 2024 with the successful issuance of a USD 750 Mn. Additional Tier 1 (AT1) Sustainable Sukuk. This landmark transaction set a record as the lowest coupon observed in the Saudi Banking Sector since 2022.

It attracted substantial interest with an order book that was oversubscribed 5x. As Riyadh Bank’s second sustainable issuance, it reinforces the Bank’s position as a leader in environmental and responsible finance within the Kingdom, contributing to the nation’s broader sustainability objectives.

The Division’s investment strategy remained focused on managing the risk and prioritizing credit quality, which supported stable returns, reinforcing the Bank’s commitment to sound financial stewardship. A defensive positioning combined with active management and superior credit selection mitigated the risks in an uncertain interest rate environment and volatile markets.

The Division successfully implemented the strategic initiative aimed at expanding the Bank’s hedging capabilities. This initiative broadened the scope of the hedging business beyond Riyadh Bank’s own balance sheet, strengthening its risk management and expanding service offerings for clients.

Treasury and Investment contributed

**ﷲ 2,079 Mn.**  
to the Bank’s net income

Riyad Bank’s market share in fee income grew by

**120 bps**

Treasury and Investment expanded its contribution to non-fund-based income for the Bank to

**ﷲ 1,388 Mn.**

Treasury and Investment has achieved a significant milestone in 2024 with the successful issuance of a USD 750 Mn. Additional Tier 1 (AT1) Sustainable Sukuk.

Additionally, Riyadh Bank served as the hedge provider for a mega ﷲ interest rate swap for a local bank, highlighting Riyadh Bank’s capability to provide its clients with the most competitive pricing and solidifying the Bank’s position in the local derivatives market.

As part of the Bank’s ongoing commitment to fostering strong relationships with domestic and international banks, the Treasury and Investment Division successfully executed several new treasury relationship master agreements, with additional agreements in advanced stages of execution. These partnerships are expected to enhance the Bank’s market access and enable more competitive product pricing, reinforcing Riyadh Bank’s position in the financial markets.

## Looking Forward to 2025

In the year ahead, Treasury and Investment will continue to prioritize credit selection and make strategic investments in high-quality securities, with a focus on optimizing portfolio yield while carefully navigating market uncertainties. The Division’s approach remains grounded in maintaining a balanced risk profile while seeking opportunities that deliver superior risk-adjusted returns for the Bank to enhance returns.

In 2025, priorities also include leveraging and expanding the Bank’s recently established funding programs and sustainable finance initiatives. Additionally, Treasury is dedicated to building a diversified funding position, by both geography and product, aligning with the Bank’s commitment to providing innovative financing solutions and sustainable growth for the Kingdom and beyond. With a further focus on widening the depositors base, the Bank is well connected to international financial firms, contributing to its funding capacity. The diversified funding pool optimally serves the Bank’s growth aspiration and supports its liquidity position.

## Awards and Recognitions

**Winner of  
the Financial  
Institutions Bond  
Deal of the Year**



**Riyad Bank**  
**USD 750 Mn.**

AT1 Sustainable Sukuk has been selected as the Winner of the Financial Institutions Bond Deal of the Year 2024 at this year’s Global Banking & Markets Saudi Arabia Awards.



# Subsidiaries

Riyad Bank’s subsidiaries play a vital role in driving its strategic ambitions and delivering value across key areas of its operations, from investment management and digital innovation to real estate, and human resources. Each subsidiary reflects the Bank’s unwavering commitment to excellence, innovation, and sustainability, enhancing its ability to meet the needs of its clients and support Saudi Arabia’s Vision 2030.

Subsidiary	Capital/Invested Amount (ﷲ)	Ownership %	Main Activity
Riyad Capital	500,000,000	100%	Engaged in investment services and asset management activities related to dealing, managing, arranging, advising, and custody of securities regulated by the Capital Market Authority, incorporated in the Kingdom of Saudi Arabia.
Ithra Al-Riyad Real Estate Company	10,000,000	100%	Formed with the objective to hold, manage, sell, and purchase real estate assets for owners or third parties for financing activities, incorporated in the Kingdom of Saudi Arabia.
1957 Ventures Fund	161,664,659	100%	Engaged in fostering innovation by investing in building FinTech ventures and offering comprehensive support, including resources, mentorship, and strategic insights, incorporated in the Kingdom of Saudi Arabia.
Curzon Street Properties Limited	9,350,760	100%	A property holding company, incorporated in the Isle of Man.
Riyad Financial Markets	18,750	100%	A netting and bankruptcy jurisdiction country, to execute derivative transactions with international counterparties on behalf of Riyad Bank, incorporated in the Cayman Islands.
Esnad Al-Riyadh	500,000	100%	A limited liability company registered in the Kingdom of Saudi Arabia to provide human resources services to the Group, incorporated in the Kingdom of Saudi Arabia.
Jeel Digital Innovation Company	100,000,000	100%	Engaged in systems analysis, application and operating systems development, hosting websites, financial technology solutions, and related activities, incorporated in the Kingdom of Saudi Arabia.

## Riyad Capital

Riyad Capital continues to solidify its position as a leading, fully-fledged investment manager, offering a comprehensive suite of services across asset and wealth management, brokerage, corporate investment banking, and securities services. The Company oversees assets under management ﷲ 93.8 Bn. (approximately USD 25 Bn.) and holds ﷲ 832 Bn. (approximately USD 222 Bn.) in assets under custody.

In 2024, Riyad Capital maintained its standing as the largest custodian in Saudi Arabia for 2 consecutive quarters, underscoring its operational excellence and strategic foresight.

Reinforcing its commitment to innovation and delivering rewarding investment opportunities, the Company signed a memorandum of understanding with E Fund, China’s largest fund manager. This partnership facilitates the exchange of investment expertise and enables cross-market access for the clients of both firms.

Additionally, Riyad Capital expanded its brokerage offerings to include margin lending, which positively impacted the Company’s overall financial performance. It also introduced direct client onboarding through its website and mobile application, streamlining processes and improving accessibility and client experience.

In the real estate sector, where Riyad Capital pioneered the first listed REIT in Saudi Arabia, the Company further strengthened its leadership by signing agreements worth over ﷲ 2.5 Bn. in 2024 to launch 2 new real estate funds.

In alignment with Saudi Vision 2030, Riyad Capital launched the 1957 Venture Fund, a closed-end investment fund supported by Riyad Bank. This initiative is designed to drive transformative growth in Saudi Arabia’s Fintech sector by fostering innovative business models and accelerating digital transformation.

Looking ahead, Riyad Capital remains dedicated to setting industry benchmarks through innovation, performance, and a relentless commitment to excellence. In 2025, the Company will focus on delivering cutting-edge products and exceptional services, enhancing accessibility, and building stronger client relationships to drive sustained growth.

Riyad Capital’s market-leading capabilities were recognized with the Global Banking & Markets Saudi Arabia 2025 Awards for “Best Fixed Income Fund Strategy and Performance” and “Best Equity Fund Strategy and Performance”. Additionally, the Company was ranked among the Middle East’s top 5 asset management companies in 2024 by Forbes, and its CEO, Abdullah Abdulrahman Alshwer, PhD, CFA, was recognized as a key industry leader.

## Jeel Digital Innovation Company

“Towards a More Innovative and Inspiring Future” The year 2024 was pivotal for Jeel as it witnessed significant developments in its journey toward achieving its vision of fostering innovation and providing technological solutions that contribute to building a sustainable future. The company focused on enhancing digital transformation, ensuring compliance with regulatory requirements, and expanding strategic partnerships. Additionally, it implemented innovative programs that reflect its commitment to supporting the growth of the local and regional market and achieving a sustainable positive impact.

Jeel concentrated on helping customers digitize and automate their core processes, with a particular focus on areas of compliance, customer engagement, and financial services. By facilitating these critical processes, the company enabled its clients to improve efficiency and effectiveness, enhance customer experience, and maintain competitiveness despite the rapid developments in the financial ecosystem.

The company also succeeded in enhancing customer engagement and attracting more clients from various sectors, expanding into new areas beyond the financial technology sector. This allowed it to offer more diverse digital solutions, helping clients in different industries adopt modern technologies, improve operations, and ensure regulatory compliance, all while maintaining the flexibility necessary for growth.

The company paid special attention to compliance with government regulations and Islamic Shariah principles in all its digital initiatives, underscoring its commitment to maintaining client trust and market credibility. It successfully ensured full compliance with the Saudi Central Bank’s requirements for digital banking services and regulatory mandates, achieving excellent



performance scores in all relevant compliance indicators. Notably, the company obtained the Saudi Central Bank's approval to expand its activities, representing a significant milestone in its transformation from a financial technology company to a comprehensive digital service provider. Riyadh Bank's focus on compliance serves as a fundamental pillar ensuring the company's sustainable growth by aligning all its solutions with standards and regulatory requirements.

The company forged partnerships with leading institutions in the digital banking and technology sectors to expand its services and enhance the digital banking solutions offered to clients. These partnerships are a cornerstone of driving innovation and enabling the company to strengthen its market presence. Additionally, the collaboration agreements in the banking and retail sectors have facilitated the company's entry into new markets and its role as a complete technological enabler.

**Tangible Achievements and Accelerated Innovation Growth**

Jeel maintained stable financial performance in 2024, thanks to its ability to adapt to market conditions and regulatory changes. The company also made significant investments in its operational processes to support its continuous growth, expanding its digital infrastructure and enhancing its open finance platform to better serve its clients.

Additionally, the company enhanced its capabilities and services by signing a memorandum of understanding with Mastercard, enabling it to offer "Cash as a Service" and "Buy Now, Pay Later" solutions to its clients, supporting Riyadh Bank's initiatives within the digital financial services ecosystem.

In 2024, Jeel launched the Innovation Assurance Framework to assist clients in implementing digital strategies, managing related risks in line with regulatory requirements, and aligning their financial processes with future changes.

Also made significant enhancements to its open finance framework, enabling financial institutions to securely integrate third-party services and enhance collaboration across the entire financial technology ecosystem.

**Our Aspirations for 2025**

The strategic priorities of Jeel in 2025 will focus on 3 main pillars aimed at driving growth, enhancing security, and increasing regional expansion.

The company will continue to expand its open finance platform to facilitate collaboration among banks, financial technology companies, and external developers. This will provide a more comprehensive ecosystem of integrated financial services, improving accessibility and fostering innovation within the sector.

Moreover, the company seeks to build on the success of its Innovation Assurance Framework by intensifying efforts to help clients overcome emerging challenges, including artificial intelligence regulatory requirements and compliance with environmental, social, and governance (ESG) mandates. This focus underscores the company's commitment to assisting clients in navigating complex regulatory environments while promoting safe and responsible innovation.

As part of its plans to expand beyond Saudi Arabia, Jeel aims to enter other Gulf Cooperation Council (GCC) markets. It intends to leverage its extensive expertise in compliance and digital solutions to support the financial sector across the region, drive growth, and solidify its position as a leader in open finance and digital transformation.

**Riyad Capital added margin lending, boosting financial performance, while Jeel became a full technology enabler, expanding beyond Fintech to support a wide range of industries and clients.**





# ESG Review

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Riyad Bank is committed to sustainability, driving impactful change through initiatives, collaborations, and programs.





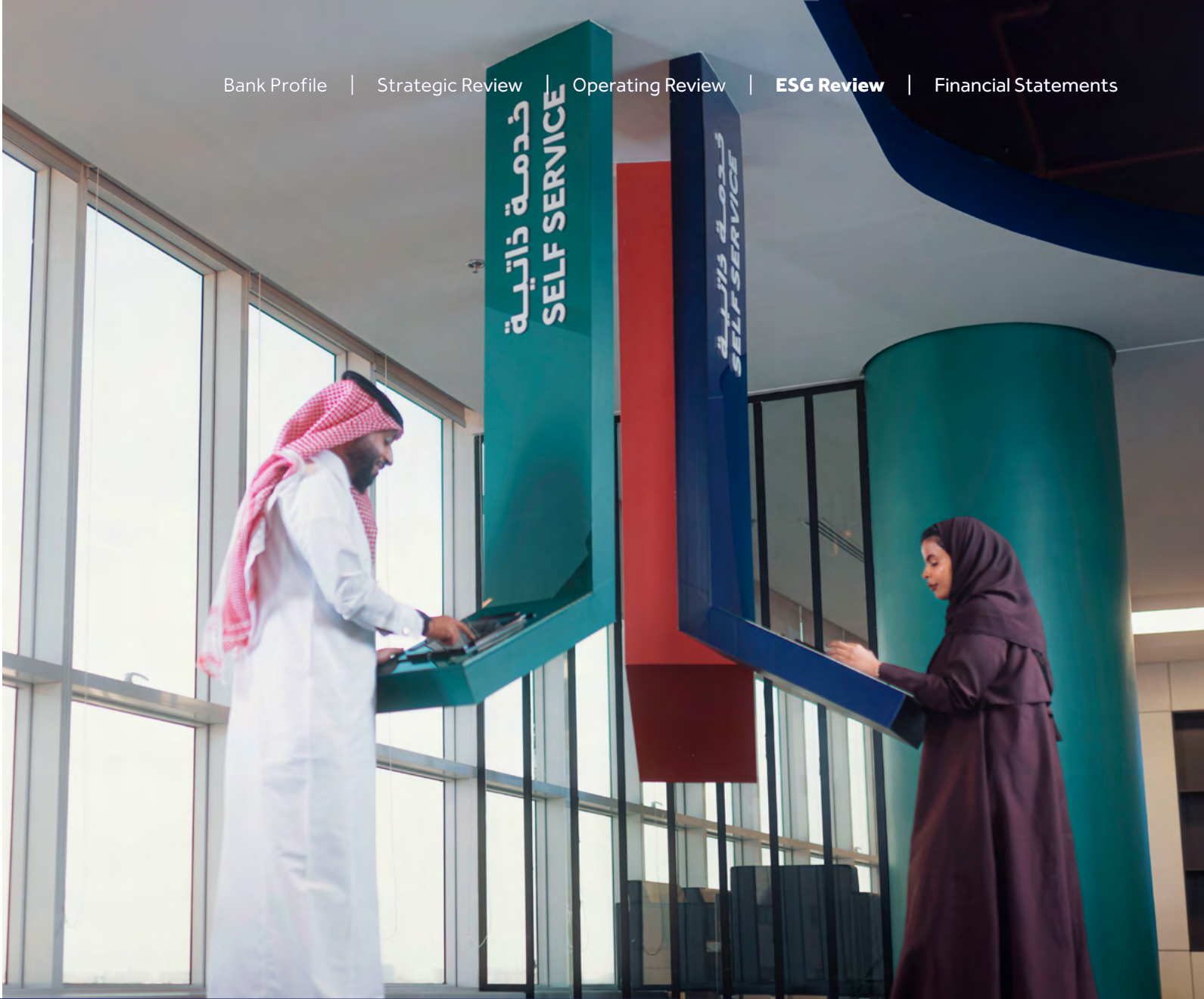
# Sustainability Strategy and ESG Framework

Riyad Bank places sustainability at the core of its strategy, reinforcing its commitment to responsible banking and long-term value creation. By driving strategic environmental, social, and governance (ESG) initiatives, the Bank is shaping industry standards, supporting Saudi Arabia’s Vision 2030, and creating meaningful value for its customers, employees, partners, and communities.

As one of the Kingdom’s largest financial institutions, Riyadh Bank plays a critical role in advancing economic and sustainable progress. Its corporate strategy aligns with national objectives, integrating sustainability as a fundamental pillar. By embedding these principles across its operations, the Bank is fostering lasting impact while ensuring continued growth and resilience.

With a vision to lead in sustainable banking, Riyadh Bank has developed a commercially driven strategy focused on unlocking new opportunities. This includes generating revenue through sustainable financial products, aligning with emerging regulatory expectations from the Saudi Central Bank (SAMA), the Capital Market Authority (CMA), and the Ministry of Economy and Planning (MEP) to strengthen risk management, and enhancing ESG ratings through transparent disclosure and strategic implementation.

To reinforce accountability and transparency, the Bank has begun aligning its sustainability communication with ISSB’s IFRS S1 and S2 standards. This ensures high-quality, decision-useful disclosures that meet the expectations of investors, regulators, and the broader financial sector. Built on strong governance, strategic integration, proactive risk management, and measurable targets, Riyadh Bank is advancing its role in supporting Saudi Arabia’s sustainability ambitions.



## ESG Awards and Recognitions

Riyad Bank’s commitment to sustainability has garnered notable industry accolades, affirming the Bank’s leadership in corporate responsibility and social impact:



Forbes: Top 50 Saudi Brands in CSR.



Prince Muqrin Award for Social Responsibility.



Euromoney: Best Bank for Corporate Responsibility in Saudi Arabia.



ISO 26000 Certification renewal.



Euromoney: Best Bank in Diversity and Inclusion in Saudi Arabia.



Social Responsibility Award for Companies (Silver Category) presented by the Minister of Human Resources and Social Development.



National Social Responsibility Award.



# Sustainability Governance

At Riyadh Bank, robust governance underpins the sustainability strategy. Integrating sustainability across the Bank’s management layers, including creating sustainability committees at all levels of the organization, will support the Bank’s journey to sustainability leadership. Riyadh Bank intends to implement a 3-tier structure to create Board oversight and a best-in-class governance mechanism in line with recognized best practice. This governance structure will feature distinct mandates for each tier. In addition, Riyadh Bank has already expanded the charter of the Board to include sustainability matters. This gives the Board explicit oversight of sustainability.

This governance development seeks to enhance the existing governance currently provided by the CSR Committee, led by the Chairman and comprising the CEO, Chief Experience Officer (CXO), and divisional representatives. This committee, operating under the Communications and Customer Experience Division, sets clear standards, defines targets, evaluates new initiatives, and ensures ongoing CSR programs align with the Bank’s sustainability strategy.

## Sustainability Governance Structure

In line with Riyadh Bank’s commitment for clear sustainability governance at the Board and Management levels, along with clear KPIs and incentives, and effective reporting and communication, the 3 tiers of governance and the respective mandates are outlined below:

- 1

**Board Sustainability Committee**
  - Set the direction for sustainability, including the KPIs.
  - Challenge and approve the sustainability strategy and plan – monitor and oversee implementation.
  - Challenge and approve sustainability disclosures.
  - Oversee impact of sustainability-related risks and opportunities to the Bank’s activities.
  - Oversee sustainability impact on the Bank’s activities.
- 2

**Sustainability Committee Chaired by the CEO**
  - Develop sustainability strategy and plan.
  - Implement sustainability strategy and plan (e.g., support creation of policies and commitments).
  - Approve targets and monitor progress.
  - Manage impact of climate-related risks and opportunities to the Bank’s activities.
  - Prepare ESG disclosures aligned with local regulatory standards.
- 3

**Sustainability Working Group**
  - Deliver on sustainability strategy and plan, in alignment with the Bank’s mission and vision.
  - Develop sustainability goals that align with the Bank’s mission and vision.
  - Develop and advocate for policies.
  - Raise awareness to educate employees on sustainability issues and practices.
  - Monitor progress on established goals and support in implementation of priority initiatives.

## Integrate Sustainability in Executive Compensation

For key Executives, long-term incentives will be linked to the achievement of the net zero operations target to align leadership efforts with the Bank’s commitment to reducing its carbon footprint. Additionally, these incentives will be connected to the achievement of the Bank’s sustainable finance target, ensuring that Executives drive financial strategies that support long-term sustainability and responsible investment practices. This approach will reinforce the importance of leadership in steering the Bank toward its environmental and financial sustainability objectives.

## Develop ESG Risk Management Frameworks and Policies

Riyad Bank is developing comprehensive ESG risk management policies, or enhancing existing policies, according to best practice. For example, the Bank will formally define ESG-related risks, develop exclusion and restriction policies for risk underwriting, and establish risk appetite statements and metrics related to ESG. The Bank will also update policies as needed to embed consideration of ESG risk management policies in primary use processes such as loan origination, underwriting, due diligence, and monitoring.



# Sustainability Strategy

Sustainability is deeply embedded in Riyadh Bank’s corporate strategy, driving value creation and long-term resilience. By integrating sustainability into business planning, the Bank supports the Saudi Green Initiative and the transition to a low-carbon economy. Riyadh Bank has developed a comprehensive, Bank-wide sustainability strategy with a detailed 3-year roadmap to ensure effective execution and widespread impact.

Riyad Bank aspires to being a sustainability leader in the banking and financial sector and has identified several benefits associated with developing its sustainability strategy. This has led the Bank to develop a commercially focused sustainability strategy resulting in:

- Opportunities, such as new revenue streams from sustainable financial products.
- Alignment with emerging regulatory expectations from SAMA, the CMA, and the MEP, contributing to better risk management.
- Expected improvements in ESG ratings through implementation and disclosure of sustainability initiatives.

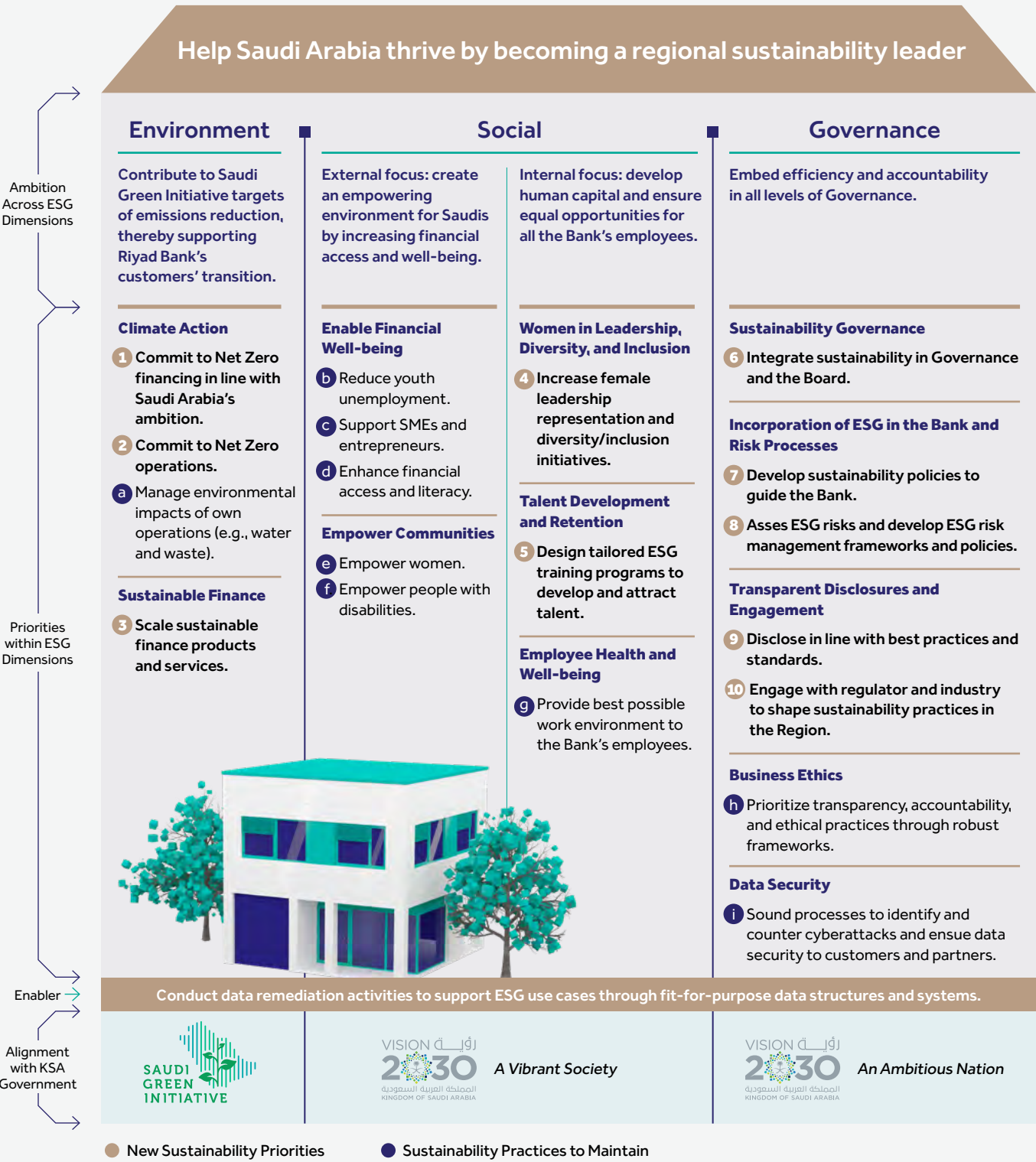
Its Corporate Social Responsibility (CSR) strategy has also been refreshed and embedded within the broader sustainability agenda to advance the Kingdom’s social development goals. Proactive engagement with stakeholders – including customers, investors, and regulators – ensures that the Bank’s sustainability strategy remains adaptive to evolving market dynamics.

As part of its commitment to knowledge sharing and industry collaboration, Riyadh Bank has published a white paper detailing its sustainability strategy development. This public resource serves as a practical guide for organizations advancing their own sustainability initiatives, reinforcing the Bank’s leadership in responsible banking and sustainable development.

Riyad Bank’s strategic framework distinguishes between 9 established sustainability practices to maintain, and 10 new sustainability priorities designed to drive further progress in sustainability.

Riyad Bank has developed its sustainability strategy in alignment with best-practice guidance, incorporating recommendations from the Science Based Targets initiative (SBTi) and the Glasgow Financial Alliance for Net Zero (GFANZ). The Bank has adopted methodologies from the Greenhouse Gas (GHG) Protocol, the Net Zero Banking Alliance (NZBA), and the United Nations Environment – Finance Initiative (UNEP FI) to ensure a comprehensive and science-driven approach to emissions reduction and sustainability.

Partnerships with industry best practice sustainability initiatives (PCAF, UN Global Compact, and PRB)




















## Material Topics

Riyad Bank conducted a rigorous materiality assessment to identify the most critical sustainability matters shaping its long-term strategy. This structured approach involved reviewing global best practices, assessing the Bank's existing strengths, benchmarking against industry leaders, and designing strategic initiatives to address gaps. By prioritizing sustainability issues based on both

financial and impact materiality, the Bank ensured alignment with internationally recognized frameworks such as the UNEP FI Impact Protocol, the SASB Materiality Finder, and the EU's Corporate Sustainability Reporting Directive. The assessment also incorporated insights from regulators, ESG rating agencies, industry peers, and investors, refining the Bank's sustainability focus to drive meaningful progress.

**Riyad Bank conducted a rigorous materiality assessment to identify the most critical sustainability matters shaping its long-term strategy.**

**Based on Riyadh Bank's detailed assessment, below is the final materiality matrix.**

High		 Sustainable Finance  Community Relations and Development	 Financed Emissions  Corporate Governance  Incorporation of ESG in Credit Analysis
Medium	 Business Ethics  Data privacy and security	 Financial Access and Digitalization  Diversity and Inclusion  Employee Health and Well-being  (Local) Talent Attraction and Retention	 Transparent Disclosures  Portfolio Impacts on Water  Portfolio Impacts on Waste and Pollution  Portfolio Impacts on Land and Biodiversity
Low		 Sustainable procurement	 Operational GHG Emissions
	Not very Likely	Likely	Very Likely

## Impact Materiality Scale

The diagram illustrates the components of 'Severity of Impact'. At the top, a light blue box contains the title 'Severity of Impact'. Below this, three separate light blue boxes are arranged horizontally, each representing a component. Each box is connected to a definition below it by a vertical line and a small square connector.

- Scale**: How acute the impact is
- Scope**: How widespread the impact is (e.g., number of individuals affected or extent of environmental damage)
- Irremediable Character**: How difficult it is to counteract or make good the resulting harm

Having covered the strong governance foundation of our strategy, the following sections will delve into the environmental and social pillars that drive our sustainability ambition. These areas are integral to our commitment to responsible growth, covering key initiatives and actions that enhance our environmental stewardship and social impact. This focus ensures that our sustainability strategy is comprehensive, addressing both our internal responsibilities and our broader contribution to society and the environment.

Please refer to the Methodological White Paper for more details.



# Safeguarding Riyadh Bank's Environment

The Kingdom of Saudi Arabia has made ambitious commitments to transform its economy and contribute to global sustainability goals. Saudi Vision 2030 is a national program built around 3 primary themes: a vibrant society, a thriving economy, and an ambitious nation. Sustainability is central to these goals, and the Saudi Green Initiative (SGI) supports Vision 2030 by combatting climate change and protecting the environment. The Government has also committed to reaching net zero emissions by 2060.

### Climate Action

Riyad Bank is actively working to reduce its climate impact through both operational and financed emissions reduction initiatives. The Bank has committed to achieving net zero emissions for its own operations (Scope 1 and 2) by 2035. It established a 2023 emissions baseline using the GHG Protocol and SBTi guidance, prioritizing emissions avoidance and reduction overcompensation. To reach net zero, Riyadh Bank has identified several decarbonization levers to be implemented, including:

- Improving energy efficiency through air conditioning upgrades.
- LED lighting.
- Using double glazing on windows.
- Replacement of high emission refrigerants with gases that have a lower global warming potential.

In sourcing renewable energy, Riyadh Bank prioritized purchase of i-RECs (and equivalent instruments) to match the quantity of electricity it purchases from the grid. Riyadh Bank acknowledges that Saudi Arabia's grid decarbonization efforts will naturally reduce its emissions over time but emphasizes the need for proactive measures to close the gap between its current footprint and its net-zero target.

Beyond its own operations, Riyadh Bank is addressing financed emissions by setting decarbonization targets for two priority sectors, which collectively contribute around 19% of its financed emissions, including:

- Power generation.
- Iron and steel.

The Bank has aligned its approach with the NZBA and the SBTi by measuring emissions intensity, setting targets, and assessing the financial feasibility of transitioning to lower-carbon investments. The Bank's strategy balances sustainability leadership with financial

viability, ensuring that its portfolio aligns with Saudi Arabia's Vision 2030 and the Saudi Green Initiative while maintaining strong economic performance. In addition, and as part of its ambitions, Riyadh bank has designed tailored ESG training programs to develop and attract talent.

Riyad Bank has made progress in delivering ESG training internally, including Board and Executive training sessions, and externally by facilitating the SAMA initiated Saudi ESG Banking Advisory Committee capacity building program, which seeks to upskill the banking sector. Internally, the Bank aims to train 100% of employees in mandatory ESG topics by 2026.

### Sustainable Finance

Riyad Bank actively contributes to Vision 2030 by financing and accelerating the energy transition, catalyzing a new wave of sustainable investment to help the Kingdom reach net zero emissions by 2060. The Green and Renewable Banking offerings are at the heart of these efforts, enabling the Bank to drive impactful change and support environmentally responsible projects across sectors.

As part of the Riyadh Bank's sustainability strategy, the Bank continued with a second USD 750 Mn. AT1 Sustainability Sukuk issuance. The Bank has also enhanced its sustainable finance framework, and developed a transition finance framework, paving the way for new financing solutions that support clients in their shift toward more sustainable practices. The aim is to publish these frameworks during 2025.

Beyond its direct operations, Riyadh Bank is driving impactful change by setting a sustainable finance volume target of ﷲ 20 Bn. by 2030. This target underscores the Bank's dedication to supporting projects and initiatives that promote green energy, sustainable development, and climate resilience across the Kingdom. By integrating environmental considerations into its financial offerings, Riyadh Bank is fostering growth that benefits both the economy and the environment.

As part of its sustainability ambition, Riyadh Bank aims to **scale sustainable finance products and services**. Riyadh Bank prioritized developing several sustainable product and service offerings to establish its position as a leader in sustainable financing regionally.

Riyad Bank invests in energy efficiency, renewable energy, and lower-carbon financing.





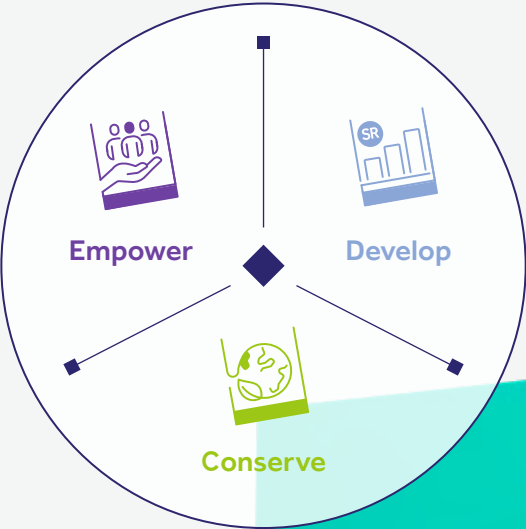
# Supporting Society

Riyad Bank contributes to sustainable development through the Social Responsibility Program Bukra. The program aims to position Riyadh Bank as a leading member and add value to the community in the Kingdom of Saudi Arabia. Launched in 2019 and enhanced in 2024, the Bank's Bukra Corporate Social Responsibility Strategy aims to deliver quality corporate social responsibility initiatives in alignment with its strategy and operations, the United Nations Sustainable Development Goals (SDGs), and the Kingdom's Vision 2030.

Riyad Bank's strategy consists of 3 main pillars:

They are the principles that guide every activity the Bank undertakes, and every effort it makes.

The ultimate objective of the Bank's Bukra strategy is to advance the Kingdom's social development agenda as CSR leader.



Bukra  
Social  
Responsibility

**Vision**  
To advance the Kingdom's social development agenda as a CSR leader

**Mission**  
To deliver world-class CSR programs that have a meaningful and long-term social impact on Riyadh Bank's community

**Enable Financial Well-being**  
**Reduce Youth Unemployment**

- Provide mentorship, job training, and skills to young people.

**Support SMEs and Entrepreneurs**

- Provide training, mentoring, and technology solutions for entrepreneurs.
- Facilitate access to financing opportunities for SMEs and entrepreneurs.

**Enhance Financial Access and Literacy**

- Enhance access to financial resources and services for marginalized communities.
- Improve financial literacy through educational programming and resources.

**Empower Communities**  
**Empower Women**

- Increase access to education for women and girls.
- Offer technical training and employment resources to women.
- Boost awareness and inclusive hiring practices to encourage female workforce participation.

**Empower People with Disabilities**

- Minimize societal stigma linked to individuals with disabilities.
- Establish workplace and community accessibility projects.
- Offer vocational training to people with disabilities.

**Conserve Ecosystems**  
**Take Action on Water Scarcity**

- Contribute to water conservation projects and initiatives in the Bank's communities.
- Raise public awareness around strategies for conserving water.

**Protect and Restore the Bank's Environment**

- Support protected areas and habitat restoration projects.
- Preserve the environment through community cleanup and recycling efforts.
- Revitalize ecosystems by planting trees.

Signature Program 1

Signature Program 2

Existing and Future Bukra Programs



In line with its Bukra strategy, Riyad Bank continued to deepen and enhance its community engagement and related initiatives in 2024, contributing to the betterment of communities and society through a wide range of strategic partnerships, investments, programs, and initiatives.

**Riyad Bank Signs Strategic Partnership with Misk Foundation**

The 3-year strategic partnership with Misk on the Entrepreneur Track is a key part of Riyad Bank’s social responsibility, aimed at enhancing Saudi Arabia’s entrepreneurship ecosystem. This collaboration supports young entrepreneurs by providing crucial resources and fostering innovation, contributing significantly to the Kingdom’s economic diversification and the development of a sustainable entrepreneurial environment.

**Global CSR Forum**

Riyad Bank proudly participated as a strategic partner in the first Global CSR Forum, held under the patronage of King Salman bin Abdulaziz Al Saud and organized by the Ministry of Human Resources and Social Development. During the Forum, Riyad Bank launched its “Bukra Initiatives Social Impact Report for 2023”. This report highlights the Bank’s knowledge and contributions to the environment, economy, community, as well as its commitment to Sustainable Development Goals.

**Riyad Bank partnered with Misk Foundation to support startups and sponsored 70 Fellows in the Misk Fellowship program.**

**The Fund for Martyr, Wounded, Pow, Missing in Action**

Riyad Bank is proud to support the Martyrs Fund by funding several impactful initiatives that benefit over 5,500 individuals. These initiatives include providing medical insurance, services for people with disabilities, home renovations, and a mobile application for psychological consultations. This support reflects Riyad Bank’s commitment to social responsibility and its dedication to improving the quality of life for beneficiaries and their families.

**Riyad Bank Musical Play “For Tomorrow”** Riyad Riyad Bank, in collaboration with the Theater and Performing Arts Commission, successfully launched the musical play “For Tomorrow” at Princess Nourah Bint Abdulrahman University on 20, 21, and 22 June. The family event aimed to promote social responsibility values within the younger generation. The 3 day show attracted 2,112 attendees, and the ticket proceeds were donated to Sanad Children’s Cancer Support Association.

**Digital Citizenship**

In collaboration with MCIT, Riyad Bank activated the Digital Citizenship project and focused on enhancing digital citizenship by promoting key digital skills and safe technology use. The interactive storytelling series has successfully raised awareness among individuals, emphasizing the importance of a secure digital environment.

**2024 Hajj Initiative**

Riyad Bank, in collaboration with the Ministry of Hajj and Umrah and Hadiyah Association, has launched the “Tawqeer” initiative to enhance the pilgrims experience for the elderly and special needs pilgrims. The initiative delivered 200 manual wheelchairs, 100 electric wheelchairs, and 3 golf carts.

**Ramadan Campaign**

In a significant effort to support low-income families, Riyad Bank distributed 30,000 food baskets. This initiative involved active participation from the Bank’s employees and their families, who volunteered to assemble and distribute the baskets, fostering a sense of community and solidarity. Food baskets were distributed to 239 NGOs.

**Misk Fellowship**

As part of Riyad Bank’s ongoing commitment to youth empowerment, they proudly sponsored the seventh cohort of the Misk Fellowship program. This initiative, supported by the Bank’s Bukra Social Responsibility program, aims to equip young leaders with the skills needed to drive sustainable development. 70 Fellows benefited from intensive leadership training and 6 Sustainable Development Goals were addressed throughout the program. The program featured over 42 leadership sessions, helping to shape the next generation of Saudi leaders.

**World Blood Donor Day**

Riyad Bank launched a comprehensive blood donation campaign across multiple locations, including Riyadh, Jazan, Jeddah, Al-Khobar, Najran, Al-Esha, Al-Qassim, Al Madina, and Hafar Al-Batin. This initiative aimed to engage both employees and the wider community. The campaign achieved significant participation and impact. 1,019 Donors contributed to saving 3,057 lives.

**Goals Achieved**

Reached **30,339** beneficiaries through interactive stories, surpassing the target of **25,000**

Total schools: **82** (**11** government, **58** privates, **13** international)

Total students: **40,000**



# Empowering People

Riyad Bank continues to lead the way in employee engagement and empowerment in the Kingdom. The Bank’s comprehensive approach, demonstrated through various initiatives, underscores its commitment to nurturing a skilled and satisfied workforce.

### Learning and Development

Riyad Bank launched its Leaders 2025 program, which involved 224 leaders aiming to create tailored learning paths that align their development with the Bank’s strategic needs. The Bank also conducted technical assessments to identify skill gaps and development opportunities and offered a total of 99 training programs – 10 behavioral, 13 general, and 35 technical – benefiting 3,333 participants.

To further enhance learning, the Bank introduced new digital platforms that engaged over 200 employees. The Bank’s continuous improvement efforts also included automating the Job Rotation program and systematizing Individual Development Plans to maximize effectiveness.

Topic	2023	2024
Total training hours	372,584	205,128
Average training hours per employee	3.9	3.2

### Organization Culture and Employee Experience

Riyad Bank introduced the Employee Value Proposition project (EVP), crafted to enrich its employees’ experience and enhance the Bank’s brand identity through a tailored approach. The design of the EVP will contribute to improve employee experience and organizational culture. Additionally, the Bank released its People Satisfaction and Engagement Survey, which allows valuable insights into its organizational environment and culture. The feedback from this survey will guide Riyad Bank in improving employee satisfaction and engagement through the next year, and ultimately fostering a more inclusive and fulfilling workplace for its employees.

### Compensation and Benefits

As part of Riyad Bank’s commitment to empower its people, the Bank improved employee benefits by enhancing the education allowance and daycare allowance to provide better support for its employees and their families. Additionally, the Bank expanded the education allowance for employees’ children with disabilities, with no eligibility restrictions.

Riyad Bank continues to lead the way in employee engagement and empowerment in the Kingdom.

### Employee Incentive Programs

Statement	Investment Savings (ﷲ ‘000s)		
	Employees’ Share	Bank’s Share	Total
Balance at the beginning of the year	64,491	24,032	88,523
Deposits in 2024	19,841	6,591	26,432
Withdrawals in 2024	-20,060	-5,473	-25,533
End-of-year Balance	64,272	25,150	89,422

### Diversity and Inclusion

Riyad Bank is committed to championing women empowerment and establishing an environment where every woman can achieve her full potential. It has a range of commitments and initiatives aimed at advancing gender equality through:

- Equal Opportunity Commitment:** The Bank’s Human Capital policy affirms its commitment to providing equal opportunities in accordance with approved policies, procedures, and labor regulations. It upholds a strict non-discrimination policy based on gender, disability, age, or any other form of discrimination, ensuring fairness in hiring process, job performance and hiring announcements.
- Gender Pay Equality:** One of the key principles of the Human Capital Compensation Policy is applying fair compensation and reward system, ensuring that awards are granted based on performance while considering external competitiveness and internal equity.
- Leadership Development:** Several Programs have been offered by Riyad Bank to refine and develop employees’ skills, with specific tracks aimed at empowering women to become the future leaders.

Riyad Bank is proud to report an increase in female representation to 29% of its workforce, with 33% of new hires being women. The Bank’s commitment to promoting women into Executive roles has resulted in 3 out of the 14 Executive leadership positions now being held by females. This progress reflects Riyad Bank’s dedication to fostering diversity and empowering women at all levels within the Bank. Earlier this year, the Bank was honored to receive the award for “Saudi Arabia’s Best Bank for Diversity and Inclusion” from Euromoney.

In addition, Riyad Bank is dedicated to enabling an inclusive environment where everyone can thrive. The Bank is proud to highlight its ongoing efforts to empower people with disabilities through:

- Inclusive Employment:** 56
- Inclusivity Initiatives:** Riyad Bank is a Mowaamah-certified organization, affirming its commitment to being disability-confident. It provides a work environment that is accessible and friendly for PWDs.

Inclusive Employment

56

Riyad Bank launched its Leaders 2025 program, which involved

224

leaders

Through Riyad Bank’s Tamheer training program, the Bank welcomed

137

Saudi trainees



Topic*	2023	2024
Total Workforce	5,870	5,683
Breakdown by gender		
Females	1,698	1,640
Males	4,172	4,043
Breakdown by nationality		
Saudi Nationals	3,973	3,868
Non-Saudi nationals	1,897	1,815
Breakdown by age		
<30	1,254	1,353
31-50	4,330	4,078
>50	286	252
Inclusion		
Number of employees with disability	56	56

\*This represents the Bank’s full-time employees.

Whistleblowing Policy

Riyad Bank upholds a strict Whistleblowing Policy, enabling employees to report suspected misconduct, illegal activities, or unethical behavior. This includes financial and administrative corruption, regulatory violations, fraudulent practices in financial statements or internal controls, and the concealment of such violations. The policy reinforces transparency, accountability, and a strong ethical culture across the Bank.

Collaboration with the Government

Through Riyad Bank’s Tamheer training program, the Bank welcomed 137 Saudi trainees, which lead to 26 full-time hires, with 97 individuals currently undergoing training. This initiative demonstrates the Bank’s commitment to developing Saudi talent. The Bank also actively participated in career fairs and hosted internship programs, successfully attracting and nurturing the future workforce of Riyad Bank.

Riyad Bank is committed to championing women empowerment and establishing an environment where every woman can achieve her full potential.





# Risk Management

Riyad Bank acknowledges that sustainability-related risks, particularly climate risks, are financial risks. To address this, the Bank is developing a comprehensive risk management framework to assess and mitigate ESG risks across its operations. This framework integrates climate risk considerations into lending and investment decisions, enhances scenario analysis, and strengthens resilience against environmental and regulatory changes, ensuring long-term financial stability and responsible growth.

Climate risks present significant challenges for the financial sector, influencing credit, market, operational, and liquidity risks. These risks stem from both transition risks, driven by shifts toward a lower-carbon economy, regulatory changes, technological advancements, evolving stakeholder expectation, and physical risks, which include acute and chronic impacts of climate change, such as extreme weather events and shifting climate patterns. Riyadh Bank is integrating climate considerations into its risk frameworks to enhance resilience and ensure long-term financial stability.

To support this, the Bank has developed a climate risk heatmap, a qualitative tool designed to identify sectors most exposed to climate-related risks. The heatmap leverages multiple data sources, including:

- The Saudi and Middle East Green Initiatives.
- The G20 Climate Risk Atlas.
- Assessments from UNEP FI, Moody's, and SASB.

It assesses sector-specific exposure by analyzing policy changes, target announcements, projected climate trends, and financial impacts. Following international best practices, such as those set by the European

Central Bank (ECB) and the Climate Financial Risk Forum (CFRF), the heatmap evaluates risk drivers and their expected evolution, offering a sector-level perspective on material climate risks in the Saudi Arabian context.

While fully integrating climate risk into risk management and credit approval processes is an ongoing process, this heatmap marks a critical first step. It provides insights into climate-related cost and revenue impacts, serving as a foundation for future client-level climate scorecards and a more comprehensive ESG risk management framework. By proactively assessing climate risks, the Bank is strengthening its ability to manage financial exposure and align with global sustainability standards.

## Strengthening Resilience

Against Climate Risks

Riyad Bank is developing a comprehensive risk management framework to assess and mitigate ESG risks across its operations.





# Metrics and Targets

Accountability is central to Riyadh Bank’s sustainability commitments. The Bank has established clear metrics and targets to measure progress in climate action, social impact, and governance performance. Key ESG indicators, including financed emissions, energy efficiency improvements, social investment contributions, and diversity metrics, will be reported transparently. This ensures stakeholders can assess the Bank’s sustainability impact and progress toward long-term goals.

Based on Riyadh Bank’s materiality assessment, the following nine initiatives have been identified and classified as ‘priorities to maintain’:

Topic	Initiatives
Climate Action	a. Manage environmental impacts of own operations (e.g., water and waste).
Enhance Financial Well-being	b. Reduce youth employment. c. Support SMEs. d. Enhance financial access and literacy.
Empower Communities	e. Empower women. f. Empower people with disabilities.
Employee Health and Well-being	g. Provide best possible work environment for our employees.
Business Ethics	h. Prioritize transparency, accountability, and ethical practices through robust frameworks.
Data Security	i. Sound process to identify and counter cyberattacks and ensure data security to customers and partners.

## 9 New Sustainability Initiatives

01

Net Zero Financing in Line with KSA Targets

- Commit to Net Zero financing in line with KSA Net Zero ambition
- Set 2030 interim target for two priority sectors.

Target

Power sector emissions (tCO2e/GWh) = **186**  
Iron & steel sector emissions (tCO2/t steel) = **1.3**

02

Net Zero Emissions for Own Operations

- Commit to Net Zero operations (scope 1 and scope 2 emissions)

Target

**Net Zero** scope 1 and scope 2 emissions by **2035**

03

Sustainable Finance

- Scale sustainable finance products and services.

Target

**20 billion** in sustainable financing by **2030**

04

Female Leadership and Diversity & Inclusion

- Increase female leadership representation and diversity/inclusion initiatives.

Target

**20-30%** female employment in leadership roles by **2027**  
**35-40%** female involvement in our workforce by **2027**

05

ESG Training

- Design tailored ESG training programs to develop and attract talent.

Target

Train **100%** of employees in mandatory ESG topics by **2026**

06

a. Sustainability Committees

- Create sustainability governance structures across all levels.

Target

Establish the sustainability governance structure across all levels by **2025**

07

Overarching Sustainability Policy

- Develop an overarching sustainability policy to guide bank processes.

Target

Develop an overarching sustainability policy to guide bank processes by **2025**

08

Best Practices for Sustainability Disclosures

- Disclose in line with best practices and standards.

Target

ISSB aligned reporting by **2027**

09

Industry Collaboration to Advocate Sustainability

- Collaborate with industry to develop and advocate sustainability practices.

Target

Join **four** industry partnerships by **2027**

b. Executive Compensation and Sustainability KPIs

- Integrate sustainability in executive compensation.

Target

Integrate sustainability in executive compensation by **2025**



# Sustainability at Riyad Bank in 2025

Riyad Bank aspires to lead the way in sustainability within the banking sector across the region. This commitment is grounded in the Bank’s firm belief that a robust sustainability strategy can drive meaningful benefits for its clients, investors, and society at large, creating lasting value for all its stakeholders.

Looking ahead, Riyadh Bank will roll out innovative sustainability products that meet the evolving needs of its customers while supporting responsible economic growth. These offerings underscore the Bank’s dedication to embedding sustainability into the very core of its business.

Riyad Bank’s Board has established a dedicated Sustainability Committee to oversee and guide its ESG efforts, ensuring they are fully aligned with the Bank’s strategic vision. This leadership structure supports the continuous monitoring of key targets, driving accountability and progress across all areas of the Bank’s ESG initiatives.

The ISSB’s IFRS1 and IFRS2 are expected to become a foundation for regulations and serve as a reference for the reporting standards. Riyadh Bank is working to disclose in line with best practices and standards, accounting for progressive harmonization of disclosure standards. The Bank started to include ISSB-aligned elements in its Annual Reports and progressively moving towards improving its alignment with ISSB standards. While the Kingdom’s reporting requirements are being developed, in the interim, the Bank will use ISSB reporting standards as a reference.

In delivering and implementing the Bank’s sustainability strategy, Riyadh Bank is also integrating its existing CSR programs, further enhancing its impact on the communities it serves. In addition, Riyadh Bank is planning to move to the new office building, which is being constructed in line with Leadership in Energy and Environmental Design’s (LEED) sustainable and efficient building standards, with the interior designed to achieve LEED certification.

Finally, the Bank is committed to improving its ESG reporting practices, both to offer greater transparency to its investors and society and to strengthen its position within ESG rating frameworks. This comprehensive approach underscores the Bank’s commitment to sustainable value creation as a guiding principle for Riyadh Bank’s future.

■ **Riyad Bank’s Board has established a dedicated Sustainability Committee to oversee and guide its ESG efforts.**





Governance

Members of the Board of Directors and its Committees

The Bank’s Board of Directors

The Bank is overseen by a Board of Directors consisting of 10 members elected by the General Assembly every 3 years. In its current tenure, the Board comprises 6 Independent members and 4 Non-Executive members, as defined by the Corporate Governance Regulations issued by the Capital Market Authority. In 2024, the Board convened for 9 meetings, with a 97.77% attendance rate.

Composition of the Board of Directors and Classification of its Members

	Membership Classification	Position	Member's Name
1	Non-Executive	Chairman of the Board of Directors	Abdullah Mohammed Al-Issa
2	Independent	Vice Chairman of the Board of Directors	Mutaz Kusai AlAzzawi
3	Independent	Board Member	Ibrahim Hassan Sharbatly
4	Independent	Board Member	Jamal Abdul-Karim Al-Rammah
5	Independent	Board Member	Abdul Rahman Ismail Tarabzouni
6	Non-Executive	Board Member	Omar Hamad Al-Madhi
7	Independent	Board Member	Mona Mohammed Al-Taweel
8	Non-Executive	Board Member	Nader Ibrahim Al-Wehibi
9	Independent	Board Member	Hani Abdullah Al-Johani
10	Non-Executive	Board Member	Yasser Abdullah Al-Salman

Board Meetings in 2024

Attendance Record of Board Members for 2024 Meetings, Including In-Person and Proxy Attendance										
	Member's Name	12.02.24	24.03.24	03.04.24	05.06.24	21.07.24	23.08.24	04.09.24	06.11.24	18.12.24
1	Abdullah Mohammed Al-Issa	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Mutaz Kusai AlAzzawi	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Ibrahim Hassan Sharbatly	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Jamal Abdul-Karim Al-Rammah	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Abdul Rahman Ismail Tarabzouni	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Omar Hamad Al-Madhi	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Mona Mohammed Al-Taweel	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Nader Ibrahim Al-Wehibi	✓	✓	✓	✓	✓	x	✓	✓	✓
9	Hani Abdullah Al-Johani	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Yasser Abdullah Al-Salman	✓	✓	✓	✓	✓	x	✓	✓	✓

Board Committees

Riyad Bank’s Board of Directors establishes specialized committees in accordance with the regulations set by the relevant authorities. These committees are instrumental in supporting the Board in fulfilling its duties and responsibilities as needed. The following is a summary of the key duties and responsibilities of the Bank’s Board Committees.

1. Executive Committee

Key Duties and Responsibilities

The Executive Committee holds the credit, banking, financial, and administrative authorities within the Bank, entrusted by the Board of Directors.

Comprising 5 members, it convened for 11 meetings in 2024, with an attendance rate of 98.18%.

Executive Committee Meetings in 2024

Attendance Record of Executive Committee Members at 2024 Committee Meetings													
	Member's Name	Position	09.01.24	25.02.24	18.03.24	23.04.24	28.05.24	09.07.24	06.08.24	10.09.24	15.10.24	26.11.24	10.12.24
1	Nader Ibrahim Al-Wehibi	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Mutaz Kusai AlAzzawi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Mona Mohammed Al-Taweel	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Abdul Rahman Ismail Tarabzouni	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Yasser Abdullah Al-Salman	Member	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓

2. Audit Committee

Key Duties and Responsibilities

The Audit Committee exercises supervisory oversight of the financial reporting processes and compliance with relevant laws and regulations. It monitors the effectiveness and efficiency of the internal control system, recommends the selection of Auditors, studies and reviews interim and annual financial statements, and provides recommendations to the Board of Directors regarding these statements.

The Audit Committee comprises 5 members, with 3 external members namely Tariq Abdullah Al-Qaraawy, Eid Faleh Al-Shamri, and Waddah Ibrahim Al Sheikh Mubarak\*. During 2024, the Audit Committee conducted 9 meetings, maintaining an attendance rate of 100%.

Audit Committee Meetings in 2024

Attendance Record of Audit Committee Members at 2024 Committee Meetings											
		11.02.24	27.03.24	28.04.24	13.05.24	21.07.24	12.08.24	13.08.24	20.10.24	11.11.24	24.12.24
Member's Name	Position										
1 Jamal Abdul-Karim Al-Rammah	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2 Mona Mohammed Al-Taweel	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3 Tariq Abdullah Al-Qaraawy	External Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4 Eid Faleh Al-Shamri	External Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5 Waddah Ibrahim Al Sheikh Mubarak*	External Member	✓	✓	✓	✓	✓					

\*He ceased to be a member as of 31 July, 2024, due to his resignation.

3. Risk Management Committee

Key Duties and Responsibilities

The Risk Management Committee supports the Board of Directors in fulfilling its responsibilities by comprehensively overseeing the Bank's risk strategy. This involves reviewing acceptable risk thresholds, providing recommendations to the Board, and monitoring the Executive Management's adherence to the risk limits approved by the Board. In this capacity, the Committee may review all aspects and categories of risks faced by the Bank, assess the Executive Management's adherence to these risk controls, and verify the sufficiency of the measures implemented to mitigate them.

The Risk Management Committee is composed of 3 members, with Abdul Latif Ali Al-Rasheed as an external member. Throughout 2024, the Committee held 5 meetings with an attendance rate of 100%.

Risk Management Committee Meetings in 2024

Attendance Record of Risk Management Committee Members at 2024 Committee Meetings						
		04.03.24	05.05.24	21.05.24	20.08.24	18.11.24
Member's Name	Position					
1 Hani Abdullah Al-Johani	Chairman	✓	✓	✓	✓	✓
2 Jamal Abdul-Karim Al-Rammah	Member	✓	✓	✓	✓	✓
3 Abdul Latif Ali Al-Rasheed	External Member	✓	✓	✓	✓	✓

4. Nomination and Remuneration Committee

Key Duties and Responsibilities

The Nomination and Remuneration Committee assists the Board of Directors in governance matters and proposes a compensation policy for members of the Board of Directors, its Committees, and Senior Management officials. It regularly reviews and evaluates the adequacy and effectiveness of the remuneration, compensation, and incentives policy to ensure that the goals are achieved, assesses remuneration payment methods, and ensures compliance with the rules and regulations set by the Saudi Central Bank. The Nomination and Remuneration Committee develops the nomination and selection policy for the Board membership and ensures that all members meet the statutory requirements for Board membership in accordance with the relevant regulations.

The Nomination and Remuneration Committee consists of 5 members, including 2 external members, namely Ahmad Mohammed Al-Falih and Ali Ahmed Al-Ghamdi. Throughout 2024, the Committee held 6 meetings with an attendance rate of 100%.



Nomination and Remuneration Committee Meetings in 2024

Attendance Record of Nomination and Remuneration Committee Members at 2024 Committee Meetings								
	Member's Name	Position	28.01.24	14.02.24	04.06.24	01.09.24	10.11.24	17.12.24
1	Mutaz Kusai AlAzzawi	Chairman	✓	✓	✓	✓	✓	✓
2	Nader Ibrahim Al-Wehibi	Member	✓	✓	✓	✓	✓	✓
3	Omar Hamad Al-Madhi	Member	✓	✓	✓	✓	✓	✓
4	Ahmad Mohammed Al-Falih	External Member	✓	✓	✓	✓	✓	✓
5	Ali Ahmed Al-Ghamdi	External Member	✓	✓	✓	✓	✓	✓

5. Strategic Planning Group

Key Duties and Responsibilities

The Strategic Planning Group oversees the formulation of the Bank’s strategic directions while monitoring and evaluating progress towards achieving strategic objectives. It provides crucial support to the Board of Directors in strategic planning processes and important strategic matters, including business development and expansion. Additionally, the Group monitors the Bank’s advancement towards its long-term financial and strategic objectives.

The Group consists of 5 members, and it held 2 meetings in 2024, maintaining an attendance rate of 100%.

Strategic Planning Group Meetings in 2024

Attendance Record of Strategic Planning Group Members at 2024 Group Meetings				
	Member's Name	Position	17.04.24	01.10.24
1	Abdullah Mohammed Al-Issa	Chairman	✓	✓
2	Ibrahim Hassan Sharbatly	Member	✓	✓
3	Abdul Rahman Ismail Tarabzouni	Member	✓	✓
4	Omar Hamad Al-Madhi	Member	✓	✓
5	Hani Abdullah Al-Johani	Member	✓	✓



Board Members

Abdullah Mohammed Al-Issa



Mutaz Kusai AlAzzawi



Ibrahim Hassan Sharbatly



Jamal Abdul-Karim Al-Rammah



Memberships in Other Listed Joint Stock Companies (inside the Kingdom)

- Chairman of the Board of Directors - Riyadh Bank

Current Positions

- Chairman of the Board of Directors - Assila Investment Company
- Chairman of the Board of Directors - Amias Holding Company
- Chairman of the Board of Directors - Amias Real Estate Company
- Chairman of the Board of Directors - Shipping and Travel Services Company Ltd.

Previous Positions

- Chairman of the Board of Directors - Abdullah Mohammed Al-Issa Engineering Consulting Office
- Vice Chairman of the Board of Directors - Clariant Switzerland
- Board Member - Saudi Basic Industries Corporation (SABIC)
- Chairman of the Board of Directors - Dur Hospitality Company
- Vice Chairman of the Board of Directors - Etihad Telecom Company (Mobily)
- Board Member - Saudi Arabian Mining Company (Maaden)
- Chairman of the Board of Directors - Arabian Cement Company
- Chairman of the Board of Directors - The National Medical Care Company
- Chairman of the Board of Directors - Cement Products Industries Company
- CEO - Assila Investment Company
- Chairman of the Board of Directors - Saudi Company for Construction Contracting
- Board Member - Jadwa Investment Company
- Board Member - Saudi Company for Hotels and Tourist Areas
- Board Member - Gulf Tourist Areas Company
- Board Member - King Faisal Schools
- Board Member - National Chemical Carriers Company
- Board Member - Tabuk Hotels Company
- Board Member - Riyadh Hotels and Entertainment Company Ltd.
- Board Member - The National Shipping Company of Saudi Arabia

Qualifications

- Master of Science in Engineering Project Management - Southern Methodist University, USA
- Bachelor of Industrial Engineering - Southern Methodist University, USA

Memberships in Other Listed Joint Stock Companies (inside the Kingdom)

- Vice Chairman of the Board of Directors - Riyadh Bank
- Chairman of the Board of Directors - Herfy Food Services
- Board Member - Savola Group
- Chairman of the Board of Directors - Arabian Cement Company
- Board Member - Etihad Telecom Company (Mobily)

Current Positions

- Board Member - Savola Food Company
- Board Member - Afia International Company
- Board Member - United Sugar Company
- Chairman of the Board of Directors - Al-Qatrana Cement Company, Jordan
- Board Member - Ready Mix Concrete and Construction Services Company, Jordan
- Board Member - United Sugar Company, Egypt
- Board Member - Afia International Company, Egypt
- Board Member - Alexandria Sugar Company, Egypt
- Board Member - The Queen Company for Food Industries, Egypt
- Board Member and Executive Director - Saudi Industrial Construction and Engineering Projects Company
- Board Member and Executive Director - Saudi Technology and Trade Company Ltd.
- Board Member and Executive Director - Al Wusataa Development Company

Previous Positions

- Board Member - Merle Lynch, Kingdom of Saudi Arabia
- Board Member - Al-Azzawi Group

Qualifications

- Bachelor of Computer Engineering - King Saud University

Memberships in Other Listed Joint Stock Companies (inside the Kingdom)

- Board Member - Riyadh Bank

Current Positions

- Chairman of the Board of Directors - First International Business Group
- Vice Chairman of the Board of Directors - Al Nahla Group and Contracting Company
- Vice Chairman of the Board of Directors - Saudi Arabian Marketing and Agencies Company Ltd. (SAMA-CO)
- Vice Chairman of the Board of Directors - Saudi Arabian Marketing, Agencies, and Contracting
- Vice Chairman of the Board of Directors - Fast Auto
- Vice Chairman of the Board of Directors - Al-Ameen Distinctive for Urban Development
- Vice Chairman of the Board of Directors - Al-Ameen Distinctive for Real Estate Investment
- Board Member - Smile Communications, Africa

Previous Positions

- Board Member - Commercial Union for Cooperative Insurance
- Vice Chairman of the Board of Directors - Jeddah Holding Development Company
- Board Member - Golden Coast, Egypt

Qualifications

- Bachelor of Business Administration - College of Commerce and Business Administration, Bristol, UK

Memberships in Other Listed Joint Stock Companies (inside the Kingdom)

- Board Member - Riyadh Bank

Current Positions

- 

Previous Positions

- Chairman of the Board of Directors - Saudi Aramco Insurance Company (Stellar)
- Board Member - Saudi Aramco Investment Management Company (SIAMCO)
- Board Member - Fujian Refining & Petrochemical Company, S-Oil
- Board Member - Gard Company
- Board Member - Bandlewood Corporation NV
- Board Member - Motor Oil Hellas Company
- Board Member - Jeddah Oil Refining Company
- Treasurer - Saudi Arabian Oil Company (Aramco)
- Chairman of the Compensation and Documentation Committee for a number of subsidiaries and joint companies - Aramco
- Member and Chairman of Committees - Aramco, as well as at several companies affiliated with Saudi Aramco and joint companies both inside and outside the Kingdom
- Finance General Manager - Aramco
- General Manager, Documentation - Aramco

Qualifications

- Management Executive Program - Harvard University, USA
- Bachelor of Management and Economics - University of Basrah
- Attended a number of management and finance programs at many international and domestic universities and institutions



Abdul Rahman Ismail  
Tarabzouni



**Memberships in Other Listed Joint Stock Companies  
(inside the Kingdom)**

- Board Member - Riyadh Bank
- Board Member - Jarir Marketing Company (Jarir Bookstore)

**Current Positions**

- CEO and Founder - STV
- Member of the Board of Trustees - King Fahd National Library

**Previous Positions**

- Chairman and Founder - Saudi Arabia's Venture Capital and Private Equity Association
- Board Member - Saudi Digital Payments Company (stc pay)
- Board Member - Saudi Technology Development and Investment Company (Taqnia)
- Board Member - Careem
- Board Member - IKEA Saudi Arabia
- Board Member - Intigral
- Board Member - Jawwy (from stc)
- Head of Global Business Development, Android - Google

**Qualifications**

- Master of Electrical Engineering and Computer Science - Massachusetts Institute of Technology, USA
- Bachelor of Computer Science and Engineering - Massachusetts Institute of Technology, USA

Omar Hamad  
Al-Madhi



**Memberships in Other Listed Joint Stock Companies  
(inside the Kingdom)**

- Board Member - Riyadh Bank
- Board Member - Aqua Power Company

**Current Positions**

- Head, Direct Investments in the Middle East and North Africa - Public Investment Fund
- Chairman of the Board of Directors - Saudi Iron and Steel Company (HADEED)
- Chairman of the Board of Directors - Tasaru Mobility Investments
- Vice Chairman of the Board of Directors - Saudi Fund of Funds Company (Jada)
- Vice Chairman of the Board of Directors - Regional Voluntary Carbon Market Company
- Board Member - Saudi Arabian Industrial Investment Company (Dussur)
- Board Member - El Seif Engineering Contracting
- Board Member and Chairman of the Executive Committee - Saudi Military Industries Company (SAMI)
- Board Member - 1957 Ventures
- Chairman of the Investment Committee - Industrial Electronics Company (ICE)
- Chairman of the Technical Investment Committee - Ceer Motors
- Chairman of the Board of Directors - Awad Capital, United Arab Emirates
- Chairman of the Board of Directors - Iliad Partners Tech Ventures, United Arab Emirates

**Previous Positions**

- Board Member - National Agricultural Development Company
- Board Member - Saudi Fisheries Company
- Senior Executive Director and Board Member - Abdul Latif Jameel Investments
- Senior Executive Director - Volkswagen Group Saudi Arabia
- Assistant Undersecretary - SGIA
- Consultant - McKinsey & Company
- Research Engineer - Saudi Arabian Oil Company (Aramco)

**Qualifications**

- Master of Business Administration - Massachusetts Institute, USA
- Bachelor of Chemical Engineering - University of Pennsylvania, USA

Mona Mohammed  
Al-Taweel



**Memberships in Other Listed Joint Stock Companies  
(inside the Kingdom)**

- Board Member - Riyadh Bank

**Current Positions**

- -

**Previous Positions**

- Adviser, Finance Minister's Team of Advisers - Ministry of Finance
- CEO - FAB Capital
- CEO - Emirates NBD Capital KSA
- Syndicated Loans Manager - HSBC Saudi Arabia
- Member of the Investment and Securities Committee - Riyadh Chamber of Commerce

**Qualifications**

- Master of Business Administration - George Washington University
- Bachelor of Accounting - King Saud University

Nader Ibrahim  
Al-Wehibi



**Memberships in Other Listed Joint Stock Companies  
(inside the Kingdom)**

- Board Member - Riyadh Bank
- Board Member - Saudi Basic Industries Corporation (SABIC)

**Current Positions**

- CEO - Gulf Catering Company
- CEO - Abdullah Ali Almunajem Sons Company

**Previous Positions**

- Board Member - Mudad Business Company
- Board Member - Clariant, Switzerland
- Board Member - Future Work Company
- Assistant Governor, Insurance Affairs - General Organization for Social Insurance
- Board Member - Jarir Marketing Company
- Board Member - The National Medical Care Company
- General Director, Planning and Development - General Organization for Social Insurance
- Secretary General for the Board of Directors - General Organization for Social Insurance
- Consultant, Pensions Administration - General Organization for Social Insurance

**Qualifications**

- Master of Arts in Social Protection Policies - Maastricht University, Netherlands
- Bachelor of Insurance - Indiana State University, USA



Hani Abdullah  
Al-Johani



**Memberships in Other Listed Joint Stock Companies  
(inside the Kingdom)**

- Board Member - Riyadh Bank

**Current Positions**

- Head of International Investments - Hassana Investment Company
- Board Member - Maarif for Education and Training
- Board Member - Maarif Holding Company
- Audit Committee Member - Jawda Integrated Real Estate
- Audit Committee Member - Osool Integrated Real Estate Co.
- Audit Committee Member - Raza Company

**Previous Positions**

- Audit Committee Member - Umm Al Qura for Development and Construction
- Board Member, Audit Committee Member, and Risk Committee Member - Dar Al Tamleek Company
- Director of Alternative Investments Department - Hassana Investment Company
- Investment Analyst in the Investment Research Department - General Organization for Social Insurance

**Qualifications**

- Bachelor of Commerce in Economics and Finance - Saint Mary's University, Canada

Yasser Abdullah  
Al-Salman



**Memberships in Other Listed Joint Stock Companies  
(inside the Kingdom)**

- Board Member - Riyadh Bank

**Current Positions**

- Head of the General Department of Finance - Public Investment Fund
- Vice Chairman of the Board of Directors - King Abdullah Financial District Company (KAJD)
- Board Member - Saudi Military Industries Company (SAMI)
- Board Member - Saudi Agricultural and Livestock Investment Company (SALIC)
- Board Member - Water Solutions Company
- Member of the Audit Committee - NEOM
- Member of the Audit Committee - Qiddiya Investment Company
- Member of the Audit Committee - Saudi Entertainment Ventures (SEVEN)
- Member of the Audit Committee - RSG
- Member of the Audit Committee - Riyadh Expo Development Company

**Previous Positions**

- Board Member - National Maritime Transport Company (Bahri)
- Board Member - National Water Company (NWC)
- Board Member - Saudi Railways Company (SAR)
- Executive Director, Financial Department - Saudi Agricultural and Livestock Investment Company (SALIC)
- General Manager, Investments - Etihad Etisalat (Mobily)
- Executive Director, Financial Affairs - Kingdom Holding Company

**Qualifications**

- Master of Accounting and Information Systems - Middle Tennessee State University, USA
- Bachelor of Accounting - King Saud University





Qualifications and Experience of External Committee Members

Names of Committee Members		Current Positions	Previous Positions	Qualifications
Audit Committee				
1	Tariq Abdullah Al-Qaraawy	<ul style="list-style-type: none"><li>• Audit Committee Member - Riyadh Bank</li><li>• Vice Chairman of the Board of Directors - Amana Cooperative Insurance Company</li><li>• Audit Committee Member - Savola Group</li><li>• Board Member, Financial Investment Funds - Osool and Bakheet Investment Company</li><li>• Board Member - Evening Cups for Beverages Co.</li><li>• Board Member - OceanX</li></ul>	<ul style="list-style-type: none"><li>• Vice President of Compliance and Quality Assurance - Building Development Company</li><li>• Board Member - Digital Innovations Company</li><li>• Member of the Audit Committee - Tabuk Fish Company</li><li>• Board Member, Chairman of the Executive Committee, and Member of the Nomination and Remuneration Committee - Salama Insurance Company</li><li>• Founder and CEO - Idfaa Office for Management Consulting</li><li>• Regional Director, Corporate Banking Group - Bank Albilad</li><li>• Director, Strategy and Planning - Bank Albilad</li><li>• Senior Relationship Manager, Corporate Banking - SABB Bank</li><li>• Director, Islamic Banking and Corporate Banking - SABB Bank</li><li>• Relationship Officer, Corporate Banking - The Saudi Investment Bank</li></ul>	<ul style="list-style-type: none"><li>• Master of Accounting - George Washington University, USA</li><li>• Bachelor of Accounting - King Saud University</li><li>• Certified Management Accountant (CMA) - Institute of Management Accountants (IMA), USA</li><li>• Certified Financial Manager (CFM) – IMA,USA</li></ul>

Names of Committee Members		Current Positions	Previous Positions	Qualifications
Audit Committee				
2	Eid Faleh Al-Shamri	<ul style="list-style-type: none"><li>Audit Committee Member - Riyadh Bank</li><li>Board Member and Audit Committee Member - Al Hassan Ghazi Ibrahim Shaker Company</li><li>Board Member, Audit Committee Member, and Nomination and Remuneration Committee Member - Aldrees Petroleum and Transport Services Company</li><li>Board Member and Audit Committee Member - Taiba Investment Company</li><li>Board Member and Audit Committee Member - Seera Group Holding</li><li>Audit Committee Member - Almarai Company</li><li>Audit Committee Member - King Salman Park Foundation</li><li>Audit Committee Member - Sports Boulevard Foundation</li></ul>	<ul style="list-style-type: none"><li>Board Member and Chairman of the Audit Committee - Fawaz Abdulaziz Alhokair and Partners Company</li><li>Board Member and Chairman of the Audit Committee - Alitco Company</li><li>Board Member - GSCCO</li><li>Board Member and Chairman of the Investment Committee - Amana Cooperative Insurance Company</li><li>Board Member - RDB-ELSEIF CO</li><li>Board Member - INMAIA Investment and Real Estate Development</li><li>Audit Committee Member - Banque Saudi Fransi</li></ul>	<ul style="list-style-type: none"><li>Bachelor of Science in Industrial Management - King Fahd University of Petroleum and Minerals</li><li>American Board of Chartered Accountants Fellowship</li><li>AICPA Member since 1995</li></ul>
3	Waddah Ibrahim Al Sheikh Mubarak	<ul style="list-style-type: none"><li>Audit Committee Member - Riyadh Bank</li><li>Vice Chairman of the Executive Committee – Majd Investment</li><li>Head of General Administration, Investments and Revenue Development - Al-Ahsa Municipality</li><li>Audit Committee Member - Almoosa Health Group</li></ul>	<ul style="list-style-type: none"><li>Member of the Executive Committee of the Investment Fund - King Faisal University</li><li>Assistant Professor - King Faisal University</li><li>Head of Finance Department - King Faisal University</li><li>Lecturer - King Faisal University</li><li>Teaching Assistant - King Faisal University</li><li>Executive Supply Chain Representative - SABIC</li><li>Vice Dean of the College of Applied Studies - King Faisal University</li></ul>	<ul style="list-style-type: none"><li>PhD in Finance - Middlesex University, UK</li><li>Master of Finance - University of Portsmouth, UK</li><li>Bachelor of Marketing King Faisal University</li></ul>

Names of Committee Members		Current Positions	Previous Positions	Qualifications
Nomination and Remuneration Committee				
1	Ahmad Mohammed Al-Falih	<ul style="list-style-type: none"><li>Nomination and Remuneration Committee Member - Riyadh Bank</li><li>Vice Chairman of the Board of Directors, Member of the Executive Committee, and Chairman of the Nominations and Remuneration Committee - Al Jouf Cement Company</li><li>Board Member and Member of the Executive Committee - Herfy Food Services Company</li><li>Board Member - Technical United</li><li>Board Member and Member of the Nominations and Remuneration Committee - Maharah Human Resources Company</li></ul>	<ul style="list-style-type: none"><li>Board Member and Member of the Nominations and Remuneration Committee - Binladin International Holding Group</li><li>Chairman of the Nominations and Remuneration Committee - Herfy Food Services Company</li><li>Chairman of the Executive Committee of the Maintenance Sector - Saudi Services Company Limited</li><li>Chairman of the Executive Committee of the Contracting Sector - Saudi Binladin Group</li><li>Managing Director - Binladin International Holding Group</li><li>Board Member and Executive Director - The Leading Commercial Representation Company</li><li>Board Member - Mohammed Saleh Al-Sultan Consulting Professionals</li><li>Board Member - Musa Abdul Aziz Al Mousa &amp; Sons</li><li>Board Member - Advanced Seal Company</li><li>Board Member - Aluminum Products Co. (ALUPCO)</li><li>Board Member - Holding Facilities Company</li><li>Board Member - Easy Transport Company</li><li>Consultant - Facilities Marketing Company</li><li>General Manager - Facilities Marketing Company</li><li>General Manager - Al-Mashreq Contracting Company</li><li>General Manager - Olayan Food Services Company</li><li>President - Tiné Company International</li><li>Vice President - Riyadh International Catering Corp. (McDonald's)</li><li>Vice President, Financial and Administrative Affairs - Saudi Company for Operation and Maintenance</li><li>Project Engineer - Ministry of Health</li><li>Project Engineer - Ibn Al-Bitar Company (SABIC)</li></ul>	<ul style="list-style-type: none"><li>Bachelor of Civil Engineering - King Fahd University of Petroleum and Minerals</li></ul>

Names of Committee Members			
Current Positions		Previous Positions	
Qualifications			
Nomination and Remuneration Committee			
2	Ali Ahmed Al-Ghamdi	<ul style="list-style-type: none"><li>Nomination and Remuneration Committee Member - Riyadh Bank</li><li>General Manager, Executive Benefits and Compensation and Human Resources Business Partner - Saudi Basic Industries Corporation (SABIC)</li><li>Board Member -Petrokemya (SABIC subsidiary)</li></ul>	<ul style="list-style-type: none"><li>Board Member - Hadeed Company (SABIC subsidiary)</li><li>Board Member - Gulf Petrochemical Industries Company</li><li>Executive Director, Global Mobility Company - Saudi Basic Industries Corporation (SABIC)</li><li>Executive Director, Executive Benefits and Compensation - SABIC</li><li>Recruitment Department Manager - SABIC</li><li>Human Resource Specialist - SABIC</li></ul>
			<ul style="list-style-type: none"><li>Bachelor of Business Administration (Management Systems) - Arab Open University</li></ul>

Names of Committee Members				
Current Positions		Previous Positions		Qualifications
Risk Management Committee				
1	Abdul Latif Ali Al-Rasheed	<ul style="list-style-type: none"><li>• Risk Management Committee Member - Riyadh Bank</li><li>• Director General, Cyber Security - Ministry of Industry and Mineral Resources</li></ul>	<ul style="list-style-type: none"><li>• Director General, Cyber Security - Saudi Air Navigation Services</li><li>• Head, Cyber Security - Engie Corporation</li><li>• Head, Cyber Security Project - Saudi Arabian Oil Company (Aramco)</li></ul>	<ul style="list-style-type: none"><li>• Master of Information Security - Georgia Institute of Technology, USA</li><li>• Bachelor of Computer Engineering - University of New Haven</li></ul>



Executive Management

**Nadir Sami Al-Koraya**  
Chief Executive Officer  
(CEO)



**Abdullah Ali Al-Oraini**  
Chief Financial Officer



**Majed Hamdan Al-Ghamdi**  
Chief Wholesale Officer



**Mohammed Abo Al-Naja**  
Chief Corporate Banking Officer



**Mazen Ghassan Pharaon**  
Chief Digital Officer



**Enji Ahmed Al-Ghazzawi**  
Chief Operating Officer and Acting Chief  
Human Capital Officer



Previous Positions

- Chief of Treasury and Investment - Riyadh Bank
- Executive Vice President, Treasury and Investment - Riyadh Bank
- Head of Treasury Department - Riyadh Bank
- Treasurer - Riyadh Bank
- Assistant General Manager, Treasury Group - Samba Bank

Qualifications

- Master of Business Administration - University of California, USA
- Bachelor of Civil Engineering - University of California, USA

Previous Positions

- Chief Financial Officer - Alawwal Bank
- Head of Accounting, Asset and Liability Management and Investor Relations Department - Saudi British Bank (SABB)
- Head of Capital and Liquidity Management - National Commercial Bank (NCB)
- Senior Financial Analyst - NCB

Qualifications

- Master of Management Science - University of Waterloo, Canada
- Bachelor of Science in Electrical Engineering - King Fahd University of Petroleum and Minerals

Previous Positions

- CEO of Retail Banking – Saudi National Bank (SNB)
- SEVP Head of Retail Banking Group – National Commercial Bank (NCB)
- SEVP Head of Corporate Banking Group – National Commercial Bank (NCB)
- EVP Head of Enterprise Risk Management – National Commercial Bank (NCB)
- Board Member and Chairman of the Credit Committee – Türkiye Finans Participation Bank (TFKB)
- Member of the Board’s Risk Committee – NCB Capital (NCBC)

Qualifications

- Harvard University, Harvard Business School: Advanced Management Program (AMP)
- University of Pennsylvania, The Wharton School: Executive Development Program (EDP)
- New York University, Stern School of Business: Master of Science in Risk Management
- King Abdul Aziz University (KAU): Bachelor of Science in Industrial Engineering

Previous Positions

- Executive Vice President and Head of Corporate Banking Service - Riyadh Bank
- Chief Corporate Banking Officer - Riyadh Bank
- Senior Vice President, Manager Multinationals - Riyadh Bank
- Regional Director of Corporate Banking, Central Region - Riyadh Bank
- Senior Manager, Corporate and Investment Banking - SAMBA Financial Group
- Senior Relationship Manager - Riyadh Bank

Qualifications

- Bachelor of Law - King Saud University, Kingdom of Saudi Arabia

Previous Positions

- Partner - Deloitte ME
- Digital Center Leader - Deloitte
- Chief Technology Officer - Samba Financial Group
- Project Leader for Launch - Alinma Investment Co.
- SPAN2 and PoS Program Leader – SAMA

Qualifications

- Bachelor of Computer Engineering - King Saud University

Previous Positions

- Chief Operating Officer - Riyadh Bank
- EVP of Operations - Riyadh Bank
- Faculty Member - King Saud University
- Assumed several positions at Riyadh Bank from the Operation Support Department to the Customer Call Center to managing the Loans operation, before moving to the Accounts Department. Managed the Comprehensive Services for the Central Region before heading the Operations Sector.

Qualifications

- Bachelor of Administrative Science - King Saud University

**Abdulaziz Abdullah Al-Askar**  
Chief Risk Officer



**Previous Positions**

- Executive Vice President, Enterprise Risk Management - Riyadh Bank
- Executive Vice President, Corporate Credit - Riyadh Bank
- Manager, Credit Review and Approval Department - Riyadh Bank
- Credit Manager - Riyadh Bank
- Assistant Credit Officer - Riyadh Bank
- Banker (Credit) - Riyadh Bank

**Qualifications**

- Bachelor of Administrative Science - King Saud University

**Hanadi Abdulrahman Al-Sheikh**  
Chief Transformation Officer



**Previous Positions**

- General Manager of Strategy – Tadawul

**Qualifications**

- Bachelor of Computer Science - George Washington University

**Haifa Othman Bin Ahmed**  
Chief Experience Officer



**Previous Positions**

- Head of Customer Champion Department - Riyadh Bank
- Assumed various leading roles in the Bank's branches from Customer Service to Branch Manager before moving to the Customer Care Department as Head of the Department. Thereafter held the position of Acting Chief Experience Officer.

**Qualifications**

- Bachelor of Accounting and Business Management - King Saud University

**Houssam Humaidan Alhumaidan**  
Chief Compliance Officer



**Previous Positions**

- Chief Country Compliance - UBS
- Head of Compliance and Anti-Financial Crime - Deutsche Bank
- Vice President of Compliance & MLRO - BNP Paribas
- Assistant Vice President, Compliance - Riyadh Bank
- Assistant Compliance Manager - SAMBA Financial Group

**Qualifications**

- Bachelor of Administrative Science - King Saud University

**Ahmed Rabie Al-Rowaili**  
General Counsel



**Previous Positions**

- Chief Governance Officer and Secretary of the Board of Directors - SNB
- General Manager of Legal Affairs and Secretary General of the Board of Directors - Takamul Holding Company

**Qualifications**

- Master of Law - Seattle University, USA
- Bachelor of Administrative Science - King Saud University

**Fawaz Naif Al-Kassar**  
Chief Internal Auditor



**Previous Positions**

- Chief Internal Auditor - anb and Alawwal Bank

**Qualifications**

- Master of Business Administration - University of Oregon, USA

**Abdulmohsen Mohammed Altwaijri**  
Executive Vice President of Treasury



**Previous Positions**

- Treasurer - Riyadh Bank
- Director of Financial Market Department - Riyadh Bank
- Senior Financial Market Dealer - Riyadh Bank
- Acting Chief Financial Market Dealer - Riyadh Bank

**Qualifications**

- Bachelor of Finance - Roger Williams University, USA

**Monther Hamad Alkhaldi**  
Executive Vice President of Branch Network and Sales, Acting Head of Retail Banking



**Previous Positions**

- Executive Vice President of Branch Network and Sales – Riyadh Bank
- Regional Manager for the Central Region – Banque Saudi Fransi

**Qualifications**

- Bachelor of History - King Faisal University



Evaluating the performance of the Board of Directors and its Committees

In accordance with the applicable laws and regulations and guidelines set by the relevant regulatory bodies in the Kingdom of Saudi Arabia, which require an annual performance evaluation of the Board of Directors and its Committees to assess work controls and procedures, identify strengths and weaknesses, and propose corrective measures aligned with the Bank’s interests, the Board undertook an internal evaluation. This involved members of the Board and its Committees participating in a comprehensive survey developed according to best governance practices, in collaboration with a third party. The findings and recommendations are then submitted to the Board to highlight strengths and suggest enhancements, as well as to identify weaknesses and recommend improvements. The Bank plans to maintain this annual performance evaluation for the Board and its Committees, engaging a third party every 3 years, in line with the applicable laws and regulations.

Actions taken by the Board of Directors to inform its members especially Non-Executives of Shareholders’ proposals and comments about the Company and its performance

This process involves documenting the proposals received from Shareholders during the General Assembly Meetings. Additionally, if the Bank receives any other proposals, they are communicated to the Chairman of the Board of Directors to be presented at the upcoming meeting and documented in the Board’s minutes, if applicable.

Audit Committee recommendations that conflict with the decisions of the Board of Directors or that were not adopted by the Board regarding the appointment, dismissal, fee determination, or performance evaluation of Riyad Bank’s Auditors, along with the rationale for such recommendations and the reasons for their non-adoption

There are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors, and the Board has not rejected any recommendations regarding the appointment, dismissal, fee determination, or performance evaluation of Riyad Bank’s Auditors.

Remuneration of the members of the Board of Directors, its Committees, and Senior Executives in 2024

The remuneration paid for the members of Riyad Bank’s Board of Directors, its Committees, and Senior Executives is determined in accordance with the frameworks and instructions set forth by regulatory authorities. This remuneration is generally governed by the regulations for determining and paying remuneration to the members of the Board of Directors and its Committees in financial institutions, the Bank Remuneration Rules issued by the Saudi Central Bank, the Key Principles of Corporate Governance for Financial Institutions under the Control and Supervision of the Saudi Central Bank, the Corporate Governance Regulations issued by the Capital Market Authority, the Companies Law issued by the Ministry of Commerce, and the Bank’s Articles of Association.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors determines the remuneration framework for Senior Executives. This ensures alignment with the strategic objectives of the Bank and aims to effectively incentivize Senior Executives towards achieving these objectives.

Remuneration of Board Members (﷼’000s)

	Member’s Name	Fixed Remuneration							Variable Remuneration	End of Service Benefits	Gross Total	Expense Allowance***
		Specific Amount*	Allowance for Attending Board Meetings	Total Allowance for Attending Committee Meetings**	In-Kind Benefits	Remuneration for Technical, Administrative, and Consulting Duties	Remuneration of the Chairman, Managing Director or Secretary, if a Member	Total				
Independent Members	Mutaz Kusai AlAzzawi	1,450	45	100	-	-	-	1,595	-	-	1,595	-
	Ibrahim Hassan Sharbatly	1,200	45	15	-	-	-	1,260	-	-	1,260	38.91
	Jamal Abdul-Karim Al-Rammah	1,450	45	85	-	-	-	1,580	-	-	1,580	42.42
	Abdul Rahman Ismail Tarabzouni	1,400	45	70	-	-	-	1,515	-	-	1,515	-
	Mona Mohammed Al-Taweel	1,400	45	120	-	-	-	1,565	-	-	1,565	-
	Hani Abdullah Al-Johani	1,450	45	40	-	-	-	1,535	-	-	1,535	-
	Independent Members	8,350	270	430	-	-	-	9,050	-	-	9,050	81.33
Non-Executive Members	Abdullah Mohammed Al-Issa	1,250	45	20	-	-	4,500	5,815	-	-	5,815	-
	Nader Ibrahim Al-Wehibi	1,450	40	100	-	-	-	1,590	-	-	1,590	-
	Omar Hamad Al-Madhi	1,400	45	40	-	-	-	1,485	-	-	1,485	-
	Yasser Abdullah Al-Salman	1,200	40	55	-	-	-	1,295	-	-	1,295	-
	Non-Executive Members	5,300	170	215	-	-	4,500	10,185	-	-	10,185	0
Total		13,650	440	645	-	-	4,500	19,235	-	-	19,235	81.33

\* The remuneration for members of the Board of Directors is ﷼ 1,000,000 for each member. The additional remuneration for the Chairman of the Board of Directors is ﷼ 4,500,000. Additionally, the remuneration for each Committee membership is ﷼ 200,000 for each Committee member. The additional remuneration for the Chairman of each Committee is ﷼ 50,000.

\*\* The allowance allocated for attending Board Committee meetings includes allowance for members of the Board of Directors who are not members of such Committee but are invited to attend by the respective Committee. Therefore, the total amount each member receives for attending the Committee meetings might differ from the attendance allowance stated for Committee members.

\*\*\* The expense allowance includes transportation and accommodation expenses for members of the Board of Directors and its Committees.

Remuneration of Members of Board Committees (ﷲ'000s)

Member's Name		Fixed Remuneration (except for attendance allowance)	Allowance for Attending Meetings	Total	Expense Allowance*
Executive Committee Members					
1	Nader Ibrahim Al-Wehibi	250	55	305	-
2	Mutaz Kusai AlAzzawi	200	55	255	-
3	Abdul Rahman Ismail Tarabzouni	200	55	255	-
4	Mona Mohammed Al-Taweel	200	55	255	-
5	Yasser Abdullah Al-Salman	200	50	250	-
Total		1,050	270	1,320	-
Audit Committee Members					
1	Jamal Abdul-Karim Al-Rammah	250	50	300	-
2	Mona Mohammed Al-Taweel	200	50	250	-
3	Tariq Abdullah Al-Qaraawy (External)	200	50	250	-
4	Eid Faleh Al-Shamri (External)	200	50	250	-
5	Waddah Ibrahim Al Sheikh Mubarak (External)**	116.66	25	141.66	7.93
Total		966.66	225	1,191.66	7.93
Risk Management Committee Members					
1	Hani Abdullah Al-Johani	250	25	275	-
2	Jamal Abdul-Karim Al-Rammah	200	25	225	-
3	Abdul Latif Ali Al-Rasheed (External)	200	25	225	-
Total		650	75	725	-
Nomination and Remuneration Committee Members					
1	Mutaz Kusai AlAzzawi	250	30	280	-
2	Nader Ibrahim Al-Wehibi	200	30	230	-
3	Omar Hamad Al-Madhi	200	30	230	-
4	Ahmad Mohammed Al-Falih (External)	200	30	230	-
5	Ali Ahmed Al-Ghamdi (External)	200	30	230	-
Total		1,050	150	1,200	-
Strategic Planning Group Members					
1	Abdullah Mohammed Al-Issa	250	10	260	-
2	Ibrahim Hassan Sharbatly	200	10	210	-
3	Abdul Rahman Ismail Tarabzouni	200	10	210	-
4	Omar Hamad Al-Madhi	200	10	210	-
5	Hani Abdullah Al-Johani	200	10	210	-
Total		1,050	50	1,100	-
Members of Board Committees		4,766.66	770	5,536.66	7.93

\* The expense allowance includes transportation and accommodation expenses for members of the Board of Directors and its Committees.  
\*\*He ceased to be a member as of 31 July, 2024, due to his resignation.

Salary and Compensation Statement for 6 Senior Executives (including the CEO and CFO):

Description	ﷲ'000s
Fixed remuneration	
Salaries	11,477
Allowances	2,730
In-kind benefits	210
Total	14,417
Variable remuneration	
Periodic remuneration	10,933
Dividends	-
Short-term incentive plans	-
Long-term incentive plans	6,311
Stock dividends	-
Total	17,244
End of service benefits	11,831
Total Executive remuneration for the Board, if available	-
Gross total	43,493

Assignment of Interests by Shareholders, Board Members, or Senior Executives

- There are no arrangements or agreements for any member of the Board of Directors or any of the Senior Executives to waive any salaries, remuneration, or compensation.
- There are no arrangements or agreements for any one of Riyadh Bank’s Shareholders to waive their rights to entitled dividends.

On 22 August, 2024, Riyadh Bank disbursed dividends to Shareholders at 80 Halalas per share for the first half of 2024. Upon approval by the General Assembly, the remaining dividends will be paid to Shareholders for the second half of 2024 at a rate of 90 Halalas per share. This will result in a total dividend payment of ﷲ 5,092 Mn., for 2024, equivalent to ﷲ 1.7 per share, or 17% of the nominal share value after zakat deductions.

Changes to Major Shareholders Ownership

The following table shows the primary Shareholders of the Bank, each of which owns 5% or more of the shares, and the changes in their equity as of the end of the trading day on 31 December, 2024:

Name of the Shareholder	Number of Shares at the Beginning of the Year	Number of Shares at the End of the Year	Net Change	% Change	% Ownership
Public Investment Fund	652,608,000	652,608,000	-	-	21.75%
General Organization for Social Insurance	311,714,495	311,714,495	-	-	10.39%
Al Nahla Trade & Contracting Co	262,149,903	262,149,903	-	-	8.73%
Aseela Investment Co.	240,000,000	240,000,000	-	-	8.00%

To compile the above data, Riyadh Bank relied on its records at the Saudi Stock Exchange (Tadawul) at the end of Tadawul’s session on 31 December, 2024.



Ownership of Riyadh Bank Shares by the Board Members, Senior Executives, and their Relatives, and the Respective Changes during 2024

The following tables detail any interest that belongs to members of the Board and Senior Executives, or their relatives, in shares or debt instruments of the Bank or any of its subsidiaries and any change that occurred thereof during the year:

The Board Members and their Relatives

Name of the Party Holding the Interest	Number of Shares at the Beginning of the Year	Number of Shares at the End of the Year	Net Change	% Change	Debt Instruments
Abdullah Mohammed Al-Issa	1,262,000	1,262,000	-	-	-
Relatives of Abdullah Mohammed Al-Issa	26,214,784	31,234,420	5,019,636	19.15	-
Jamal Abdul-Karim Al-Rammah	1,142	1,142	-	-	-
Relatives of Jamal Abdul-Karim Al-Rammah	-	-	-	-	-
Ibrahim Hassan Sharbatly	694,508	694,508	-	-	-
Relatives of Ibrahim Hassan Sharbatly	12,521,696	11,963,260	(558,436)	(4.46)	-
Hani Abdullah Al-Johani	-	-	-	-	-
Relatives of Hani Abdullah Al-Johani	-	-	-	-	-
Yasser Abdullah Al-Salman	-	-	-	-	-
Relatives of Yasser Abdullah Al-Salman	-	-	-	-	-
Mona Mohammed Al-Taweel	32,000	32,000	-	-	-
Relatives of Mona Mohammed Al-Taweel	626,400	634,400	8,000	1.28	-
Omar Hamad Al-Madhi	-	-	-	-	-
Relatives of Omar Hamad Al-Madhi	-	-	-	-	-
Abdul Rahman Ismail Tarabzouni	10	10	-	-	-
Relatives of Abdulrahman Ismail Tarabzouni	-	-	-	-	-
Mutaz Kusai AlAzzawi	1,347,000	1,347,000	-	-	-
Relatives of Mutaz Kusai AlAzzawi	1,741,200	1,741,200	-	-	-
Nader Ibrahim Al-Wehibi	-	-	-	-	-
Relatives of Nader Ibrahim Al-Wehibi	-	-	-	-	-

Senior Executives and their Relatives

Position	Name of the Party Holding the Interest	Number of Shares at the Beginning of the Year	Number of Shares at the End of the Year	Net Change	% Change	Debt Instruments
Chief Executive Officer (CEO)	Nadir Sami Al-Koraya	-	-	-	-	-
	Relatives of Nadir Sami Al-Koraya	2,267	432,381	430,114	>100	-
Chief Financial Officer	Abdullah Ali Al-Oraini	40,000	40,000	-	-	-
	Relatives of Abdullah Ali Al-Oraini	716	698	(18)	(2.51)	-
Chief Wholesale Officer	Majed Hamdan Al-Ghamdi	N/A	-	-	-	-
	Relatives of Majed Hamdan Al-Ghamdi	N/A	-	-	-	-
Chief Corporate Banking Officer	Mohammed Abo Al-Naja	-	-	-	-	-
	Relatives of Mohammed Abo Al-Naja	2,000	2,000	-	-	-
Chief Operating Officer and Acting Chief Human Capital Officer	Enji Ahmed Al-Ghazzawi	-	-	-	-	-
	Relatives of Enji Ahmed Al-Ghazzawi	1,000	1,000	-	-	-
Chief Digital Officer	Mazen Ghassan Pharaon	-	-	-	-	-
	Relatives of Mazen Ghassan Pharaon	-	200	200	NM	-
Chief Risk Officer	Abdulaziz Al-Askar	-	-	-	-	-
	Relatives of Abdulaziz Al-Askar	-	-	-	-	-
Chief Experience Officer	Haifa Othman Bin Ahmed	-	-	-	-	-
	Relatives of Haifa Othman Bin Ahmed	9,966	9,966	-	-	-
Chief Transformation Officer	Hanadi Abdulrahman Al-Sheikh	-	-	-	-	-
	Relatives of Hanadi Abdulrahman Al-Sheikh	3,300,000	3,300,000	-	-	-
General Counsel	Ahmed Rabie Al-Rowaili	-	-	-	-	-
	Relatives of Ahmed Rabie Al-Rowaili	-	-	-	-	-
Chief Internal Auditor	Fawaz Naif Al-Kassar	-	-	-	-	-
	Relatives of Fawaz Naif Al-Kassar	-	-	-	-	-

Position	Name of the Party Holding the Interest	Number of Shares at the Beginning of the Year	Number of Shares at the End of the Year	Net Change	% Change	Debt Instruments
Chief Compliance Officer	Houssam Humaidan Alhumaidan	N/A	-	-	-	-
	Relatives of Houssam Humaidan Alhumaidan	N/A	-	-	-	-
Executive Vice President of Treasury	Abdulmohsen Altwaijri	N/A	-	-	-	-
	Relatives of Abdulmohsen Altwaijri	N/A	-	-	-	-
Executive Vice President of Branch Network and Sales, Acting Head of Retail Banking	Monther Hamad Alkhalidi	N/A	-	-	-	-
	Relatives of Monther Hamad Alkhalidi	N/A	1,006	-	-	-
Chief Executive Officer (CEO)*	Tareq Abdulrahman Al Sadhan	-	N/A	-	-	-
	Relatives of Tareq Abdulrahman Al Sadhan	-	N/A	-	-	-
Acting Chief Compliance Officer**	Abdulrahman Mohammad Al-Zuwaidi	-	N/A	-	-	-
	Relatives of Abdulrahman Mohammad Al-Zuwaidi	-	N/A	-	-	-
Chief Human Capital Officer***	Mazen Mohamed Khalefa	-	N/A	-	-	-
	Relatives of Mazen Mohamed Khalefa	-	N/A	-	-	-
Chief Retail Banking Officer****	Waleed Khalid Al-Dhubaib	478	N/A	-	-	-
	Relatives of Waleed Khalid Al-Dhubaib	-	N/A	-	-	-

\*The resignation of Tareq Abdulrahman Al-Sadhan from his position as the Chief Executive Officer of the Bank was accepted, effective 31 January, 2024

\*\* Resigned from the position, effective 31 August, 2024

\*\*\* Resigned from the position, effective 13 October, 2024

\*\*\*\* Resigned from the position, effective 08 December, 2024

NM - Not Meaningful

General Assemblies Held during the Year 2024

In 2024, Riyadh Bank held 2 Assembly Meetings for its Shareholders. These were the Ordinary General Assembly on 14/09/1445H, corresponding to 24 March, 2024 and the Extraordinary General Assembly on 21/11/1445H, corresponding to 29 May, 2024. Below is the attendance record of the Board members for these 2 Assembly Meetings.

Name	Attendance	
	Ordinary General Assembly Held on 14/09/1445H, corresponding to 24 March, 2024	Extraordinary General Assembly Held on 21/11/1445H, corresponding to 29 May, 2024
Abdullah Mohammed Al-Issa (Chairman of the Board of Directors and Chairman of the Strategic Planning Group)	✓	✓
Mutaz Kusai AlAzzawi (Vice Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee)	✓	✓
Ibrahim Hassan Sharbatly	✓	✓
Jamal Abdul-Karim Al-Rammah (Chairman of the Audit Committee)	✓	✓
Abdulrahman Ismail Tarabzouni	Could not attend	✓
Omar Hamad Al-Madhi	✓	✓
Mona Mohammed Al-Taweel	✓	✓
Hani Abdullah Al-Johani (Chairman of the Risk Committee)	✓	✓
Nader Ibrahim Al-Wehibi (Chairman of the Executive Committee)	✓	✓
Yasser Abdullah Al-Salman	✓	Could not attend

Number of Riyadh Bank’s Requests for Shareholders’ Records, their Dates, and Reasons during 2024:

	Date of the Request	Reason
1	01.02.24	Corporate actions
2	24.03.24	General assembly
3	26.03.24	Dividend entitlement
4	25.04.24	Corporate actions
5	28.04.24	Corporate actions
6	02.07.24	Corporate actions
7	13.08.24	Dividend entitlement
8	02.10.24	Corporate actions
9	04.11.24	Corporate actions
10	02.12.24	Corporate actions
11	31.12.24	Corporate actions



Assurances of the Board of Directors

- The accounting records have been meticulously prepared and are accurate.
- The internal control system was established on robust foundations and has been effectively implemented.
- There is unequivocal confidence in Riyad Bank’s ongoing operational capabilities.
- Concerning contracts involving Riyad Bank, neither the Chairman, Board members, the CEO, the Chief Financial Officer, nor any individual closely related to them, has or had a significant interest in such contracts, except as disclosed in the statement of transactions with related parties.
- There is no conflict of interests between the Company’s activities or any of its branches and the business pursuits of any Board member, past or present.

Interests in Voting Shares

No Stakeholder in the category of shares eligible to vote belonging to persons (except for members of the Board of Directors of Riyad Bank and Senior Executives and their relatives) informed Riyad Bank of these rights under Article 68 of the Rules for the Offer of Securities and Continuing Obligations, and any change in these rights during the fiscal year 2024.

External Auditors

During its convened session on 24 March, 2024, the Ordinary General Assembly of Riyad Bank approved the appointment of “Ernst & Young” and “Deloitte & Touche and Associates” as the Bank’s external Auditors for the second and third quarters, as well as the annual audit of the fiscal year 2024, and the first quarter of the fiscal year 2025. Subsequently, in its forthcoming meeting, the General Assembly will deliberate on the potential reappointment or substitution of the current Auditors and determine the auditing fees for assessing Riyad Bank’s financial statements for the fiscal year ending on 31 December, 2025. This will be decided after reviewing the Board of Directors’ recommendation, which is in turn based on the Audit Committee’s recommendation.

Auditors’ Qualifications on the Annual Financial Statements

The Auditors’ Report shows that the financial statements are free of any material misstatement, and there are no qualifications regarding them.

Recommendations of the Board of Directors to replace the Auditors and their Reasons

The Board of Directors did not recommend replacing the Auditors before the end of the period for which they were appointed.

Corporate Governance Regulations

In general, Riyad Bank shall be obliged to apply the provisions set out in the Corporate Governance Regulations issued by the Capital Market Authority, the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank and the directives set forth by the Saudi Central Bank. Riyad Bank ensures its adherence to all corporate governance regulations and stays abreast of any updates in this regard. The Bank also keeps revising and updating its relevant policies and procedures in response to new regulatory requirements.

Riyad Bank Shari’ah Committee

The independent Shari’ah Committee at Riyad Bank comprises of distinguished scholars entrusted with reviewing and supervising Islamic banking operations within the Bank to ensure compliance with Islamic Shari’ah principles and regulations.

The Shari’ah Committee provides Shari’ah rulings on Islamic products and services presented to it, and issues corresponding Shari’ah resolutions.

The Shari’ah Committee of Islamic Banking at Riyad Bank consists of the following members:

His Excellency Sheikh/Prof. Abdulrahman bin Abdullah Al-Sanad

- Position: Chairman of the Shari’ah Committee.
- Independence Status: Independent.
- Chairman of the Shari’ah Committee at Riyad Bank since 2024 and holds a Ph.D. in Comparative Jurisprudence from the Higher Judicial Institute at Imam Mohammad Ibn Saud Islamic University. He is the President of the General Presidency of the Commission for Promotion of Virtue and Prevention of Vice (PVPV) with ministerial rank, and an author of numerous publications and research papers on Shari’ah transactions. He previously held the position of Director of the Islamic University, Dean of the Higher Judicial Institute, and Chairman of Shari’ah boards for several commercial companies.

His Eminence Sheikh/Dr.Mohammed bin Abdullah Butayban

- Position: Member of the Shari’ah Committee.
- Independence Status: Independent.
- Member of the Shari’ah Committee at Riyad Bank since 2024 and holds a Ph.D. in Comparative Jurisprudence from the Higher Judicial Institute at Imam Mohammad Ibn Saud Islamic University. He is a faculty member at King Faisal University, a Shari’ah advisor and trainer for various Shari’ah and financial institutions, a commercial arbitration practitioner, and an author of several Shari’ah publications and research papers.

His Eminence Sheikh/Dr. Zaid bin Abdulaziz Al-Shathri

- Position: Member of the Shari’ah Committee.
- Independence Status: Independent.
- Member of the Shari’ah Committee at Riyad Bank since 2024 and holds a Ph.D. in Comparative Jurisprudence from the Higher Judicial Institute at Imam Mohammad Ibn Saud Islamic University, and a Master’s in Corporate Finance Law from the University of Westminster, UK. He is a faculty member at the Higher Judicial Institute, a Board member of the General Commission for the Guardianship of Trust Funds for Minors and their Counterparts, and a member of its Shari’ah Committee, and a member of the Shari’ah Committee for a financial company. He previously held the position of advisor to the Committee for the Resolution of Securities Disputes (CRSD) and the Appeal Committee for the Resolution of Securities Conflicts (ACRSC), and he is an author of various publications and research papers on Shari’ah transactions.

Products and Services presented in 2024 based on the decision of the Shari’ah Committee

Product Name/Decision
1. Account Management Agreement for Off-Plan Sale Projects.
2. Wasl Platform.
3. Riyadh Bank Additional Tier 1 Sukuk Program (USD-denominated).
4. Unified Shari’ah-Compliant Forward Commodity Sale Agreement between Dealers.
5. Terms and Conditions for International Transfers.
6. Terms and Conditions for Using Riyadh Bank Cards on Samsung Pay Platforms.
7. Terms and Conditions for Using Riyadh Bank Cards on Electronic Payment Platforms.
8. Lease Financing (Ijarah).
9. Terms and Conditions for “My Savings” Product (Hissalty).
10. Digital Platform for Medium, Small, and Micro Enterprises.
11. Digitization of Point-of-Sale Financing Applications.
12. Investment Fund Portfolio Display Service on Riyadh Bank Application.
13. Real Estate Financing Models.
14. Riyadh Bank Additional Tier 1 Sukuk Program (ﷲ-denominated).

Shari’ah Committee Resolutions in 2024			
Resolution No.	Title	Decision	Date
163/02/Sh	Credit Policy for Car Lease Financing Risks	The Shari’ah Committee resolved that there is no Shari’ah objection to working with the Credit Policy for car lease financing risks, emphasizing that clients who default on the last payment will be given a new lease contract for a specified period, after which the ownership of the car will be transferred to the client with a new contract.	16.01.24
164/04/Sh	Vehicle Replacement Request Form	The Shari’ah Committee resolved that there is no Shari’ah objection to working with the Vehicle Replacement Request Form, provided that it is presented to the Committee after being amended according to the comments recorded in the meeting minutes.	13.02.24
165/04/Sh	Shari’ah Governance Framework	The Shari’ah Committee approved the Shari’ah Governance Framework for Islamic Banking transactions.	05.03.24
165/05/Sh	Shari’ah Governance Policy	The Shari’ah Committee approved the Shari’ah Governance Policy for Shari’ah-compliant banking transactions.	05.03.24
166/01/Sh	Retail Collection and Recovery Program	The Shari’ah Committee resolved that there is no Shari’ah objection to the implementation of the Collection and Recovery program in the Retail Banking sector, emphasizing that the following comments should be added in future updates and presented to the Shari’ah Committee: 1. The repayment and rescheduling schedule should not include any increase in debt amounts. 2. The “automatic debit” feature should not impose any financial cost on the customer. 3. Clause (iii) on page 27 should not include any increase in debt or added fees. 4. Use the word Murabaha or Ijarah instead of loan.	26.03.24
166/04/Sh	Changing the Statement Date and Due Date for Credit Cards	The Shari’ah Committee resolved that there is no Shari’ah objection to changing the statement date and due date for credit cards.	26.03.24
167/02/Sh	Removing the Step of Approving the Murabaha Contract from Margin Financing Products	The Shari’ah Committee resolved that there is no Shari’ah objection to removing the aforementioned step, as it is already fulfilled in the preceding steps.	30.04.24
167/03/Sh	Transfer of Ownership Form	The Shari’ah Committee resolved that there is no Shari’ah objection to adopting the Transfer of Ownership Form.	30.04.24
168/01/Sh	Account Management Agreement for Off-Plan Sale Projects	The Shari’ah Committee resolved that there is no Shari’ah objection to adopting the Account Management Agreement document for off-plan sale projects.	07.05.24



Shari'ah Committee Resolutions in 2024			
Resolution No.	Title	Decision	Date
168/02/Sh	Account Management Fee Agreement for Off-Plan Sale Projects	The Shari'ah Committee resolved that there is no Shari'ah objection to adopting the Account Management Fee Agreement document for off-plan sale projects.	07.05.24
168/03/Sh	Document for Paying Expenses from the Project's Escrow Account	The Shari'ah Committee resolved that there is no Shari'ah objection to adopting the document for paying expenses from the project's escrow account.	07.05.24
168/04/Sh	Lease Financing Services Model - Traffic Services	The Shari'ah Committee resolved that there is no Shari'ah objection to adopting the Lease Financing Services Model - Traffic Services.	07.05.24
170/01/Sh	Models for After-Sales Services for the Car Lease Financing Product	The Shari'ah Committee resolved that there is no Shari'ah objection to adopting the models for after-sales services for the car lease financing product.	04.06.24
172/01/Sh	Wasl Platform	The Shari'ah Committee resolved that there is no Shari'ah objection to launching and operating the Wasl platform, provided that all these services do not conflict with the rules stipulated by the Saudi Central Bank and regulatory authorities, and do not conflict with the articles and clauses of the contracts and agreements signed with the Bank's customers.	11.07.24
172/02/Sh	Additional Tier 1 Sukuk Program denominated in US Dollars (The Program) for Riyadh Bank	The Shari'ah Committee resolved that the Program's structure and mechanism complies with the provisions and principles of Islamic Shari'ah, and it is permissible for anyone with an interest to purchase the certificates. It is also permissible for holders to sell their share in the secondary market at prevailing prices, which may be at par, premium, or discount, provided that the transaction documents are presented to the Shari'ah Committee for approval after being drafted.	22.07.24
173/01/Sh	Sukuk Program Transaction Documents	The Shari'ah Committee resolved to approve the implementation documents for Riyadh Bank's Sukuk program.	25.08.24
173/07/Sh	Unified Shari'ah-Compliant Forward Commodity Sale Agreement Between Dealers	After reviewing and discussing the agreement, and referring to resolution no. 52/01/Sh, the Shari'ah Committee resolved that there is no Shari'ah objection to implementing the amendments to the unified agreement for commodity sales between dealers.	25.08.24
173/09/Sh	Professional Code of Conduct and Governance Practices	The Shari'ah Committee approved the Professional Code of Conduct and Governance Practices document as presented, committing to implement it.	25.08.24

Shari'ah Committee Resolutions in 2024			
Resolution No.	Title	Decision	Date
174/01/Sh	Shari'ah Committee Regulations	The Shari'ah Committee resolved to approve working with the updated regulations.	04.09.24
175/02/Sh	Vehicle Lease Financing Models for Bank Customers and Employees	The Shari'ah Committee resolved that there is no Shari'ah objection to approving the lease financing models for vehicles.	17.09.24
175/03/Sh	Murabaha Sale Contract	The Committee resolved that there is no Shari'ah objection to implementing the Murabaha sale contract with the implemented amendments.	17.09.24
175/04/Sh	Terms and Conditions for International Transfers	After studying, reviewing, and referring to the Legal Advisor opinion no. 150.1, the Shari'ah Committee resolved that there is no Shari'ah objection to implementing the terms for international transfers between the Bank and Thunes, Mastercard, and Visa Direct.	17.09.24
175/05/Sh	Retail Financing Risk Acceptance Criteria v7.0	The Shari'ah Committee resolved that there is no Shari'ah objection to the implementation of the document.	17.09.24
176/08/Sh	Amendment to Goods and Services Benefits Agreement	After studying, reviewing, and referring to minutes 103, the Shari'ah Committee resolved that there is no Shari'ah objection to implementing the amendments to the goods and services benefits agreement.	15.10.24
176/10/Sh	Adoption of Shari'ah Governance Policy	The Shari'ah Committee resolved in meeting 176 to approve the Shari'ah Governance Policy for banking transactions compliant with Shari'ah principles.	15.10.24
176/11/Sh	Cancellation of Shari'ah Governance Framework	The Shari'ah Committee resolved in meeting 176 to approve the cancellation of the Shari'ah Governance Framework for Shari'ah-compliant banking transactions.	15.10.24
176/12/Sh	Terms for Riyadh Bank Cards on Samsung Pay Platform	After studying, reviewing, and examining the legal memorandum, the Shari'ah Committee resolved in meeting 176 that there is no Shari'ah objection to implementing the terms for operating Riyadh Bank cards on Samsung Pay electronic payment platforms.	15.10.24
176/13/Sh	Terms for Riyadh Bank Cards on Electronic Payment Platforms	After studying, reviewing, and examining the legal memorandum, the Shari'ah Committee resolved in meeting 176 that there is no Shari'ah objection to implementing the terms for operating Riyadh Bank cards on third-party electronic payment platforms.	15.10.24
177/01/Sh	Lease Financing	The Shari'ah Committee resolved that there is no Shari'ah objection to proceeding with the lease financing product.	30.10.24

Shari’ah Committee Resolutions in 2024			
Resolution No.	Title	Decision	Date
177/02/Sh	Terms and Conditions of Hasalty Product	The Shari’ah Committee resolved that there is no Shari’ah objection to proceeding with the Hasalty products’ terms and conditions document.	19.11.24
177/03/Sh	Digital Platform for SMEs	The Shari’ah Committee resolved that there is no Shari’ah objection to proceeding with the digital platform for small and medium enterprises, provided that services and financing procedures receive prior Shari’ah Committee approval.	19.11.24
177/04/Sh	Point of Sale Financing Application	The Shari’ah Committee resolved that there is no Shari’ah objection to proceeding with the point of sale financing application.	19.11.24
177/07/Sh	Investment Fund Portfolio Display Service	The Shari’ah Committee resolved that there is no Shari’ah objection to proceeding with the investment fund portfolio display service on Riyadh Bank’s application.	26.11.24
177/08/Sh	Real Estate Financing Models	The Shari’ah Committee resolved that there is no Shari’ah objection to proceeding with the real estate financing models.	26.11.24
177/10/Sh	Addition of “Bank Bears Return” Phrase	The Shari’ah Committee resolved that there is no Shari’ah objection to adding the phrase “Bank bears return and return amount for customer” to the Islamic return account product.	26.11.24
179/01/Sh	Sukuk Program Structure	The Shari’ah Committee, after reviewing the program structure and its mechanisms (taking into consideration the “continuation” on both above-mentioned pages), resolved that the structure complies with Shari’ah principles. Certificate holders may sell their shares in the secondary market at prevailing prices (par, premium, or discount) by way of dealing.	24.12.24
179/05/Sh	Business Standards Manual for Credit Cards v10.0	The Shari’ah Committee reviewed the presented proposal regarding the business standards manual and risk management for credit cards version 10.0, and found no Shari’ah objection to proceeding.	24.12.24
179/11/Sh	Shari’ah Advisory Workflows	The Shari’ah Committee resolved to approve the Shari’ah advisory work procedures as amended.	24.12.24
179/12/Sh	Shari’ah Audit Workflows	The Shari’ah Committee resolved to approve the Shari’ah audit work procedures as amended, provided that the Shari’ah audit report is approved by the Shari’ah Committee, not by the Head of Islamic Banking.	24.12.24

Shari’ah Committee Resolutions in 2024			
Resolution No.	Title	Decision	Date
180/01/Sh	Annual Shari’ah Audit Report 2024	The Shari’ah Committee reviewed the annual audit report, for the 2024 activities, submitted by the Shari’ah Audit team in the Islamic Banking Division on Monday 29/6/1446H corresponding to 30.12.24. The Committee thanks the Shari’ah Audit team at Riyadh Bank and commends all departments’ commitment to implementing the Committee’s decisions and recommendations.	30.12.24
180/02/Sh	Annual Shari’ah Compliance Report 2024	The Shari’ah Committee reviewed the annual compliance report for the 2024 activities, submitted by the Shari’ah Compliance team in Islamic Banking Division on Monday 29/6/1446H corresponding to 30.12.24. The Committee thanks the Shari’ah Compliance team and commends all departments’ swift handling of observations and commitment to implementing the Committee’s recommendations.	30.12.24
180/03/Sh	Shari’ah Audit Plan 2025	After reviewing the Shari’ah audit plan for the year 2025 the Shari’ah Committee approved the audit plan and recommended increasing the number of Shari’ah Auditors in the Islamic Banking Division to ensure proper implementation of the Committee’s directives and decisions.	30.12.24



Compliance

Compliance Statement in Riyadh Bank

The Compliance Division is an independent function responsible for identifying, evaluating, monitoring, and advising on compliance matters, supporting Riyadh Bank’s commitment to safeguarding its professional practices, and customers. By adhering to applicable laws and regulations and complying with international standards, Riyadh Bank ensures the highest standards of integrity and compliance in all areas of its operations.

The Compliance Division’s main objectives are to activate and enhance the compliance policy and its culture in all the Bank’s activities, and businesses, as well as protecting the Bank’s interests and to reduce the risk of non-compliance with regulations, requirements, and instructions. In addition, it is the Compliance Division’s role to enhance and maintain the confidence of Riyadh Bank’s integrity and reputation. Riyadh Bank provides the best standards of security and protection for its customers and Shareholders to prevent violations of laws and regulations.

The process of identifying the risk takes place periodically and continuously in order to avoid non-compliance via issuing internal policies and procedures that must be followed by all Riyadh Bank’s employees and Stakeholders. Riyadh Bank has zero tolerance towards any violation or non-compliance with applicable laws and regulations. The Bank has also implemented a Code of Conduct that is mandatory for all employees and concerned Stakeholders to fully comply with.

Code of Conduct and Business Ethics Policy

Riyad Bank’s ability to do what is right is an instrumental factor in its integrity and reputation. The Code of Conduct in Riyadh Bank is designed to guide employees on the expected ethical principles and standards.

The policy is prepared on the basis that everyone at Riyadh Bank is responsible for conducting business ethically and no one should ever forgo integrity or even seem that they have. The Bank values its reputation and considers it to be an integral part of its business. Riyadh Bank is also committed to doing business based on its own ethical standards and the value it provides to its customers and Stakeholders, not on gifts or offers that may be given or received.

The policy also provides clear guidance on what the Bank allows for its employees to accept or give in terms of gifts, benefits, favors, entertainment, etc. Riyadh Bank does not compromise its reputation by engaging in, or appearing to engage in, bribery or any form of corruption.

Anti-Money Laundering and Counter-Terrorist Financing Statement

Riyad Bank is firmly committed to the highest standards in combating money laundering and terrorism financing activities. Riyadh Bank is also committed to identifying potential money laundering and terrorism financing transactions with a high level of transparency and compliance with the applicable laws, rules, and guidelines issued by the Saudi Central Bank (SAMA), or other relevant regulatory authorities.

Additionally, Riyadh Bank has implemented a program to combat money laundering and terrorism financing to prevent the use of the Bank’s branches, trade finance centers, the Bank’s products and services in general, including its affiliates, as channels for illegal activities in connection with money laundering and terrorism financing activities.

This program is ensuring compliance with global requirements, including the Financial Action Task Force (FATF) recommendations, local laws, as well as the Saudi Central Bank (SAMA) regulations, and other regulatory requirements to prevent illegal transactions or activities.

Riyad Bank has established robust AML & CTF policies and procedures based on local and international guidelines to combat and prevent criminal activities. The subject policies and controls encompass several programs such as:

- Know Your Customer (KYC)
- Customer Due Diligence (CDD)
- Transaction monitoring
- Sanctions
- Training and awareness
- Reporting of suspicious activities

The AML and CTF programs are subject to independent reviews and evaluations by internal and external Auditors as well as the periodic inspections by the Saudi Central Bank (SAMA).

Whistleblowing Statement and Tools (including Violations Reporting and Anti-Bribery and Corruption)

Riyad Bank is committed to encourage the highest possible professional and best practice standards in all its businesses. To achieve this, it encourages an environment and culture in which all parties can report all forms of non-compliance.

A whistleblowing policy has been implemented, which is intended to ensure that all employees and Stakeholders feel supported in speaking up in confidence and reporting matters that they suspect may involve improper, unethical, or inappropriate conduct and alike within the Bank.

The policy is intended to enable those who become aware of wrongdoing to report their concerns, so that they can be properly investigated. Reports can be made anonymously. However, if reporters put their names to allegations this policy has been established to protect reporters from any act of retaliatory, intimidating, or threatening conduct, and ensures that reports are examined with high levels of professionalism.

Riyad Bank has also implemented a Code of Conduct and Business Ethics Policy which is intended to ensure that the Bank is applying a comprehensive mechanism to combat bribery and corruption which includes a set of roles and responsibilities for different Stakeholders, in order to ensure that it is subject to appropriate oversight. In addition, the Board of Directors provide an oversight to the anti-bribery, corruption mechanisms, and strategies implemented by the Bank, including any other relevant policies.

The Bank also established an appropriate control environment and channels for reporting of any potential bribery and corruption activities through whistleblowing using applicable internal and external means, including periodic testing for its effectiveness.

The Whistleblowing form is available through the following link:

<https://www.riyadbank.com/ar/about-us/compliance-statement/whistleblowing>

Know Your Customer / Customer Due Diligence

Riyad Bank has implemented robust KYC/CDD procedures to ensure comprehensive and accurate understanding of its customers in line with regulatory requirements.

All customers are required to present valid and updated identity documents in accordance with the applicable requirements. The Bank diligently applies proper due diligence measures to update and verify customer information, according to the customer risk profile rating or in case of a trigger event.

The Bank strictly prohibits accounts being opened by anonymous, numbered, non-resident individuals or entities in the country, and does not engage in any relationships with shell banks.

Transactions Monitoring System

The Bank has implemented a robust automated transaction monitoring system to identify potential suspicious transactions based on updated scenarios and internal procedures. The authorized officers thoroughly investigate and analyze these transactions to determine their legitimacy and take the appropriate actions accordingly. Suspicious transactions are reported internally and externally to the relevant competent authorities.

Riyad Bank takes immediate actions to rectify any violation to ensure compliance with the applicable laws and regulations, and implement corrective measures as required.

Financial Crime Risk Assessment

Riyad Bank has implemented sound risk assessment associated with money laundering and terrorist financing and other financial crimes. A comprehensive risk register is established to document and manage AML/CTF and other financial risks. Riyad Bank regularly reviews its internal controls to identify and address weaknesses ensuring resilient risk management process.

Sanctions Program

The Bank has a highly effective system for the screening of transactions and customers against the names listed by local authorities and international organizations, such as UN, OFAC, EU, UK, and Saudi Central Bank (SAMA).

This allows the Bank to identify and mitigate risks associated with sanctioned individuals and entities, ensuring that the Bank does not engage in any transactions or activities that could violate sanction requirements.

Personal Dealing and Insider Trading Oversight Policy

Riyad Bank has exhorted efforts to see that controls are put in place in order to ensure that there is no misuse of information by any of its employees.

Employees of Riyad Bank, it being a financial services company, may have access to material, non-public information (MNPI), or insider information about the Bank itself, its clients, or other companies. Riyad Bank strictly prohibits the misuse of MNPI or Insider Information used for any personal gain by employees.

Conflict of Interest Policy

Riyad Bank has a firmly committed fiduciary obligation towards its clients and Shareholders to act in their best interest. This means the Bank avoids and addresses, through controls, disclosures, or other appropriate steps, actual or potential conflicts of interest.

Training and Awareness

Compliance Training and Awareness are fundamental tools used to develop a robust compliance culture and is considered one of the main responsibilities of Compliance. Based on Riyad Bank’s training policy and the applicable laws and regulations, the Bank provides periodic training to all employees, including the Board of Directors, Senior Management, and new hires. The Bank utilizes several channels to provide training and awareness covering non-compliance and financial crime threats to ensure all employees are informed of the applicable regulations, instructions and developments.

Risk Management

The Bank has a sound risk culture, an enabling risk appetite, and an Enterprise Risk Management Framework (ERMF) in order to ensure a robust internal control environment and, an affective risk management oversight in the Bank.

Risk Culture

Risk culture is one of the critical principles of the Bank’s enterprise risk management to set the norms of behavior and actions around the management of risk. It shapes the Bank’s ability to identify, understand, assess, manage, and mitigate the current and future risks. It ensures that that proper risk culture is embedded within the Bank.

Risk Governance

The Board of Directors has an ultimate responsibility for the Bank’s strategy, governance, risk management, compliance, and financial soundness. The Board of Directors has a designated Risk Management Committee to have continuous oversight on risk management to ensure effective risk governance. The Saudi Central Bank (SAMA) and the Basel Committee have directed that the risk management function should be independent from other banking functions. To put in place an adequate operating structure to consider the risk and control, the Bank has implemented a 3 lines of defense approach with controls at different organizational units i.e. the operating units, other control areas, and Internal Audit. The Bank’s sound governance and risk management are reinforced by these 3 lines of defense approach, which is also an integral part of an ERMF.

Enterprise Risk Management Framework

Risk is inherent to Riyad Bank’s business activities and should be managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to Riyad Bank’s continuing profitability and each individual within the Bank is accountable for the risk exposures relating to their responsibilities.

Riyad Bank’s Enterprise Risk Management Framework (ERMF) provides a set of definitions of all the risks the Bank encounters.

Effective Risk Management is critical to Riyad Bank’ sustainable growth. It will require identifying, assessing, measuring, controlling, mitigating, and reporting the risks faced by the Bank. Furthermore, Riyad Bank’s ERM Framework should also allow establishing a clear linkage between Riyad Bank’s Business Strategy, Risk Appetite, and Capital Management.

Risk Appetite Framework

The Risk Appetite Framework (RAF) is an integral component of the Bank’s ERMF and is embedded in the Bank’s strategy and annual operating plan. The RAF establishes the overall approach through which the Bank ensures prudent risk-taking. It is established on the basis of best practices and outlines the process of developing a Risk Appetite Statement (RAS), governance, monitoring, and reporting. The RAS is integrated with the Bank’s strategic planning process and is approved by the Board on an annual basis.

In pursuit of its strategy, the Bank is exposed to various types of risks, including but not limited to credit risk, market risk, liquidity risk, operational risk, and cyber and information security risk. Strategic risk objectives, containing a full suite of quantitative metrics and qualitative statements are defined in the Risk Appetite Framework. The Bank also expresses risk appetite qualitatively in terms of policies, processes, procedures, and controls duly meant to manage risks that may or may not be quantifiable.

The Bank will continue to invest in a risk management ecosystem for all key existing and emerging risks.

Credit Risk

Credit risk is defined as the risk of financial loss resulting from the secondary party to a credit transaction not meeting (or not meeting completely) their financial obligations. Accordingly, the Bank developed a credit risk management framework and various policies that encompass all financing programs to ensure the Bank minimizes the overall risk in its credit portfolio and reduces losses incurred by financing activities.

The Bank operates in accordance with its stringent credit framework, policies, manuals, and procedures, which are reviewed regularly, considering latest updates and regulations of SAMA, BIS, risk dynamics, and market developments. Credit limits should be commensurate with the level of risk. Excessive concentration of credit risk should be avoided in all dimensions in both retail and corporate exposure.



The Bank's credit rating system conforms to international standards. The Bank, while having its own credit rating system, also incorporates the ratings of external agencies in the due diligence process. The credit risk assessment is executed through standardized measurement tools. This provides a comprehensive picture of the Bank's asset quality. In addition, it measures the probability of default which is a prerequisite for calculating expected credit losses in accordance with accounting standards.

The Bank's processes are constantly evolving in line with requirements of both local and international regulators. The Bank complies with all Basel requirements in measuring the capital adequacy ratio required to cover credit risk according to the standard method (Standardized Approach). The Bank uses internal credit risk models for credit assessments. These models are validated and reviewed annually by a third party. The validation includes tests that are carried out to ensure the reliability of the results of the credit rating models and their quantitative and qualitative aspects.

## Real Estate Finance Risk

The Bank's total outstanding residential real estate finance portfolio as of 31 December, 2024 was 兆 66 Bn. 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 that 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:

- **Life Insurance:** The life insurance provides financial protection in the event of death resulting from natural or accidental events, or a specified cause as per the insurance policy, in order to recover the outstanding financed amount from the insurance company.
- **Disability Insurance:** The disability insurance provides financial protection to recover the outstanding financed amount if the policyholder becomes fully and permanently disabled and is unable to work or engage in an income earning activity.

- **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.

## Market and Liquidity Risks

Market risk is the risk of losses resulting from fluctuations in market prices, of relevant instruments such as special commission rates, stock prices, foreign exchange rates, and any changes in the fair value of financial instruments and securities held by the Bank.

The Bank continuously measures and monitors risks pertaining to assets and liabilities resulting from fluctuations in fair values or future cash flows of financial instruments due to changes in market prices. This is achieved using risk structure, limits, and metrics approved by the Board of Directors and monitored by the Market and Liquidity Risk Management Department.

There is also a trade-off between liquidity and profitability, and an appropriate balance must be struck in all operations, while maintaining a strong liquidity position to increase customer confidence and improve the cost of funding. Additionally, periodic reports on market and liquidity risks are submitted to the Asset and Liability Management Committee and the Investments Committee. Such reports are then submitted to the Board's Risk Committee.

The Bank adopts the value at risk (VaR) standard, which is a tool to measure and quantify the level of financial risk in a Bank or a portfolio. The Bank can then monitor the changes and volatility of market prices and the relationship linking these changes to one another as a basic standard for measuring market risks. Moreover, several other advanced standards are used to improve analytical capabilities in managing market risks, including liquidity, stress tests, and analysis of market risk sensitivity.

The Bank continues to enhance its operations and systems to manage market and liquidity risks effectively and to implement the latest regulatory standards as per the requirements of SAMA and BIS.

## Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. These risks arise in all activities undertaken by various business and support functions. They may also arise due to risks from third party service providers. Operational risk is inherent in all of the Bank's products, activities, processes, and systems. The effective management of operational risk is a fundamental element of a bank's risk management strategy.

The Bank has developed operational risk management and measurement policies, standards, and guidelines. They include, performing an independent view of the identified risks by business units and designing an effective test of key controls and risk tolerance, in addition to monitoring and reporting of the operation risk profile, operational risk training, and raising risk awareness. Also, there is an integrated risk-based approach that is compatible with the Bank's activities that includes:

- Identifying operational risks, including emerging risks, by means of improving various tools to effectively manage operational risks.
- Measuring operational risks using a standardized methodology for risk assessment in cooperation with the second line of defense departments.
- Evaluating operational risks and their impact on the Bank's strategic and executive operational objectives.
- Continuously monitoring the impact of operational risks to ensure that priorities are set in taking the corrective actions necessary to address risks.
- Submitting periodic reports to the Executive Management, the Operational Resilience Committee, and the Enterprise Risk Management Committee on important operational risk cases to obtain guidance on corrective action and approvals as needed.
- Identifying and sharing leading practices with the Management and competent officers in Risk Management.
- Enhancing awareness and knowledge of different risks in the Bank.

## Technology Risk

In today's digital banking landscape, technology risk has emerged as a critical component of the Bank's operational risk framework. As technology underpins the core banking operations and strategic initiatives, effective management of technology-related risks is paramount to maintaining the Bank's competitive edge and ensuring operational resilience. The Bank has implemented a comprehensive technology risk management framework that aligns with its overall risk appetite and strategic objectives. Riyadh Bank's approach encompasses both existing and emerging technology risks, with a particular focus on digital transformation, secured delivery of services and systems resilience.

Key components of the technology risk management strategy include:

- Implementation of robust risk metrics and monitoring mechanisms aligned with the Bank's risk tolerance framework.
- Development and maintenance of an integrated technology risk register that synchronizes with the Bank's enterprise risk management framework.
- Regular assessment and documentation of critical control points, including gap analysis and enhancement recommendations.
- Execution of annual risk assessments, control testing, and validation procedures.
- Comprehensive evaluation of high-risk applications and systems through collaborative efforts with business units.
- Regular reporting of technology risk metrics and performance indicators to relevant governance committees.
- Systematic review of technology policies to ensure alignment with international best practices and SAMA regulatory requirements.

Technology risk management demonstrates the management commitment to maintaining a secure and resilient technological infrastructure while supporting the Bank’s digital transformation journey. Through continuous monitoring and enhancement of the control environment, Riyad Bank strives to protect its Stakeholders’ interests and maintain its position as a trusted financial institution in the Kingdom.

Cyber and Information Security Risks

Cyber and information security risks refer to risks arising from the possibility of breaching the necessary regulatory, technical, and procedural measures put in place to protect the Bank’s information from unauthorized access, disclosure, reproduction, as well as from use, modification, transfer, loss, theft, or misuse thereof in a deliberate and subversive, or accidental manner.

The Bank manages cyber and information security risks through a comprehensive practical framework via which governance is applied across all its information systems, practical procedures are organized, and implementation of the regulatory requirements and necessary rules is facilitated, ensuring the protection of the Bank’s informational assets to reduce various cyber and information security risks. Moreover, cyber and information security legislations issued by the relevant authorities are enforced. There is direct and complete supervision of all relevant activities from the viewpoint of cyber and information security. A process of cyber security testing and cyber security risk assessments established, and continuous monitoring of system events in correlation with cyber threat intelligence is performed for the purpose of identifying cyber security risks and taking necessary measures to immediately reduce/mitigate those risks.

The Bank is effectively complying with the applicable regulatory directives, international standards and best practices besides constantly enhancing the cyber security awareness program to promote a cyber security culture amongst all employees, contractors, vendors, and customers.

Data Privacy

Privacy risk refers to the protentional for personal data to be accessed, disclosed, or used in unauthorized ways that can harm the privacy of the individual or violate legal and regulatory requirements. This could result from compliance violations, data breaches, data misuse or mismanagement, insufficient data protection or improper access controls. This exposure of customer, employee, or third-party data can lead to legal liabilities, reputational damage, regulatory penalties, and loss of customer trust.

In compliance with the Saudi Personal Data Protection Law and other regulations and best practices, Riyad Bank has established an effective governance structure and implemented comprehensive data privacy policies, processes, technologies, and data protection controls to enable data subjects to practice their rights and safeguard the personal data of the Bank’s customers, employees, third parties, and all related data subjects.

Financial Crime Risks

In recent years financial crimes have emerged as a serious threat and challenge to financial institutions and their employees. Riyad Bank realizes the gravity of such crimes and their consequences. Therefore, efforts were made to take preventive measures of a strategic nature to combat and prevent financial crimes, which helped eliminate such crimes to a great extent.

The Bank was keen and took steps to incorporate the best international practices to execute its strategy to combat and monitor suspicious transactions related to anti-money laundering and combating terrorist financing, including controls designed to combat embezzlement, financial fraud, and monitor bank accounts. The Bank will continue to further strengthen the controls to prevent financial crimes.

The nature of the risks is dynamic and subject to change with the changes in the financial environment, types of crimes, and technologies used in the banking industry. Therefore, Riyad Bank’s strategy is subject to periodic reviews and frequent updates. In addition, a risk assessment review is also carried out periodically that encompasses the functions, departments, policies, and procedures for addressing risks of internal and external fraud and determines the level and nature of those risks. Since they may pose special risks, all new financial products and services are subject to a risk assessment by control functions before they are launched.

Riyad Bank sought to raise employee awareness by launching awareness programs throughout the year to boost commitment to combating financial crimes. The customer and concerned parties play an important role in helping the Bank to detect fraud. Accordingly, awareness and ad campaigns are launched to inform customers of the types of fraud they may face and how to report them.

ESG Integration into Risk Management

Integration of Environmental, Social, and Governance (ESG) Standards and Principles into banking practices is widely accepted as a major objective for successful management of climate risks in order to ensure long-term sustainability. Banks are increasingly expected to integrate climate-related risks into their traditional risk management frameworks, policies, and practices.

Climate risk can have a significant impact on banks, influencing credit risk, market risk, operational risk, and liquidity risk. Banks may face credit risk if borrowers are unable to pay back loans due to extreme weather events or impacts on their business models. Market risk may arise from a reduction in asset value, increased volatility, or repricing of securities and derivatives. Operational risk can result from disruptions in the Banks’ business continuity or reputational risk as customers become more climate conscious. Liquidity risk can be caused by increased outflows triggered by more withdrawals than anticipated (e.g., due to a climate-related event such as a wide area flood).

Riyad Bank has been developing its capacity in this regard starting with awareness about ESG and climate risks. The Bank has invested in training programs and workshops to improve its ESG-related risk management capabilities and knowledge, and to align with international best practice. Riyad Bank has initiated the integration of ESG into risk management policies and practices in line with its Sustainability Strategy. In this regard the Bank has successfully developed a sectoral level climate risk heat map with a KSA context. The heatmap has enabled the Bank to identify high-risk sectors and will support the next steps, such as the development of client-level climate scorecards.

Stress Testing

Stress-Testing is an integral tool to estimate and contain a range of qualitative and quantitative material risks enabling the Bank to identify current and potential vulnerabilities in the Bank’s exposures, which could result in material losses during stressed conditions.

Stress-Testing complements other approaches in the assessment of risks. Under the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) exercises, it is the primary indicator of the Bank’s ability to withstand stress events and maintain sufficient levels of capital and liquidity at all times. It is used for the evaluation of the financial position of the Bank under severe but plausible shocks to assist in the decision-making within the Bank.

Risk Management develops and monitors the stress methodologies along with underlying assumptions to ensure the efficacy of stress models. The Stress-Testing exercise is conducted twice a year in line with SAMA’s requirements.

Pillar 3 Disclosures

Pillar 3 Disclosures requirements have been issued by the Basel Committee on Banking Supervision (BCBS). They require banks to publish a range of quantitative and qualitative disclosures, mainly covering risk, capital, leverage, and liquidity. These are published and posted on the Bank’s website www.riyadbank.com in accordance with SAMA instructions. Such disclosures are not subject to examination or review by the Bank’s external Auditors.



## Effectiveness of Internal Controls

Riyad Bank has a well-established internal control system to ensure an effective internal control environment, in line with the “Guidelines on Internal Control” issued by SAMA. The system acts to ensure that strategic goals are achieved by protecting the Bank’s assets and guaranteeing operations are carried out pursuant to applicable guidelines. Internal controls include clear corporate governance that defines the roles and responsibilities of members of the Board and its Committees.

The Executive Management and its Committees ensure that risks related to regulatory requirements, strategy, financial performance, information technology, assets and liabilities management, liquidity, credit, operations, legal affairs, and information security are appropriately managed.

Bank employees and departments are responsible for the efficiency and effectiveness of their respective internal control environments. This assurance is provided through periodic self-assessment reviews of processes and controls to proactively identify areas of improvement and ensure timely remediation. Additionally, independent control functions and internal and external Auditors conduct reviews to ensure adequacy of the internal control environment.

The Compliance Department ensures compliance with regulatory requirements and guidelines. Meanwhile, the Internal Audit Department independently assesses the adequacy and efficiency of the internal control environment, by ensuring all applicable policies and procedures are implemented and practiced appropriately.

Senior Executive Management and the Audit Committee are regularly updated on the status of the internal control environment, as well as actions identified to improve its adequacy and effectiveness. They ensure timely implementation of the measures taken to mitigate all identified risks.

### Annual assertions and acknowledgments of executive management pertaining to internal control

During the fiscal year ended on 31 December, 2024, the top management and regulators of the Bank emphasized that:

- The internal controls applied in the control system are safe and effective.
- The deficiencies and internal and external weaknesses are addressed to ensure the safety of Bank interests.

### The Audit Committee’s opinion on the Bank’s control system for the year ended on 31 December, 2024

The Committee has reviewed during its meetings held on 2024 the periodic reports of the internal audit division, the compliance division and the risk management division, as well as the reports from regulators. Moreover, the Committee conducted a meeting separately with the external Auditors and reviewed their reports whereas the Committee has monitored regularly the efforts exerted by the control functions in the Bank and the executive management in order to secure addressing the observations that were detected and the implementation of controls that would mitigate its effect on the control system or prevent its recurrence thereof.

In accordance with the annual assertions and disclosures, which were provided to the Committee by the control functions and executive management, the Audit Committee finds that there are no control gaps or fundamental weakness within the Bank’s control system which effect the validity and fairness of the financial statements, noting that any internal control system regardless of its soundness and effectiveness of its application, could not provide absolute confirmation.

This comes within the Board’s objectives with respect of obtaining reasonable confirmations about the soundness and the effectiveness of the internal control systems.





# Financial Statements

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Riyad Bank reached new heights, delivering exceptional financial and operational performance and setting the foundation for sustainable, long-term growth.





# Independent Auditors’ Report

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

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Riyadh Bank (the “Bank”) and its subsidiaries (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 Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRSs that are endorsed in the Kingdom of Saudi Arabia”).

### Basis for Opinion

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

### 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 20 February 2024 (corresponding to 10 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Details of key audit matter	How our audit addressed the key audit matter
Expected Credit Loss allowance against loans and advances	As at 31 December 2024, the Group’s gross loans and advances amounted to ﷲ 325.39 billion (2023: ﷲ 279.32 billion), against which an Expected Credit Loss (“ECL”) allowance of ﷲ 5.30 billion (2023: ﷲ 4.92 billion) was recognised.	<ul style="list-style-type: none"><li>We obtained an understanding of the process adopted by management to determine the ECL allowance relating to loans and advances including the Group’s internal rating model, accounting policy and model methodology and the key controls in this process.</li></ul>
	In accordance with the requirements of IFRS 9, the Group measures ECL based on the credit losses expected to arise over the next twelve months (‘12 month ECL’), except for loans and advances which have undergone a significant increase in credit risk (“SICR”) since origination, or those which are in default or those that are classified as purchased / originated credit impaired assets, in which case, the allowance is based on the ECL expected to arise over the life of the loans and advances (‘Lifetime ECL’).	<ul style="list-style-type: none"><li>We assessed, the key controls over the following areas to determine if they had been appropriately designed and implemented and were operating effectively:<ul style="list-style-type: none"><li>the ECL model, including governance over the model, its validation during the year, and any model updates performed during the year, including the approval of the Credit Risk Management Committee of key inputs, assumptions and management overlays, where applicable;</li></ul></li></ul>

# Independent Auditors’ Report

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

Key audit matter	Details of key audit matter	How our audit addressed the key audit matter
Expected Credit Loss allowance against loans and advances	We considered the determination of the ECL allowance as a key audit matter, as this determination requires management to apply significant judgements and make significant estimates. In addition, the carrying amount of loans and advances is quantitatively significant to the consolidated financial statements. The key areas of judgement and estimates include: <ul style="list-style-type: none"><li>1. Categorisation of loans and advances into Stages 1, 2 and 3, as defined in note 8 to the consolidated financial statements, based on the identification of:<ul style="list-style-type: none"><li>(a) amounts with a significant increase in credit risk (“SICR”) since the date that credit was initially granted; and</li><li>(b) individually impaired and/or overdue amounts.</li></ul></li></ul> Additional judgements are applied by the Group when identifying and assessing exposures meeting SICR criteria.	<ul style="list-style-type: none"><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, and;</li><li>the IT systems and applications underpinning the ECL model, where applicable.</li></ul>
	<ul style="list-style-type: none"><li>2. Assumptions used in the ECL model for determining probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) including, but not limited to assessment of financial condition of counterparty, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.</li><li>3. The need to apply management overlays to reflect all relevant risk factors, that might not have been captured by the ECL models.</li></ul> <p><i>Refer to the summary of material accounting policy note 3 (e) for the impairment of financial assets; note 2 (e) (ii) which contains the disclosure of critical accounting judgements, estimates and assumptions relating to impairment losses on financial assets and the impairment assessment methodology used by the Group; note 8 which contains the disclosure of impairment against loans and advances; note 34.3 (a) (ii) for details of credit quality analysis and key assumptions and factors considered in determination of ECL.</i></p>	<ul style="list-style-type: none"><li>We compared the Group’s accounting policy and methodology for determining the ECL allowance against with the requirements of IFRSs.</li><li>For a sample of loan and advances, we assessed:<ul style="list-style-type: none"><li>the staging used to determine the ECL allowance;</li><li>inputs and judgements used to determine the ECL allowance, for example PD and LGD percentages; and</li><li>the recoverable cash flows, including the impact of collateral, and other sources of repayment.</li></ul></li><li>We assessed the Group’s criteria for the determination of SICR and identification of “default” and “individually impaired” exposures, and their classification into stages. Furthermore, for a sample of loans and advances, we assessed the appropriateness of the staging classification of the Group’s loans and advances portfolio based on the Group’s staging classification policy, knowledge of corresponding customers and analysis of related financial information.</li><li>We assessed the underlying estimates used by the Group in the ECL model.</li><li>We assessed the governance process implemented and the qualitative factors applied by management when making management overlays to the output of the model used to determine the ECL allowance.</li><li>We tested the inputs used to determine the ECL allowance by agreeing them to supporting documentation.</li><li>The above procedures were performed with the assistance of our internal specialists, where applicable.</li><li>We assessed disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.</li></ul>

Independent Auditors’ Report (Continued)

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

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

Key Audit Matters (continued)

Key audit matter	Details of key audit matter	How our audit addressed the key audit matter
Valuation of derivative financial instruments	<p>As at 31 December 2024, the positive and negative fair value of derivatives held by the Group amounted to ﷲ 5.57 billion (2023: ﷲ 3.67 billion) and ﷲ 5.17 billion (2023: ﷲ 3.43 billion), respectively.</p> <p>The Group has entered into various derivative transactions, including special commission rate and commodity swaps (“swaps”), forward foreign exchange contracts (“forwards”), currency options (“options”), and other derivative contracts. Swaps, forwards, options and other derivative contracts include over-the-counter (“OTC”) derivatives. The valuation of these contracts is 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 the 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>These financial assets and financial liabilities are measured at fair value with changes in fair value being presented in consolidated statement of income and statement of other comprehensive income.</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, complex modeling techniques.</p> <p><i>Refer to the basis of preparation note 2 (e) (iii) to the consolidated financial statements which sets out the critical accounting judgements, estimates and assumptions regarding fair value measurement; the summary of material accounting policy note 3 (I) for the accounting policy relating to derivative financial instruments and hedge accounting; and note 6 which discloses the derivative positions as at the reporting date.</i></p>	<ul style="list-style-type: none"><li>• We obtained an understanding of the process adopted by management to determine the fair value of derivative financial instruments, including the key controls in this process.</li><li>• We assessed the key controls in this process over to determine if they were appropriately designed and implemented and were operating effectively. This included the controls over the IT system and maintenance of the data used as inputs to determine the fair value.</li><li>• We selected a sample of derivatives and:<ul style="list-style-type: none"><li>• Tested 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 in the derivative valuation models;</li><li>• Involved our experts to assist us to perform independent valuations of the derivatives and compared the result with management’s valuation; and</li><li>• Assessed the hedge effectiveness performed by the Group and evaluated the related hedge accounting.</li></ul></li><li>• We assessed disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs that are endorsed in the Kingdom of Saudi Arabia.</li></ul>

Independent Auditors’ Report

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

Other Information included in the Group’s 2024 Annual Report

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

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

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

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

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

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

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

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the management.



Independent Auditors’ Report (Continued)

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

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

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

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

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


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them 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 for the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank 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.


Ernst & Young Professional Services

  
Rashid S. Rashod  
Certified Public Accountant  
License No. 366



12 Sha'ban 1446H  
(11 February 2025)

Deloitte and Touche & Co.  
Chartered Accountants

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



Consolidated Statement of Financial Position

As at December 31, 2024 and 2023

	Note	2024 S'000	2023 S'000
<b>ASSETS</b>			
Cash and balances with Saudi Central Bank (SAMA), net	4	22,599,973	26,175,226
Due from banks and other financial institutions, net	5	22,574,084	15,433,725
Positive fair value of derivatives	6	5,568,952	3,668,130
Investments, net	7	69,668,963	58,108,824
- Investment at fair value through income statement (FVIS)	7 a)	4,492,580	2,322,845
- Investment at amortised cost, net	7 a)	44,151,537	34,618,204
- Investments at fair value through other comprehensive income (FVOCI)	7 a)	21,024,846	21,167,775
Loans and advances, net	8	320,089,491	274,398,246
Other assets	11	2,204,083	2,547,120
Investment in associates	9	402,419	379,941
Other real estate		753,700	670,470
Property, equipment and right of use assets, net	10	6,517,129	5,467,247
<b>Total assets</b>		<b>450,378,794</b>	<b>386,848,929</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to banks and other financial institutions	12	43,949,020	42,464,026
Negative fair value of derivatives	6	5,165,593	3,428,575
Customer deposits	13	306,423,391	254,907,624
Debt securities in issue and term loan	14 a)	13,324,453	13,372,622
Other liabilities	15	13,574,238	12,418,011
<b>Total liabilities</b>		<b>382,436,695</b>	<b>326,590,858</b>
<b>Shareholders' equity</b>			
Share capital	16	30,000,000	30,000,000
Treasury shares	17	(165,105)	(165,912)
Statutory reserve	18	15,283,989	12,953,515
Other reserves	19	77,216	(369,203)
Retained earnings		13,359,899	11,277,171
<b>Equity attributable to the shareholders of the Bank</b>		<b>58,555,999</b>	<b>53,695,571</b>
<b>Tier 1 Sukuk</b>	14 b)	<b>9,386,100</b>	<b>6,562,500</b>
<b>Total equity</b>		<b>67,942,099</b>	<b>60,258,071</b>
<b>Total liabilities and equity</b>		<b>450,378,794</b>	<b>386,848,929</b>

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

Abdullah A. Al-Oraini  
Chief Financial Officer

Nadir S. Al-Koraya  
Chief Executive Officer

Eng. Abdullah M. Al-Issa  
Chairman of the Board

## Consolidated Statement of Income

For the years ended December 31, 2024 and 2023

	Note	2024 S'000	2023 S'000
Special commission income	21	24,182,126	20,606,115
Special commission expense	21	11,308,859	8,191,837
<b>Net special commission income</b>		<b>12,873,267</b>	<b>12,414,278</b>
Fee and commission income	22	4,539,492	3,730,796
Fee and commission expense	22	1,548,552	1,346,175
<b>Fee and commission income, net</b>		<b>2,990,940</b>	<b>2,384,621</b>
Exchange income, net		779,396	608,106
Trading income, net	23	529,420	419,944
Dividend income		43,374	40,801
Gains/(losses) on disposal of non-trading investments, net	24	16,802	(43,630)
Other operating income	25	51,332	74,718
<b>Total operating income, net</b>		<b>17,284,531</b>	<b>15,898,838</b>
Salaries and employee-related expenses	26	2,752,215	2,542,164
Rent and premises-related expenses		216,327	219,979
Depreciation of property, equipment and right of use assets	10	683,579	695,356
Other general and administrative expenses	27	1,591,137	1,463,518
Other operating expenses		42,343	47,607
<b>Total operating expenses before impairment charge</b>		<b>5,285,601</b>	<b>4,968,624</b>
Impairment charge for credit losses and other financial assets, net	8 e)	1,620,728	1,875,464
Impairment charge for investments, net		11,618	96,224
<b>Total operating expenses, net</b>		<b>6,917,947</b>	<b>6,940,312</b>
<b>Net operating income</b>		<b>10,366,584</b>	<b>8,958,526</b>
Share in income of associates, net		30,354	12,273
<b>Income before zakat</b>		<b>10,396,938</b>	<b>8,970,799</b>
Zakat	30	1,075,044	924,955
<b>Net income</b>		<b>9,321,894</b>	<b>8,045,844</b>
<b>Basic and diluted earnings per share (in S)</b>	28	<b>3.01</b>	<b>2.58</b>

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.



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Chief Executive Officer



Eng. Abdullah M. Al-Issa  
Chairman of the Board



Abdullah A. Al-Oraini  
Chief Financial Officer



Nadir S. Al-Koraya  
Chief Executive Officer



Eng. Abdullah M. Al-Issa  
Chairman of the Board

## Consolidated Statement of Comprehensive Income

For the years ended December 31, 2024 and 2023

	2024 S'000	2023 S'000
<b>Net income</b>	<b>9,321,894</b>	<b>8,045,844</b>
<b>Other comprehensive income (OCI):</b>		
<b>a) Items that will be reclassified to consolidated statement of income in subsequent</b>		
- Fair value through other comprehensive income (FVOCI- debt instruments)		
- Net change in fair value	333,042	211,552
- Net amounts transferred to consolidated statement of income	(16,802)	43,630
- Net changes in allowance for expected credit losses (ECL) of debt instruments	10,987	98,820
- Effective portion of net change in fair value of cash flow hedge	(68,820)	(13,118)
<b>b) Items that will not be reclassified to consolidated statement of income in subsequent</b>		
- Actuarial gains (losses) on defined benefit plans (note 31 d)	173,368	(127,711)
- Net change in fair value and transfers of equity instruments at fair value through other comprehensive income	539	207,884
<b>Other comprehensive income</b>	<b>432,314</b>	<b>421,057</b>
<b>Total comprehensive income</b>	<b>9,754,208</b>	<b>8,466,901</b>

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.



Consolidated Statement of Changes in Equity


For the years ended December 31, 2024 and 2023

	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Proposed dividends	Equity attributable to the shareholders	Tier 1 sukuk	Total equity
31 December 2024									
Balance at the beginning of the year	30,000,000	(165,912)	12,953,515	(369,203)	11,277,171	-	53,695,571	6,562,500	60,258,071
Total comprehensive income									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	539	-	-	539	-	539
- FVOCI -debt instruments	-	-	-	333,042	-	-	333,042	-	333,042
Net amount reclassified to the consolidated statement of income for FVOCI -debt instruments	-	-	-	(16,802)	-	-	(16,802)	-	(16,802)
Net changes in allowance for expected on FVOCI -debt instruments	-	-	-	10,987	-	-	10,987	-	10,987
Actuarial gains (Note 31 d)	-	-	-	173,368	-	-	173,368	-	173,368
Net change in fair value of cash flow hedge	-	-	-	(68,820)	-	-	(68,820)	-	(68,820)
Net income	-	-	-	-	9,321,894	-	9,321,894	-	9,321,894
Total comprehensive income	-	-	-	432,314	9,321,894	-	9,754,208	-	9,754,208
Disposal of FVOCI-equity instruments	-	-	-	-	51,270	-	51,270	-	51,270
Tier 1 sukuk issued	-	-	-	-	-	-	-	2,823,600	2,823,600
Tier 1 sukuk costs	-	-	-	-	(317,712)	-	(317,712)	-	(317,712)
Final dividends paid - 2023 (note 29)	-	-	-	-	(2,246,250)	-	(2,246,250)	-	(2,246,250)
Interim dividend - 2024 (note 29)	-	-	-	-	(2,396,000)	-	(2,396,000)	-	(2,396,000)
Transfer to statutory reserve (note 18)	-		2,330,474	-	(2,330,474)	-	-	-	-
Employee share plan reserve	-	807	-	14,105	-	-	14,912	-	14,912
Balance at the end of the year	30,000,000	(165,105)	15,283,989	77,216	13,359,899	-	58,555,999	9,386,100	67,942,099
31 December 2023									
Balance at the beginning of the year	30,000,000	-	10,942,054	(790,260)	7,500,430	1,950,000	49,602,224	6,571,125	56,173,349
Total comprehensive income									
Net changes in fair values of									
- FVOCI -equity instruments	-	-	-	207,884	-	-	207,884	-	207,884
- FVOCI -debt instruments	-	-	-	211,552	-	-	211,552	-	211,552
Net amount reclassified to the consolidated statement of income for FVOCI -debt instruments	-	-	-	43,630	-	-	43,630	-	43,630
Net changes in allowance for expected credit losses on FVOCI -debt instruments	-	-	-	98,820	-	-	98,820	-	98,820
Actuarial loss( note 31 d)	-	-	-	(127,711)	-	-	(127,711)	-	(127,711)
Net change in fair value of cash flow hedge	-	-	-	(13,118)	-	-	(13,118)	-	(13,118)
Net income	-	-	-	-	8,045,844	-	8,045,844	-	8,045,844
Total comprehensive income	-	-	-	421,057	8,045,844	-	8,466,901	-	8,466,901
Final dividends paid - 2022	-	-	-	-	-	(1,950,000)	(1,950,000)	-	(1,950,000)
Tier 1 sukuk costs	-	-	-	-	(310,416)	-	(310,416)	(8,625)	(319,041)
Treasury shares (note 17)	-	(165,912)	-	-	-	-	(165,912)	-	(165,912)
Interim dividend - 2023 (note 29)	-	-	-	-	(1,947,226)	-	(1,947,226)	-	(1,947,226)
Transfer to statutory reserve (note 18)	-	-	2,011,461	-	(2,011,461)	-	-	-	-
Balance at the end of the year	30,000,000	(165,912)	12,953,515	(369,203)	11,277,171	-	53,695,571	6,562,500	60,258,071

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

  
Abdullah A. Al-Oraini  
Chief Financial Officer

  
Nadir S. Al-Koraya  
Chief Executive Officer

  
Eng. Abdullah M. Al-Issa  
Chairman of the Board

Consolidated Statement of Cash Flows


For the years ended December 31, 2024 and 2023

	Note	2024 س.م'000	2023 س.م'000
OPERATING ACTIVITIES			
Income before zakat		10,396,938	8,970,799
Adjustments to reconcile net income for the year to net cash from operating activities:			
Accretion of discounts and amortisation of premium on non-FVIS instruments, net		(665,348)	(453,673)
(Gains)/ losses on disposal of non-trading investments, net		(16,802)	43,630
Gains on trading investments, net		(51,090)	(68,021)
(Gains)/ losses on sale of property and equipment, net		(2,427)	4,566
Dividend income		(43,374)	(40,801)
Depreciation of property, equipment and right of use assets		683,579	695,356
Share in income of associates, net		(30,354)	(12,273)
Impairment charge for credit losses and other financial assets, net	8 e)	1,620,728	1,875,464
Interest on lease liabilities		16,834	17,936
Impairment charge for investments, net		11,618	96,224
		11,920,302	11,129,207
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		(2,308,997)	(824,568)
Positive fair value of derivatives		(1,900,822)	122,711
Investments at FVIS		(2,118,645)	(891,405)
Loans and advances, net		(46,699,921)	(33,867,292)
Other real estate		(83,230)	(205,221)
Other assets		343,037	628,826
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		1,484,994	3,703,958
Negative fair value of derivatives		1,737,018	574,290
Customer deposits		51,515,767	14,900,539
Other liabilities		1,108,075	90,785
		14,997,578	(4,638,170)
Zakat paid		(931,647)	(1,282,325)
Net cash from (used in) operating activities		14,065,931	(5,920,495)
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments not held as FVIS instruments		22,974,609	10,011,007
Purchase of investments not held as FVIS instruments		(31,682,776)	(14,417,241)
Purchase of property and equipment		(1,772,311)	(2,946,789)
Proceeds from sale of property and equipment		41,277	88,275
Net cash used in investing activities		(10,439,201)	(7,264,748)
FINANCING ACTIVITIES			
Proceeds from issue of debt securities in issue and term loan, net		-	4,600,353
Debt securities in issue and term loan, net, related movements		(48,169)	5,225
Proceeds from issue of Tier 1 sukuk	14	2,823,600	-
Dividend paid		(4,624,977)	(3,878,282)
Tier 1 sukuk related costs		(317,712)	(310,416)
Payment of principal portion of lease liabilities		(203,363)	(261,226)
Purchase of treasury shares		-	(165,912)
Net cash used in financing activities		(2,370,621)	(10,258)
Increase (decrease) in cash and cash equivalents		1,256,109	(13,195,501)
Cash and cash equivalents at beginning of the year		28,290,580	41,486,081
Cash and cash equivalents at end of the year	32	29,546,689	28,290,580
Special commission received during the year		23,978,412	20,236,585
Special commission paid during the year		11,374,302	7,540,378
Supplemental non-cash information			
Net changes in fair value and transfers to consolidated statement of income		247,959	449,948
Right of use (ROU) assets		(82,493)	(67,514)
Lease liabilities		(83,235)	(75,990)

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

  
Abdullah A. Al-Oraini  
Chief Financial Officer

  
Nadir S. Al-Koraya  
Chief Executive Officer

  
Eng. Abdullah M. Al-Issa  
Chairman of the Board

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

## 1. GENERAL

Riyad Bank (“The Bank”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, formed pursuant to the Royal Decree and the Council of Ministers’ Resolution No. 91 dated 1 Jumad Al-Awal 1377H (corresponding to November 23, 1957G). The Bank operates under commercial registration No. 1010001054 dated 25 Rabi Al-Thani 1377H (corresponding to November 18, 1957G) through its 333 (2023: 335) licensed branches in the Kingdom of Saudi Arabia, a branch in London-United Kingdom, an agency in Houston-United States, and a representative office in Singapore. The number of the Group’s employees stood at 7,588 as at December 31, 2024 (2023: 7,887 employees). The Bank’s Head Office is located at the following address:

Granada Oasis – A1 Tower  
Riyadh – Al Shuhada District  
P.O. Box 22622  
Riyadh 11416  
Kingdom of Saudi Arabia

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

The consolidated financial statements comprise the financial statements of Riyadh Bank and its wholly owned subsidiaries (the Bank and the subsidiaries are collectively referred to as “the Group”). The significant subsidiaries of Riyadh Bank are given below:

Subsidiary	Ownership	Description
Riyad Capital	100%	engaged in investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the Capital Market Authority, incorporated in the Kingdom of Saudi Arabia
Ithra Al-Riyad Real Estate Company	100%	formed with the objective to hold, manage, sell and purchase real estate assets for owners or third parties for financing activities, incorporated in the Kingdom of Saudi Arabia
Esnad Al-Riyadh	100%	a limited liability company registered in the Kingdom of Saudi Arabia to provide human resources services to the Group,
Curzon Street Properties Limited	100%	a property holding company, incorporated in the Isle of Man
Riyad Financial Markets	100%	a netting and bankruptcy jurisdiction country, to execute derivative transactions with international counterparties on behalf of Riyadh Bank, incorporated in the Cayman Islands
Jeel Digital Innovation Company	100%	engaged in systems analysis, application and operating systems development, hosting websites, financial technology solutions and related activities , incorporated in the Kingdom of Saudi Arabia.
1957 Ventures	100%	Engaged in fostering innovation by investing in building FinTech ventures and offering comprehensive support, including resources, mentorship, and strategic insights, incorporated in the Kingdom of Saudi Arabia

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These consolidated financial statements of the Group, have been prepared in compliance with the IFRS Accounting Standardsas endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”), the Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and by-laws of the Bank.

### b) Basis of measurement and presentation

The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the measurement at fair value of derivatives, FVIS and FVOCI investments, liabilities for cash-settled-share based payments and defined

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

benefit obligations. In addition, financial assets or liabilities that are carried at amortized cost but are hedged in a fair value hedging relationship are carried at fair value to the extent of the risk being hedged.

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

### c) Going concern

In making the going concern assessment, the Bank has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc..

### d) Functional and presentation currency

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

### e) Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. 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 recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

#### i ) Judgement of equity vs liability for Tier 1 Sukuk

The determination of equity classification of Tier 1 Sukuk requires significant judgement as certain clauses of the Offering Circular require interpretation. The Group classifies as part of equity the Tier 1 Sukuk issued 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 Bank subject to certain terms and conditions and essentially mean that the remedies available to sukukholders are limited in number and scope and very difficult to exercise. The related initial costs and distributions thereon are recognized directly in the consolidated statement of changes in equity under retained earnings.

#### ii ) Expected credit losses (ECL) on financial assets

The measurement of impairment losses under IFRS 9 on the applicable 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:

- The Group’s internal credit grading model, which assigns Probabilities of Default ( PDs) 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 formulae and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models (note 34.3 (b) (v)).



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

2. BASIS OF PREPARATION (Continued)

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 categorisation of loans into Stages 1, 2 and 3 based on the identification of:

- (a) exposures with a significant increase in credit risk (“SICR”) since their origination; and
- (b) individually impaired / defaulted exposures.

iii ) Fair value measurement

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

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

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

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

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

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

iv ) Determination of control over investees

Investment funds

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 investor’s 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.

Special Purpose Entities (SPEs)

The Group is party to certain SPEs, primarily to facilitate Shariah compliant financing arrangements. The exposures to these entities are included in the Group’s loans and advances portfolio.

v ) Defined benefit scheme

The Group operates an End of Service Benefit scheme for its employees based on the prevailing Saudi Labor laws. The liability is being accrued based on projected unit credit method in accordance with the periodic actuarial valuation. For details of assumptions and estimate refer note 31.

vi ) Fee income

The Group charges administrative fee upfront on borrowers, on loan financing. Due to large volume of transactions with mostly individually insignificant fee amounts, management uses certain assumptions and judgments in relation to the recognition of such fee which are recorded within ‘fee and commission income, net’.

vii ) Government Grant

The management has exercised certain judgements in the recognition and measurement of the grant income.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies (for both conventional and non-conventional banking) adopted in the preparation of these consolidated financial statements and changes therein are set out below.

3.1 Changes in accounting policies

Except for the change in estimated useful lives of certain property, equipment and intangible assets (mentioned in note 3 q)), 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.

New standards, interpretations and amendments adopted by the Group

Following standard, interpretation or amendment are effective from the annual reporting period beginning on 1 January 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 from periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis	January 1, 2024
Amendment to IAS 1 – Non-current liabilities with covenants and Classification of liabilities as current or non-current	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 1, 2024
IFRS S1, ‘General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.	January 1, 2024, subject to endorsement from SOCPA
IFRS S2, ‘Climate-related disclosures’	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.1 Changes in accounting policies (continued)

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 1, 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	“Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.  The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity’s financial performance as ‘management-defined performance measures’ (‘MPMs’). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

3.2 Accounting Policies

a) Classification of financial assets

On initial recognition, the Group classifies all of its financial assets based on the business model for managing the assets and the asset’s contractual terms, measured at either:

i) Financial Asset at amortised cost (AC)

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

ii) Financial Asset at FVOCI

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

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

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss.

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. Equity instruments at FVOCI are not subject to an impairment assessment.

iii) Financial Asset at FVIS

Financial assets at FVIS comprise derivative instruments, quoted equity instruments held for trading and debt securities classified neither as AC nor FVOCI. In addition, on initial recognition, the Group may irrevocably designate a financial asset as FVIS, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, 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 if the Group changes its business model for managing financial assets.

The details of business model assessment and SPPI test are explained below.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or 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 FVIS because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.



# Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

#### 3.2 Accounting Policies (continued)

##### Assessments whether contractual cash flows are solely payments of principal and interest(SPPI)

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

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

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

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

##### b) Classification of financial liabilities

All money market deposits, customer deposits and debt securities in issue and term loan are initially recognised at fair value less transaction costs. Financial liabilities at FVIS are recognised initially at fair value and transaction costs are taken directly to the statement of income. Subsequently all commission-bearing financial liabilities other than those held at FVIS or where fair values have been hedged are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium. Premiums are amortised and discounts accreted on an effective yield basis to maturity and taken to special commission expense.

##### c) Derecognition

###### i) Financial assets

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

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

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

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

In certain transactions, the Group 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.

###### ii) Financial liabilities

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

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

##### d) Modifications of financial assets and financial liabilities

###### i) 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 with the difference recognized as a de-recognition gain or loss and a new financial asset is recognized at fair value.

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

###### ii) 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 statement of income.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss. The Group considers a modification 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.

##### e) Impairment

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

- debt investment securities;
- due from bank balances;
- financial guarantee contracts issued;
- loan and advances; and
- loan commitments

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’ (i.e. a credit rating of ‘BBB’ or above).

12 month ECL is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

##### Measurement of ECL

ECL is a probability-weighted estimate of credit losses. 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;

# Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 3.2 Accounting Policies (continued)

- 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: the original effective interest rate or an approximation thereof;
- 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, and then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have 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 Bank on terms that the Bank would not consider otherwise ;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

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

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

## 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 amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments 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: The Group recognizes a loss allowance for financial assets that are measured at fair value through other comprehensive income on the statement of other comprehensive income which will not reduce the carrying amount of the financial asset in the statement of financial position.

## Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets, and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

## Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations, if any, are transferred to their relevant asset category at the fair value, if material. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy. In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the Statement of financial position.

## Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment charge for credit losses.

## Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, primarily on uncommitted basis, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. Based on uncommitted nature of such exposures, past experience, and the Bank's expectations, the period over which the Bank calculates ECL for these products is less than one year for corporate overdrafts and up to two years for corporate and retail credit cards. The ongoing assessment of whether a significant increase in credit risk has occurred for such product exposures is similar to other lending products that is based shifts in the customer's internal credit grade/PDs, and where applicable on the basis of Days Past Due (DPD) rules. The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.



# Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

#### 3.2 Accounting Policies (continued)

##### f) Financial guarantees and loan commitments

Financial guarantees’ are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. ‘Loan commitments’ are firm commitments to provide credit under pre-specified terms and conditions.

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

The Group has issued no loan commitments that are measured at FVIS. For other loan commitments:the Group recognizes loss allowance based on the ECL requirement.

In ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the consolidated financial statements at fair value in other liabilities, being the value of the premium received. Subsequent to the initial recognition, the Group’s liability under each guarantee is measured at the higher of the amortised amount and the best estimate of expenditure required to settle any financial obligations arising as a result of guarantees. Any increase in the liability relating to the financial guarantee is taken to the consolidated statement of income in ‘impairment charge for credit losses’. The premium received is recognised in the consolidated statement of income in ‘Fee and commission income, net’ on a straight line basis over the life of the guarantee.

##### g) Government grant

The Bank recognizes a government grant related to income, if there is a reasonable assurance that it will be received and the Bank will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of profit is treated as a government grant related to income. The below-market rate deposit is 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 fair value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. The government grant is recognised in the consolidated statement of income on a systematic basis over the period in which the bank 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 Bank.

##### h) Revenue / expenses recognition

##### Special commission income and expenses

Special commission income and expense are recognized in statement of income, 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 to the gross carrying amount 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 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.

##### Measurement of amortized cost and special commission income

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative 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 amortised cost of a financial asset before adjusting for any expected credit loss allowance. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

##### Fee and commission income

Fee and commissions are recognised when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred, together with the related direct cost, and are recognised as an adjustment to the effective yield on the loan. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportionate basis. Fee received on asset management, wealth management, financial planning, custody services and other similar services that are provided over an extended period of time, are recognised over the period when the service is being provided.

##### Others

Dividend income is recognised when the Group’s right to receive payment is established. Results arising from trading activities include gains and losses from changes in fair value and related special commission income or expense for financial assets and financial liabilities held for trading.

##### Rendering of services

The Group provides various services to its customer. These services are either rendered separately or bundled together with rendering of other services. The Group has concluded that revenue from rendering of various services related to share trading and fund management, trade finance, corporate finance and advisory and other banking services, should be recognized at the point when services are rendered i.e. when performance obligation is satisfied. Whereas for fee related to performance obligation which is satisfied over time, the Bank recognizes revenue 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 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 clawbacks, the management does not expect any significant reversal of revenue previously recognised.

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

##### Advisory and investment banking services revenue

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

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

# Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 3.2 Accounting Policies (continued)

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).

#### i) Customer Loyalty Program

The Group offers customer loyalty program (reward points herein referred to as "Hassad points"), which allows its customers to earn points that can be redeemed for certain partner outlets. The Group allocates a portion of transaction price (interchange fee) to the Hassad points awarded to its customers, based on the relative standalone selling price. The amount of revenue allocated to Hassad points is deferred and released to the consolidated statement of income when reward points are redeemed. The cumulative amount of contract liability related to unredeemed Hassad points is adjusted over time based on actual experience and current trends with respect to redemption.

#### j) Basis of consolidation

These consolidated financial statements comprise the financial statements of Riyadh Bank and its subsidiaries drawn up to the reporting date, each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies.

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

Balances between the Group and its subsidiaries, and any income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Generally, there is a presumption that a majority of voting rights results in control. However, under individual circumstances, the Group may still exercise control with less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Group considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Group can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest (NCI) and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

#### Investment funds

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 any of these funds. "

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

The Group is party to certain special purpose entities (SPEs), primarily for the purpose of facilitation of certain Shariah compliant financing arrangements. The Group concluded that these entities cannot be consolidated in its financial statements as it could not establish control over these SPEs.

#### k) Investment in associates

Investments in associates are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting. An associate is an entity in which the Group holds significant influence (but not control), over financial and operating policies and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's share 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. Distribution received from the investee reduces the carrying amount of the investment. Under the equity method of accounting, 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. The Group's share of profit of an associate is shown on the face of the consolidated statement of income.

#### l) Derivative financial instruments and hedge accounting

As permitted by IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39.

Derivative financial instruments, including foreign exchange contracts, special commission rate swaps and currency options (both written and purchased), are initially recognised at fair value on the date on which the derivative contract is entered into, with transaction costs recognised in the consolidated statement of income and, are subsequently re-measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate. The treatment of changes in their fair value depends on their classification into the following categories:

#### i) Derivatives held for trading

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

#### ii) Hedge accounting

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships.

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 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 the inception of the hedge, the risk management objective and strategy is documented, including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

#### (a) 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 the 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. The related portion of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the consolidated statement of income. For hedged



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Accounting Policies (continued)

items measured at amortised cost, where the fair value hedge of a special 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 yield basis. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated statement of income.

(b) Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of a variability of cash flows attributable to a particular risk associated with a recognised asset or a liability or a highly probable forecasted transaction that could affect 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 immediately 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 transaction affects the consolidated statement of income. 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.

Hedge accounting is discontinued when the hedging instrument expires or is 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. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognised in other comprehensive income is retained until the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the consolidated statement of income for the period.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument’s effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognized in the statement of income in ‘Net trading income’. For situations where the hedged item is a forecast transaction, the Bank also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the statement of income.

m) Foreign currencies

The Group’s consolidated financial statements are presented in Saudi Arabian Riyals, which is also the Group’s functional currency. Transactions in foreign currencies are translated into Saudi Arabian Riyals at spot exchange rates prevailing on the transaction dates. Monetary assets and liabilities at the year-end, denominated in foreign currencies, are translated into Saudi Arabian Riyals at the exchange rates prevailing at the reporting date. Foreign exchange gains or losses on translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value is determined. Translation gains or losses on non-monetary items carried at fair value are included as part of the fair value adjustment either in the consolidated statement of income or in equity, depending on the recognition of the fair value movement of the underlying financial asset.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of the initial transactions.

The assets and liabilities of overseas branch are translated at the spot exchange rate at the reporting date. The income and expenses of overseas branch are translated at the average exchange rates for the year. All exchange differences, if significant, are recognised in other comprehensive income. These differences are transferred to consolidated statement of income at the time of disposal of foreign operations.

n) Offsetting financial instruments

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position when the Group has a legal currently 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.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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

o) Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated statement of financial position as the Group retains substantially all the risks and rewards of ownership and are measured in accordance with related accounting policies for investments held as FVIS, FVOCI, and held at amortised cost. The counterparty liability for amounts received under these agreements is included in “Due to banks and other financial institutions” or “Customer deposits”, as appropriate. The difference between sale and repurchase prices is treated as special commission expense and is accrued over the life of the repo agreement on an effective special commission rate basis.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos), are not recognised in the consolidated 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” or “Due from banks and other financial institutions” as appropriate. The difference between purchase and resale prices is treated as special commission income and accrued over the life of the reverse repo agreement on an effective yield basis.

p) Other real estate

The Group, in the ordinary course of business, acquires certain real estate against settlement of due loans and advances. Such real estate properties are considered as assets held for sale and are initially stated at the lower of net realisable value of due loans and advances or the current fair value of the related properties, less any costs to sell, if material. Rental income from other real estate is recognised in the consolidated statement of income. No depreciation is charged on such.

Subsequent to initial recognition, any subsequent write down to fair value, less costs to sell, is charged to the consolidated statement of income. Any subsequent 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 as income together with any gain/ loss on disposal.

q) Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation. Freehold land is not depreciated. During the period, the estimated total useful lives of certain property, equipment and intangible assets were revised as follows:

Class of property, equipment and intangible assets	Estimated useful life before change	Estimated useful life after change
Buildings	33 years	40 years
Improvements and decoration of premises (Owned)	5 years	8-15 years
Improvements and decoration of premises (Leased)	over the lower of the lease period or 5 years	over the lower of the lease period or useful life
Software programs and automation projects	3-5 years	6-10 years
There was no change in useful lives of below:		
Furniture, fixtures and equipment		5 to 20 years
Computer hardware		5 years
Motor vehicles		4 years

The revision in useful lives was based on the operational efficiency review of these assets. The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard IAS 8 “Accounting policies, changes in accounting estimates and errors”. Had the revision in the useful lives of these assets not been made, the depreciation /

# Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 3.2 Accounting Policies (continued)

amortization expense for the year ended 31 December 2024 would have been higher by ﷲ 151 million and consequently net income before zakat would have been lower by the same amount.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in consolidated statement of income.

#### r) Profit sharing investment account (PSIA)

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

In Mudaraba, the Bank (Mudarib) manages Investment Account Funds (IAH) along with its own share of investment, to an unrestricted joint investment pool. Funds from this unrestricted joint investment pool are utilized to provide financing to customers under Islamic modes and to invest in other Sharia compliant investments opportunities.

Any profits accrued out of the investment are shared between the two parties on a pre-agreed basis, while loss (if any) is borne by the Investor (Rab-ul-Maal). Operating expenses incurred by the Bank are not charged to investment account. In case of the loss resulting from the transactions in a jointly financed investment, such loss shall first be deducted from undistributed profits, if any. Any excess of such loss shall be deducted from Investment Risk Reserve (IRR). Any remaining of such loss shall be deducted from the total balance of fund available in the pool, as at that date, in the respective ratio of the Bank’s and IAH’s respective contribution to the fund.

The investment risk reserve is deducted from customer’s share after allocating the Mudarib share of profit as per the approved policy in order to cater against future losses of equity of unrestricted investment accountholders. Investment risk reserve will revert to the investment accountholders as per terms and conditions of Mudaraba contract.

The profit equalization reserve is the amount the bank appropriates in excess of the profit to be distributed to equity of unrestricted accountholders before allocating the Mudarib share of income to maintain a certain level of return. Profit equalization reserve will revert to owner equity and unrestricted investment accountholders.

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

#### s) Share capital

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

Where the Bank purchases the Bank’s equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the owners of the Bank as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the owners of the Bank.

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

#### t) Guarantee contracts

In ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the consolidated financial statements at fair value in other liabilities, being the value of the premium received. Subsequent to the initial recognition, the Group’s liability under each guarantee is measured at the higher of the amortised amount and the best estimate of expenditure required to settle any financial obligations arising as a result of guarantees. Any increase in the liability relating to the financial guarantee is taken to the consolidated statement of income in

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

‘impairment charge for credit losses’. The premium received is recognised in the consolidated statement of income in ‘Fee and commission income, net’ on a straight line basis over the life of the guarantee.

#### u) Provisions

Provisions are recognised when a reliable estimate can be made by the Group for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation.

#### v) Accounting for leases - Right of Use Asset / Lease Liabilities

On initial recognition, the Group assesses whether the contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Group and the Group can direct the usage of such assets.

#### Right of Use Assets

The Group measures right of use asset at cost;

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

#### 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, Bank measures the lease liability by:

1. Increasing the carrying amount to reflect interest on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. 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 re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the 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 re-measured 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. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term

#### w) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in cash, balances with SAMA excluding statutory deposits, and due from banks and other financial institutions maturing within three months from the date of acquisition.

#### x) End of service benefits

The provision for employees’ end of service benefits is accrued using actuarial valuation according to the regulations of Saudi Labor Law and local regulatory requirements.

#### y) Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Accounting Policies (continued)

Value Added tax (“VAT”)

The Group is also subject to VAT in accordance with the regulations of the ZATCA, and 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.

z) Investment management services

The Group offers investment services to its customers, which include management of certain investment funds. 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.

aa) Non-conventional banking products

In addition to the conventional banking, the Group offers its customers certain non-conventional banking products, which are approved by its Shariah Board. These products include Murabaha, Tawaruq and Ijara.

- i. Murabaha is an agreement whereby the Group sells to a customer a commodity or an asset, which the Group has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.
- ii. Ijarah is a an agreement whereby the Group, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee.
- iii. Tawaruq is a form of Murabaha transactions where the Group purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements.

ab) Short term employee benefits

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

ac) Settlement date accounting

All regular way purchases and sales of financial assets are recognised and derecognised on the settlement date, i.e. the date the asset is delivered to the counter party. The Group accounts for any change in fair value between the trade and the settlement date in the same way as it accounts for the acquired assets. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

ad) Tier 1 Sukuk

The Group classifies Sukuk issued with no fixed redemption/ maturity dates (Perpetual Sukuk) and not obliging the Group for payment of profit, as part of equity. The related costs and distributions thereon are recognised directly in the consolidated statement of changes in equity under retained earnings.

ae) Treasury Shares and Share Based Payment Plan

Treasury shares and share based payment Plan are recognized 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. Subsequently, these are carried at the amount equal to consideration paid. Gains or losses on disposal of such shares, if any, are reflected under equity and are not recognized in the consolidated statement of income.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

4. CASH AND BALANCES WITH SAUDI CENTRAL BANK (SAMA),NET

	2024 ﷲ'000	2023 ﷲ'000
Cash in hand	1,887,900	3,450,448
Statutory deposit	15,627,368	13,318,371
Placements with SAMA	4,712,178	9,141,203
Other balances	372,527	265,204
Total	22,599,973	26,175,226

In accordance with the Banking Control Law and regulations issued by SAMA, the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its deposit liabilities calculated on monthly averages at the end of each Gregorian month. The statutory deposit with SAMA are not available to finance the Bank’s day-to-day operations and therefore are not part of cash and cash equivalents.

The allowance for expected credit losses (ECL), in respect of the above, was marginal as on December 31, 2024 and 2023. The ECL allowance relates to stage 1 exposures.

5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET

	2024 ﷲ'000	2023 ﷲ'000
Current accounts	6,700,660	6,459,825
Money market placements	15,874,480	8,975,332
Less: Allowance for ECL	(1,056)	(1,432)
Total	22,574,084	15,433,725

Money market placements include margin deposits amounting to ﷲ 2,275 million (2023: ﷲ 1,444 million).

An analysis of changes in loss allowance is as follows:

ﷲ'000	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	1,428	4	-	1,432
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net remeasurement and other movements	(376)	-	-	(376)
Balance as at December 31, 2024	1,052	4	-	1,056
Balance at January 1, 2023	582	-	-	582
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(4)	4	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Net remeasurement and other movements	850	-	-	850
Balance as at December 31, 2023	1,428	4	-	1,432

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

6. DERIVATIVES

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

a) Swaps

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

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 customised contracts transacted in the over-the-counter market. Foreign currency and special commission rate futures are transacted in standardised amounts on regulated exchanges and changes in futures contract values are settled on daily basis.

c) Options

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

Held for trading purposes

Most of the Group’s derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks in order, 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 favourable movements in prices, rates or indices. Arbitrage involves identifying pricing anomalies in different markets and products, with the expectation of profiting from price differentials between markets or products.

Held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Group’s exposure to fluctuations in foreign exchange rates and special commission rates to reduce its exposure to currency and special commission rate risks to acceptable levels as determined by the Board of Directors within the guidelines issued by SAMA. The Board of Directors has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Board of Directors has also established the level of special commission rate risk by setting limits on special commission rate gaps for stipulated periods. Asset and liability special commission rate gaps are reviewed on a periodic basis and if required hedging strategies are used to reduce special commission rate gap within the established limits.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument’s effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods

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 special commission rate risks. This can be achieved by hedging specific transactions as well as strategic hedging against overall consolidated statement of financial position exposure.

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

Hedge ineffectiveness can arise from differences in timing of cash flows of hedged items and hedging instruments, different interest rate curves applied to discount the hedged items and hedging instruments, derivatives used as hedging instruments having a non-nil fair value at the time of designation etc.

Fair value hedges

The Group uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission rate exposures.

Cash flow hedges

The Group is exposed to variability in future special commission cash flows on non-trading assets and liabilities which bear special commission rate at a variable rate. The Group uses special commission rate swaps as cash flow hedges of these special commission rate risks.



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

6. DERIVATIVES (Continued)

The table below shows the positive and negative fair values of derivative financial instruments held, together with their notional amounts, analysed by the term to maturity and monthly average. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group’s exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

2024 R'000	Positive fair value	Negative fair value	Notional amount total	Notional amounts by term to maturity				
				Within 3 months	3-12 months	1-5 years	Over 5 years	Monthly average
Held for trading:								
Special commission rate swaps	5,372,222	(4,864,104)	268,796,411	6,192,438	27,510,564	101,213,651	133,879,758	190,706,738
Forward foreign exchange contracts	136,489	(202,044)	30,812,814	26,108,067	208,839	4,495,908	-	17,866,698
Currency options	522	-	441,194	66,196	374,998	-	-	330,085
Commodity swaps	30,757	(30,210)	1,231,424	1,012,633	218,791	-	-	1,231,424
Held as fair value hedges:								
Special commission rate swaps	28,962	-	1,595,940	806,886	-	789,054	-	1,595,940
Held as cash flow hedges:								
Special commission rate swaps	-	(69,235)	1,375,000	-	-	1,375,000	-	1,375,000
Total	5,568,952	(5,165,593)	304,252,783	34,186,220	28,313,192	107,873,613	133,879,758	

2023 ¥'000	Positive fair value	Negative fair value	Notional amount total	Notional amounts by term to maturity				Monthly average
				Within 3 months	3-12 months	1-5 years	Over 5 years	
Held for trading:								
Special commission rate swaps	3,548,151	(3,267,680)	171,757,919	7,614,394	29,226,833	69,031,218	65,885,474	117,545,921
Forward foreign exchange contracts	43,061	(30,639)	9,623,318	8,077,181	1,456,137	90,000	-	23,415,971
Currency options	557	(1,078)	76,083	47,442	28,641	-	-	34,309
Commodity swaps	32,910	(30,894)	1,385,482	752,978	632,504	-	-	1,385,482
Held as fair value hedges:								
Special commission rate swaps	43,451	-	1,592,797	-	-	1,592,797	-	1,592,797
Held as cash flow hedges:								
Special commission rate swaps	-	(98,284)	1,375,000	-	-	1,375,000	-	1,375,000
Total	3,668,130	(3,428,575)	185,810,599	16,491,995	31,344,115	72,089,015	65,885,474	

Derivatives include non-conventional banking products of ﷲ 34.6 billion as at December 31, 2024 (December 31, 2023: ﷲ 21.7 billion).

The Group is exposed to variability in future commission cash flows on non-trading assets and liabilities which bear commission at a variable rate. The Group uses commission rate swaps as cash flow hedges of these commission rate risks. Below is the schedule indicating as at December 31, 2024 and 2023, the periods when the hedged cash flows are expected to occur and when they are expected to affect the consolidated statement of income:

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

2024 ﷲ'000	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	76,857	50,099	-	-
Total	76,857	50,099	-	-

2023 ﷲ'000	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	86,381	142,926	-	-
Total	86,381	142,926	-	-

The table below shows a summary of hedged items, the nature of the risk being hedged, the hedging instrument and its fair value as at December 31, 2024 and 2023.

2024 ﷲ'000	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Description of hedged items						
Fixed commission rate investments	791,584	819,876	Fair value	Special commission rate swaps	28,292	-
Fixed commission rate loans	801,043	800,373	Fair value	Special commission rate swaps	670	-
Floating rate notes	1,305,765	1,375,000	Cash flow	Special commission rate swaps	-	(69,235)

2023 ﷲ'000	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Description of hedged items						
Fixed commission rate investments	794,332	818,262	Fair value	Special commission rate swaps	23,930	-
Fixed commission rate loans	779,276	798,797	Fair value	Special commission rate swaps	19,521	-
Floating rate securities	1,276,716	1,375,000	Cash flow	Special commission rate swaps	-	(98,284)

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 with financial counterparties. 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 financial 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 interest rate derivatives contracts for G4 currencies are cleared through a Central Counter Party (CCP) through netting arrangements and exchanges of initial and variation margins to reduce counterparty credit and liquidity risk.

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

7. INVESTMENTS, NET

a) Investments by type of securities

i) Investment at FVIS

ﷲ'000	Domestic		International		Total	
	2024	2023	2024	2023	2024	2023
Mutual funds	4,492,580	2,322,845	-	-	4,492,580	2,322,845
Total	4,492,580	2,322,845	-	-	4,492,580	2,322,845

ii) Investment at amortised cost, net

ﷲ'000	Domestic		International		Total	
	2024	2023	2024	2023	2024	2023
Fixed rate securities	41,392,621	31,805,451	105,806	103,926	41,498,427	31,909,377
Floating rate securities	2,653,110	2,708,827	-	-	2,653,110	2,708,827
Total	44,045,731	34,514,278	105,806	103,926	44,151,537	34,618,204

iii) Investments at FVOCI

ﷲ'000	Domestic		International		Total	
	2024	2023	2024	2023	2024	2023
Fixed rate securities	-	-	18,852,456	19,534,543	18,852,456	19,534,543
Floating rate securities	-	-	627,771	2,453	627,771	2,453
Equities ( note 7-c )	432,952	563,340	1,111,667	1,067,439	1,544,619	1,630,779
Total	432,952	563,340	20,591,894	20,604,435	21,024,846	21,167,775
Investments, net	48,971,263	37,400,463	20,697,700	20,708,361	69,668,963	58,108,824

Above investments include sukuks amounting to ﷲ 25.2 billion (2023: ﷲ 23.9 billion). Mutual funds include ﷲ 4.2 billion(2023: ﷲ 2.1 billion) of Islamic funds.

International investments above includes investment portfolios of ﷲ 1.6 billion (2023: ﷲ 2.1 billion) which are externally managed.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

b) (i) An analysis of changes in loss allowance is as follows:

Debt instruments carried at amortised cost

ﷲ'000	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	1,769	1,064	-	2,833
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Other movements*	1,084	(453)	-	631
Balance as at December 31, 2024	2,853	611	-	3,464
Balance at January 1, 2023	4,022	1,407	-	5,429
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Other movements*	(2,253)	(343)	-	(2,596)
Balance as at December 31, 2023	1,769	1,064	-	2,833

Debt instruments carried at FVOCI

ﷲ'000	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	38,198	77,085	357,704	472,987
Transfer from Stage 2 & Stage 3 to Stage 1	4,962	(4,962)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(1,686)	1,686	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(6,582)	6,582	-
Other movements*	(9,327)	3,714	16,600	10,987
Balance as at December 31, 2024	32,147	70,941	380,886	483,974
Balance at January 1, 2023	18,600	45,527	310,040	374,167
Transfer from Stage 2 & Stage 3 to Stage 1	2,755	(2,755)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(1,064)	1,064	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	(21)	(1,439)	1,460	-
Other movements*	17,928	34,688	46,204	98,820
Balance as at December 31, 2023	38,198	77,085	357,704	472,987

\* Includes remeasurement



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

7. INVESTMENTS, NET (Continued)

b) (ii) An analysis of changes in gross carrying amount is as follows:

Debt instruments carried at amortised cost

ﷲ'000	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	34,515,854	105,183	-	34,621,037
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Other movements*	9,533,810	154	-	9,533,964
Balance as at December 31, 2024	44,049,664	105,337	-	44,155,001
Balance at January 1, 2023	33,266,830	105,558	-	33,372,388
Transfer from Stage 2 & Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	-	-	-
Other movements*	1,249,024	(375)	-	1,248,649
Balance as at December 31, 2023	34,515,854	105,183	-	34,621,037

Debt instruments carried at FVOCI

ﷲ'000	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	16,849,562	1,892,537	794,897	19,536,996
Transfer from Stage 2 & Stage 3 to Stage 1	371,903	(371,903)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(176,665)	176,665	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(70,280)	70,280	-
Other movements*	190,552	(228,557)	(18,764)	(56,769)
Balance as at December 31, 2024	17,235,352	1,398,462	846,413	19,480,227
Balance at January 1, 2023	13,718,389	1,640,626	688,977	16,047,992
Transfer from Stage 2 & Stage 3 to Stage 1	70,286	(70,286)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(454,911)	454,911	-	-
Transfer from Stage 1 & Stage 2 to Stage 3	(6,802)	(83,849)	90,651	-
Other movements*	3,522,600	(48,865)	15,269	3,489,004
Balance as at December 31, 2023	16,849,562	1,892,537	794,897	19,536,996

\* Includes remeasurement

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

c) Equity securities designated at FVOCI

The Group designated certain investments shown in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes.

	Fair value as at December 31, 2024 ﷲ'000	Fair value as at December 31, 2023 ﷲ'000	Dividend income recognised during 2024 ﷲ'000	Dividend income recognised during 2023 ﷲ'000
Saudi Exchange(Tadawul) listed equities	58,143	75,756	16,358	23,308
Other Saudi equities	339,099	487,584	8	5,080
Foreign equities	1,147,377	1,067,439	14,331	117
Total	1,544,619	1,630,779	30,697	28,505

During 2024, the Group sold shares having a fair value of ﷲ 26.1 million (2023: nil) and the gain amounting to ﷲ 52.0 million (2023: nil) was transferred to retained earnings. The above sales were carried out as part of tactical adjustment of the portfolio.

d) The analysis of the composition of investments is as follows:

i) Investment at FVIS

ﷲ'000	2024			2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Mutual funds	4,492,580	-	4,492,580	2,322,845	-	2,322,845
Total	4,492,580	-	4,492,580	2,322,845	-	2,322,845

ii) Investment at amortised cost, net

ﷲ'000	2024			2023		
	Quoted	Unquoted*	Total	Quoted	Unquoted*	Total
Fixed rate securities	29,163,035	12,335,392	41,498,427	26,755,758	5,153,619	31,909,377
Floating rate securities	1,382,533	1,270,577	2,653,110	1,384,358	1,324,469	2,708,827
Total	30,545,568	13,605,969	44,151,537	28,140,116	6,478,088	34,618,204

iii) Investments at FVOCI

ﷲ'000	2024			2023		
	Quoted	Unquoted*	Total	Quoted	Unquoted*	Total
Fixed rate securities	18,852,456	-	18,852,456	19,534,543	-	19,534,543
Floating rate securities	627,771	-	627,771	2,453	-	2,453
Equities	1,040,417	504,202	1,544,619	950,012	680,767	1,630,779
Total	20,520,644	504,202	21,024,846	20,487,008	680,767	21,167,775
Investments, net	55,558,792	14,110,171	69,668,963	50,949,969	7,158,855	58,108,824

\* Unquoted securities include Saudi Government Treasury Bills and bonds of ﷲ 11.5 billion (2023: ﷲ 4.3 billion).

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

7. INVESTMENTS, NET (Continued)

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

	2024 ﷲ '000	2023 ﷲ '000
Government and quasi Government	44,486,336	35,240,908
Corporate	19,441,523	16,955,034
Banks and other financial institutions	5,741,104	5,912,882
Total	69,668,963	58,108,824

Investments include ﷲ 14,096 million (2023: ﷲ 12,678 million), which have been pledged under repurchase agreements with banks (note 20 d). The market value of such investments is ﷲ 13,891 million (2023: ﷲ 11,069 million).

8. LOANS AND ADVANCES, NET

a) These comprise the following:

2024 ﷲ '000	Overdrafts	Credit cards	Consumer loans*	Commercial loans	Others	Total
Performing loans and advances	6,094,029	1,726,609	94,476,642	217,284,176	2,636,059	322,217,515
Non-performing loans and advances	84,882	73,259	1,184,031	1,829,052	2,300	3,173,524
Total loans and advances	6,178,911	1,799,868	95,660,673	219,113,228	2,638,359	325,391,039
Allowance for impairment/ ECL	(497,903)	(84,617)	(1,425,880)	(3,290,604)	(2,544)	(5,301,548)
Total	5,681,008	1,715,251	94,234,793	215,822,624	2,635,815	320,089,491

2023 ﷲ '000	Overdrafts	Credit cards	Consumer loans*	Commercial loans	Others	Total
Performing loans and advances	5,691,257	1,472,583	93,839,733	173,079,952	1,773,222	275,856,747
Non-performing loans and advances	106,444	46,201	1,194,271	2,115,084	1,818	3,463,818
Total loans and advances	5,797,701	1,518,784	95,034,004	175,195,036	1,775,040	279,320,565
Allowance for impairment/ ECL	(169,251)	(53,612)	(1,074,734)	(3,622,932)	(1,790)	(4,922,319)
Total	5,628,450	1,465,172	93,959,270	171,572,104	1,773,250	274,398,246

Loans and advances, net, include non-conventional banking products of ﷲ 208.3 billion (2023: ﷲ 188.5 billion). As at December 2024, the non-conventional banking products gross portfolio mainly comprises of Tawarooq amounting to ﷲ 153.6 billion ( 2023: ﷲ 136.0 billion), Murabaha amounting to ﷲ 30.3 billion ( 2023: ﷲ 30.7 billion) and Ijarah amounting to ﷲ 22.7 billion (2023: ﷲ 21.3 billion) and the expected credit loss allowance on the portfolio was ﷲ 3.9 billion (2023: ﷲ 3.4 billion). During 2024, the special commission income on the portfolio amounted to ﷲ 13.7 billion (2023: ﷲ 11.3 billion).

\* Includes consumer mortgage loans

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

b) An analysis of changes in loss allowance for total loans and advances is, as follows:

	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
ECL on total loans and advances ( ﷲ '000)				
Balance at January 1, 2024	811,401	2,085,676	2,025,242	4,922,319
Transfer from Stage 2 & Stage 3 to Stage 1	173,493	(83,361)	(90,132)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(21,848)	55,868	(34,020)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(4,788)	(114,185)	118,973	-
Other movements*	23,918	352,956	1,473,471	1,850,345
Charge-off and write-offs	-	-	(1,471,116)	(1,471,116)
Balance as at December 31, 2024	982,176	2,296,954	2,022,418	5,301,548

Balance at January 1, 2023	528,970	1,549,537	2,676,291	4,754,798
Transfer from Stage 2 & Stage 3 to Stage 1	226,560	(106,855)	(119,705)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(10,245)	38,021	(27,776)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(5,688)	(46,977)	52,665	-
Other movements*	71,804	651,950	1,135,726	1,859,480
Charge-off and write-offs	-	-	(1,691,959)	(1,691,959)
Balance as at December 31, 2023	811,401	2,085,676	2,025,242	4,922,319

\*Includes remeasurement

	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
ECL on credit cards ( ﷲ '000)				
Balance at January 1, 2024	15,902	10,831	26,879	53,612
Transfer from Stage 2 & Stage 3 to Stage 1	4,791	(2,371)	(2,420)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(724)	1,849	(1,125)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(506)	(1,365)	1,871	-
Other movements*	(954)	6,737	86,506	92,289
Write-offs	-	-	(61,284)	(61,284)
Balance as at December 31, 2024	18,509	15,681	50,427	84,617

Balance at January 1, 2023	21,938	9,762	28,318	60,018
Transfer from Stage 2 & Stage 3 to Stage 1	9,578	(3,171)	(6,407)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(498)	1,321	(823)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(364)	(841)	1,205	-
Other movements*	(14,752)	3,760	65,313	54,321
Write-offs	-	-	(60,727)	(60,727)
Balance as at December 31, 2023	15,902	10,831	26,879	53,612



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8. LOANS AND ADVANCES, NET (Continued)

b) An analysis of changes in loss allowance for total loans and advances is, as follows: (continued)

ECL on consumer loans**(ﷲ'000)	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	294,613	166,822	613,299	1,074,734
Transfer from Stage 2 & Stage 3 to Stage 1	151,225	(67,221)	(84,004)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(6,685)	37,212	(30,527)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(2,423)	(32,169)	34,592	-
Other movements*	(5,717)	173,389	513,046	680,718
Write-offs	-	-	(329,572)	(329,572)
Balance as at December 31, 2024	431,013	278,033	716,834	1,425,880
Balance at January 1, 2023	244,610	87,198	654,264	986,072
Transfer from Stage 2 & Stage 3 to Stage 1	148,355	(37,992)	(110,363)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(4,096)	25,058	(20,962)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(3,249)	(14,640)	17,889	-
Other movements*	(91,007)	107,198	320,473	336,664
Write-offs	-	-	(248,002)	(248,002)
Balance as at December 31, 2023	294,613	166,822	613,299	1,074,734

\* Includes remeasurement

\*\* Includes consumer mortgage loans

ECL on Commercial loans*** (ﷲ'000)	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	500,886	1,908,023	1,385,064	3,793,973
Transfer from Stage 2 & Stage 3 to Stage 1	17,477	(13,769)	(3,708)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(14,439)	16,807	(2,368)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(1,859)	(80,651)	82,510	-
Other movements*	30,589	172,830	873,919	1,077,338
Write-offs	-	-	(1,080,260)	(1,080,260)
Balance as at December 31, 2024	532,654	2,003,240	1,255,157	3,791,051
Balance at January 1, 2023	262,422	1,452,577	1,993,709	3,708,708
Transfer from Stage 2 & Stage 3 to Stage 1	68,627	(65,692)	(2,935)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(5,651)	11,642	(5,991)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(2,075)	(31,496)	33,571	-
Other movements*	177,563	540,992	749,940	1,468,495
Write-offs	-	-	(1,383,230)	(1,383,230)
Balance as at December 31, 2023	500,886	1,908,023	1,385,064	3,793,973

\* Includes remeasurement

\*\*\* Includes overdrafts and others

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

c) An analysis of changes in gross carrying amount of loans and advances:

Total loans and advances (ﷲ'000)	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	258,856,541	16,131,359	4,332,665	279,320,565
Transfer from Stage 2 & Stage 3 to Stage 1	1,732,563	(1,500,819)	(231,744)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(2,955,709)	3,050,339	(94,630)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(609,198)	(787,525)	1,396,723	-
Net other movements*	50,820,851	(3,371,109)	444,478	47,894,220
Write-off	-	-	(1,823,746)	(1,823,746)
Balance as at December 31, 2024	307,845,048	13,522,245	4,023,746	325,391,039
Balance at January 1, 2023	228,278,751	13,914,977	4,926,017	247,119,745
Transfer from Stage 2 & Stage 3 to Stage 1	2,333,621	(2,007,821)	(325,800)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(3,380,522)	3,459,527	(79,005)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(871,252)	(794,012)	1,665,264	-
Net other movements*	32,495,943	1,558,688	151,014	34,205,645
Write-offs	-	-	(2,004,825)	(2,004,825)
Balance as at December 31, 2023	258,856,541	16,131,359	4,332,665	279,320,565

\* Includes remeasurement

\*\* Includes consumer mortgage loans

Credit cards (ﷲ'000)	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	1,402,376	70,207	46,201	1,518,784
Transfer from Stage 2 & Stage 3 to Stage 1	21,189	(16,236)	(4,953)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(64,819)	67,172	(2,353)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(40,571)	(9,722)	50,293	-
Net other movements*	295,392	1,621	113,023	410,036
Write offs	-	-	(128,952)	(128,952)
Balance as at December 31, 2024	1,613,567	113,042	73,259	1,799,868
Balance at January 1, 2023	1,051,829	81,588	46,259	1,179,676
Transfer from Stage 2 & Stage 3 to Stage 1	39,725	(32,719)	(7,006)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(30,801)	32,482	(1,681)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(20,508)	(7,628)	28,136	-
Net other movements*	362,131	(3,516)	75,051	433,666
Write-offs	-	-	(94,558)	(94,558)
Balance as at December 31, 2023	1,402,376	70,207	46,201	1,518,784

\* Includes new loans generated, loans repaid and other movements

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

8. LOANS AND ADVANCES, NET (Continued)

c) An analysis of changes in gross carrying amount of loans and advances: (continued)

Consumer loans** (ﷲ'000)	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	92,390,637	1,449,096	1,194,271	95,034,004
Transfer from Stage 2 & Stage 3 to Stage 1	814,801	(596,015)	(218,786)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(1,364,628)	1,446,559	(81,931)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(411,816)	(195,351)	607,167	-
Net other movements*	1,073,316	(129,958)	297,845	1,241,203
Write-off	-	-	(614,534)	(614,534)
Balance as at December 31, 2024	92,502,310	1,974,331	1,184,032	95,660,673
Balance at January 1, 2023	83,250,523	1,707,667	1,264,370	86,222,560
Transfer from Stage 2 & Stage 3 to Stage 1	1,268,074	(956,944)	(311,130)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(821,876)	883,499	(61,623)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(435,568)	(191,261)	626,829	-
Net other movements*	9,129,484	6,135	202,862	9,338,481
Write-off	-	-	(527,037)	(527,037)
Balance as at December 31, 2023	92,390,637	1,449,096	1,194,271	95,034,004

Commercial loans*** (ﷲ'000)	Stage 1 12-month ECL	Stage 2 lifetime ECL - not credit impaired	Stage 3 lifetime ECL - credit impaired	Total
Balance at January 1, 2024	165,063,528	14,612,056	3,092,193	182,767,777
Transfer from Stage 2 & Stage 3 to Stage 1	896,573	(888,568)	(8,005)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(1,526,262)	1,536,608	(10,346)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(156,811)	(582,452)	739,263	-
Net other movements*	49,452,143	(3,242,772)	33,610	46,242,981
Write-off	-	-	(1,080,260)	(1,080,260)
Balance as at December 31, 2024	213,729,171	11,434,872	2,766,455	227,930,498
Balance at January 1, 2023	143,976,399	12,125,722	3,615,388	159,717,509
Transfer from Stage 2 & Stage 3 to Stage 1	1,025,822	(1,018,158)	(7,664)	-
Transfer from Stage 1 & Stage 3 to Stage 2	(2,527,845)	2,543,546	(15,701)	-
Transfer from Stage 1 & Stage 2 to Stage 3	(415,176)	(595,123)	1,010,299	-
Net other movements*	23,004,328	1,556,069	(126,899)	24,433,498
Write-off	-	-	(1,383,230)	(1,383,230)
Balance as at December 31, 2023	165,063,528	14,612,056	3,092,193	182,767,777

\*Includes new loans generated, loans repaid and other movements  
\*\*Includes consumer mortgage loans  
\*\*\*Includes overdrafts and others

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

d) Impairment charge for financing losses in the consolidated statement of income represents:

	2024 ﷲ'000	2023 ﷲ'000
Charge for the year, net*	2,200,755	2,338,140
Recovery of written off loans and advances, net	(596,039)	(504,147)
Allowance for impairment, net (note 8 e)	1,604,716	1,833,993

\* Includes net charge offs

e) Impairment charges for credit losses and other provisions, net as reflected in the consolidated statement of income are detailed as follows:

	2024 ﷲ'000	2023 ﷲ'000
Impairment charge for credit losses, net (note 8 d)	1,604,716	1,833,993
Impairment charge for other financial assets, net	16,012	41,471
Total	1,620,728	1,875,464

9. INVESTMENT IN ASSOCIATES

Investment in associates represents the Group's share of investment in entities where the Group has significant influence. These investments are accounted for using the equity method of accounting. Investment in associates represents:

- a) 48.46% (2023: 48.46%) share ownership in Ajil Financial Services Company incorporated in Kingdom of Saudi Arabia. The objectives of the Company are to engage in financing activities including leasing (and other related products) of projects in the industrial, transportation, agriculture, trading sectors and other skilled professions along with finance leasing of fixed and moveable assets.

Based on Ajil Financial Services Company's unaudited financial statements as at September 30, 2024 the total assets, liabilities and shareholders' equity amounted to ﷲ 1,825 million (September 30,2023: ﷲ 1,699 million), ﷲ 1,107 million ( September 30,2023: ﷲ 1,014 million ) and ﷲ 718 million (September 30,2023: ﷲ 685 million) respectively.

- b) 19.9% (2023: 19.9%) direct share ownership, and Board representation in Liva Insurance Company( formerly Al-Alamiya for Cooperative Insurance Company) incorporated in Kingdom of Saudi Arabia. The activities of the company are to transact cooperative insurance and re-insurance operations and all related activities as per applicable laws and regulations in the Kingdom.



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

10. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS, NET

ﷲ'000	Land and buildings	Right of Use assets*	Improvements and decoration of premises	Furniture, fixtures and equipment	Computer hardware, software programs, automation projects and motor vehicles	Total
<b>Cost</b>						
Balance as at January 1, 2023	1,668,054	983,393	1,198,282	699,032	4,241,738	8,790,499
Additions/ re-measurement	1,543,524	199,531	256,695	112,076	834,963	2,946,789
Disposals	(17,584)	(148,937)	(11,682)	(2,684)	(9,375)	(190,262)
Balance as at December 31, 2023	3,193,994	1,033,987	1,443,295	808,424	5,067,326	11,547,026
Additions/ re-measurement	105,768	122,004	296,636	111,308	1,136,596	1,772,312
Disposals	(3,452)	(195,198)	(842)	(5,061)	(3,515)	(208,068)
Balance at December 31, 2024	3,296,310	960,793	1,739,089	914,671	6,200,407	13,111,270
<b>Accumulated depreciation and amortisation</b>						
Balance as at January 1, 2023	630,460	440,278	984,998	523,717	2,902,391	5,481,844
Charge for the year	10,994	197,497	63,744	49,365	373,756	695,356
Disposals	(3,355)	(89,888)	(52)	(2,610)	(1,516)	(97,421)
Balance as at December 31, 2023	638,099	547,887	1,048,690	570,472	3,274,631	6,079,779
Charge for the year	15,630	181,928	90,636	64,132	331,253	683,579
Disposals	-	(162,110)	(842)	(2,940)	(3,325)	(169,217)
Balance at December 31, 2024	653,729	567,705	1,138,484	631,664	3,602,559	6,594,141
<b>Net book value</b>						
As at January 1, 2023	1,037,594	543,115	213,284	175,315	1,339,347	3,308,655
As at December 31, 2023	2,555,895	486,100	394,605	237,952	1,792,695	5,467,247
As at December 31, 2024	2,642,581	393,088	600,605	283,007	2,597,848	6,517,129

Land and buildings include work in progress amounting to ﷲ 1,642 million as at December 31, 2024 (2023: ﷲ 1,489 million) and mainly pertains to the Bank’s new office tower at King Abdullah Financial District, Riyadh, KSA.

Computer hardware, software programs, automation projects and motor vehicles include work in progress amounting to ﷲ 920 million as at December 31, 2024 (2023: ﷲ 374 million).

Improvements and decoration of premises include work in progress amounting to ﷲ 267 million as at December 31, 2024 (2023: ﷲ 133 million), respectively.

\*Comprises land and buildings and disposals include canceled or closed lease contracts.

The interest expense on lease liabilities during 2024 amounted to ﷲ 16.8 million ( 2023: ﷲ 17.9 million).

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

11. OTHER ASSETS

	2024 ﷲ '000	2023 ﷲ '000
Accounts receivable	2,053,343	1,124,398
Others	150,740	1,422,722
Total	2,204,083	2,547,120

Accounts receivable mainly include accrued fee and income.

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

12. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024 ﷲ '000	2023 ﷲ '000
Current accounts	1,073,910	2,125,426
Money market deposits	42,875,110	40,338,600
Total	43,949,020	42,464,026

Money market deposits include deposits against sales of fixed rate bonds of ﷲ 14,665 million (2023: ﷲ 11,838 million) with agreement to repurchase the same at fixed future dates (note 20 d)). The profit free deposits from SAMA as under various COVID-19 support programs amount to ﷲ 4.3 billion ( 2023: ﷲ 11.2 billion) and these are included in money market deposits.

Money market deposits include margin deposits amounting to ﷲ 2,786 million (2023: ﷲ 1,102 million).

13. CUSTOMER DEPOSITS

	2024 ﷲ '000	2023 ﷲ '000
Demand	153,052,165	119,606,683
Saving	1,305,481	1,400,147
Time	138,269,399	114,092,253
Others	13,796,346	19,808,541
Total	306,423,391	254,907,624

Time deposits include non-conventional banking deposits of ﷲ 53,005 million (2023: ﷲ 38,516 million). Demand deposits also include non-conventional call deposits of ﷲ 15,334 million (2023: ﷲ 2,858 million). The special commission expense on the above non-conventional deposits for 2024 amounted to ﷲ 2,803 million (2023: ﷲ 1,823 million). Other customers’ deposits include ﷲ 5,031 million (2023: ﷲ 4,488 million) of margins held for irrevocable commitments.

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

13. CUSTOMER DEPOSITS (Continued)

The above include foreign currency deposits as follows:

	2024 ﷲ '000	2023 ﷲ '000
Demand	15,296,091	3,931,049
Saving	15,477	18,359
Time	25,105,484	26,233,946
Others	336,877	560,349
Total	40,753,929	30,743,703

14. DEBT SECURITIES IN ISSUE, TERM LOAN AND TIER 1 SUKUK

a) DEBT SECURITIES IN ISSUE AND TERM LOAN

In Q3 2023, in order to support business growth and diversify its funding base, the Bank raised an unsecured USD-denominated syndicated term loan of USD 1,200 million ( ﷲ 4.5 bn), at floating SOFR + margin of 85 bps (all in) for a period of 3 years.

During February 2021, the Bank successfully issued ﷲ denominated Tier 2 capital-eligible Sukuk amounting to ﷲ 3 billion. The Sukuks carry special commission rate of 6 month SAIBOR plus 150 basis points and have a term of 10 years, callable at year 5, subject to terms and conditions of the sukuk.

During February 2020, the Bank issued a fixed rate tier 2 Sukuk amounting to USD 1.5 billion ( ﷲ 5.63 billion). The Sukuk issuance is under the USD 3 billion Trust Certificate Issuance Programme and is due in 2030. The Sukuk is listed at London Stock Exchange (LSE) and carry a special commission rate of 3.174% per annum and are callable after 5 years, subject to the terms and conditions of the agreement.

b) TIER 1 SUKUK

During September 2024, the Bank successfully issued through a Shariah compliant arrangement, USD denominated additional tier 1, amounting to USD 750 million ( ﷲ 2.8 billion). The issue proceeds were received on 3 October 2024 and 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 Sukuk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity.

During October 2022, the Bank successfully, by way of a private placement in the Kingdom of Saudi Arabia, issued through a Shariah compliant arrangement, ﷲ denominated additional tier 1 sukuk, amounting to ﷲ 3.75 billion. These Sukuks are perpetual securities in respect of which there is no fixed redemption dates. 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 rate on the Sukuks is payable on each periodic distribution date, except upon the occurrence of a non payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such 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. The offering of the sukuk started on 8 September 2022 and was completed on 5 October 2022.

During February 2022, the Bank successfully issued through a Shariah compliant arrangement, USD denominated additional tier 1, ‘Green Sukuk’ amounting to USD 750 million ( ﷲ 2.8 billion). 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 Sukuk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

The table below sets out movement in Debt securities in issue, term loan and Tier 1 Sukuk:

	Debt Securities in issue and Term Loan		Tier 1 Sukuk	
	2024 ﷲ '000	2023 ﷲ '000	2024 ﷲ '000	2023 ﷲ '000
Opening balance	13,372,622	8,758,419	6,562,500	6,571,125
Cash flow items				
- Term loan	-	4,600,353	-	-
- Issuance	-	-	2,823,600	-
- Other movements	(48,169)	13,850	-	(8,625)
Closing balance	13,324,453	13,372,622	9,386,100	6,562,500

15. OTHER LIABILITIES

	2024 ﷲ '000	2023 ﷲ '000
Accounts payable	634,393	865,991
Others*	12,939,845	11,552,020
Total	13,574,238	12,418,011

\* Mainly include the below

	2024 ﷲ '000	2023 ﷲ '000
Provision for zakat	1,159,310	1,053,336
End of service benefits	890,756	998,003
Lease liability	367,949	451,184
Deferred fair value gain on Government Grant	14,151	62,179
Loss allowance for credit related commitments and contingencies	550,253	206,180
Write-off reserves	173,471	547,094

\* Other product related insurance payable, accrued expenses, income received in advance and items in transit which are cleared in the normal course of business.

16. SHARE CAPITAL

The authorised, issued and fully-paid share capital of the Bank consist of 3,000 million shares of ﷲ 10 each (2023: 3,000 million shares of ﷲ 10 each).

17. TREASURY SHARES

The Extraordinary General Assembly Meeting on 26 March 2023, approved the Employee Stock Incentive Plan for which 5 million shares were to be purchased as treasury shares for the purpose of allocating them to the Employee Stock Incentive Plan. The Bank has completed the above purchases during 2023 and as at 31 December 2024,the total treasury shares held by the Group were 4,972,566 shares.

18. STATUTORY RESERVE

In accordance with Saudi Arabian Banking Control Law and the Bank’s By-Laws, a minimum of 25% of the annual net income is required to be transferred to the statutory reserve until this reserve equals to the paid up capital of the Bank.

Accordingly, ﷲ 2,330 million has been transferred from 2024 net income (2023: ﷲ 2,011 million). The statutory reserve is not currently available for distribution.



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

19. OTHER RESERVES

2024 (﷼ 000s)	Cash flow hedge	Remeasurement of deferred plan	FVOCI debt	FVOCI equity	Employee share plan reserve	Total
Balance at beginning of the year	114,859	(60,961)	(1,158,522)	735,421	-	(369,203)
Net change in fair value	(68,820)	-	348,055	(14,474)	14,105	278,866
Net amounts relating to FVOCI-debt investments						-
taken to consolidated statement of income	-	-	(16,802)	-	-	(16,802)
Net ECL movement during the year	-	-	10,987	-	-	10,987
Actuarial gains	-	173,368	-	-	-	173,368
Balance at end of the year	46,039	112,407	(816,282)	720,947	14,105	77,216

2023 (﷼ 000s)	Cash flow hedge	Remeasurement of deferred plan	FVOCI debt	FVOCI equity	Employee share plan reserve	Total
Balance at beginning of the year	127,977	66,750	(1,512,524)	527,537	-	(790,260)
Net change in fair value	(13,118)	-	211,552	207,884	-	406,318
Net amounts relating to FVOCI-debt investments						
taken to consolidated statement of income	-	-	43,630	-	-	43,630
Net ECL movement during the year	-	-	98,820	-	-	98,820
Actuarial losses	-	(127,711)	-	-	-	(127,711)
Balance at end of the year	114,859	(60,961)	(1,158,522)	735,421	-	(369,203)

20. COMMITMENTS AND CONTINGENCIES

a) Legal proceedings

As at December 31, 2024, there were legal proceedings of a routine nature outstanding against the Group. No significant provision has been made as management and in-house legal adviser believes that it is unlikely that any significant loss will arise.

b) Capital commitments

As at December 31, 2024 the Bank had capital commitments of ﷼ 2,283 million (2023: ﷼ 2,339 million). This includes office building, computer hardware, software, automation projects, construction 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. Guarantee and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as 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 authorizing 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.

Notes to the Consolidated Financial Statements

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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 are as follows:

2024 ﷼’000	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	7,402,055	2,646,223	28,803	-	10,077,081
Letters of guarantee *	24,644,491	42,833,826	52,428,830	1,452,050	121,359,197
Acceptances	3,117,640	2,002,357	19,593	-	5,139,590
Irrevocable commitments to extend credit	3,411,133	2,815,252	12,060,155	24,830,007	43,116,547
Total	38,575,319	50,297,658	64,537,381	26,282,057	179,692,415

2023 ﷼’000	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	5,172,900	2,921,279	128,877	-	8,223,056
Letters of guarantee *	18,201,892	38,818,388	33,459,991	1,174,574	91,654,845
Acceptances	3,187,008	2,338,088	28,595	-	5,553,691
Irrevocable commitments to extend credit	2,532,247	1,987,761	9,079,180	10,607,090	24,206,278
Total	29,094,047	46,065,516	42,696,643	11,781,664	129,637,870

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

The outstanding unused portion of non-firm commitments as at December 31, 2024 which can be revoked unilaterally at any time by the Group, amounts to ﷼ 125,513 million (2023: ﷼ 160,263 million).

ii) An analysis of changes in loss allowance for credit related commitments and contingencies are, as follows:

﷼’000	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2024	50,764	9,992	145,424	206,180
Transfer from Stage 2 & Stage 3 to Stage 1	1,456	(1,456)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(273)	291	(18)	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(36)	36	-
Other movements	8,687	1,485	371,062	381,234
Transfer to write-off reserves	-	-	(37,161)	(37,161)
Balance as at December 31, 2024	60,634	10,276	479,343	550,253

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

20. COMMITMENTS AND CONTINGENCIES (Continued)  
c) Credit related commitments and contingencies (continued)

ﷲ'000	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2023	24,463	17,364	165,117	206,944
Transfer from Stage 2 & Stage 3 to Stage 1	3,324	(3,324)	-	-
Transfer from Stage 1 & Stage 3 to Stage 2	(2,060)	2,356	(296)	-
Transfer from Stage 1 & Stage 2 to Stage 3	-	(9)	9	-
Other movements	25,037	(6,395)	26,865	45,507
Transfer to write-off reserves	-	-	(46,271)	(46,271)
Balance as at December 31, 2023	50,764	9,992	145,424	206,180

As at December 31, 2024, the balance in the write-off reserves amounted to ﷲ 173 million (December 31, 2023: ﷲ 547 million).

iii) The analysis of commitments and contingencies by counterparty is as follows:

	2024 ﷲ '000	2023 ﷲ '000
Government and quasi government	9,429,928	125,000
Corporate	152,215,851	108,019,110
Banks and other financial institutions	18,046,636	21,493,760
Total	179,692,415	129,637,870

d) Assets pledged

Assets pledged as collateral with other banks are as follows:

	2024		2023	
	Assets ﷲ million	Related liabilities ﷲ million	Assets ﷲ million	Related liabilities ﷲ million
Investments held at amortised cost and FVOCI (note 7 e) and 12	14,096	14,665	12,678	11,838

These transactions are conducted under the terms that are usual and customary to standard lending and securities borrowing and lending activities.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

21. SPECIAL COMMISSION INCOME AND EXPENSE

	2024 ﷲ '000	2023 ﷲ '000
Special commission income on:		
Investments - FVOCI	945,331	922,467
- Amortised cost	1,608,577	1,379,594
	2,553,908	2,302,061
Due from banks and other financial institutions	1,314,869	1,245,760
Loans and advances	20,313,349	17,058,294
Total	24,182,126	20,606,115

	2024 ﷲ '000	2023 ﷲ '000
Special commission expense on:		
Due to banks and other financial institutions	2,022,280	1,095,646
Customer deposits	8,599,538	6,577,064
Debt securities in issue and term loan	687,041	519,127
Total	11,308,859	8,191,837

22. FEE AND COMMISSION INCOME, NET

	2024 ﷲ '000	2023 ﷲ '000
Fee and commission income on:		
- Share brokerage and fund management	657,472	613,369
- Trade finance	931,976	789,933
- Credit facilities and advisory	1,301,274	1,007,781
- Card products	1,258,296	1,056,196
- Other banking services	390,474	263,517
Total fee and commission income	4,539,492	3,730,796
Fee and commission expense on:		
- Card products	1,146,106	961,219
- Share brokerage	104,484	76,236
- Other banking services	297,962	308,720
Total fee and commission expense	1,548,552	1,346,175
Fee and commission income, net	2,990,940	2,384,621

23. TRADING INCOME, NET

	2024 ﷲ '000	2023 ﷲ '000
Derivatives	477,302	352,795
Investment at FVIS	52,118	67,149
Total	529,420	419,944



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

24. GAINS/ (LOSSES) ON DISPOSAL OF NON-TRADING INVESTMENTS, NET

	2024 ﷲ '000	2023 ﷲ '000
FVOCI	17,221	(43,630)
Amortised Cost	(419)	-
Total	16,802	(43,630)

25. OTHER OPERATING INCOME

Other operating income for year-ended December 31, 2024, mainly includes gain on disposals of property and equipment amounting to ﷲ 4.4 million (2023: ﷲ 2.4 million) and gains on disposals of other real estate acquired in settlement of due loans and advances, amounting to ﷲ 15.2 million (2023: ﷲ 24.0 million) .

26. SALARIES AND EMPLOYEE-RELATED EXPENSES

The following table summarises the Group’s employee categories defined in accordance with SAMA’s rules on compensation practices and includes the total amounts of fixed and variable compensation paid to employees during the years ended December 31, 2024 and 2023, and the forms of such payments.

Categories S 000	Number of employees		Fixed compensation		Variable compensation			Total compensation	
					Cash	Shares			
	2024	2023	2024	2023	2024	2023	2024	2023	
Senior executives requiring SAMA no objection	12	12	27,141	27,312	20,170	19,950	36,330	67,261	63,642
Employees engaged in risk taking activities	423	425	157,515	170,915	53,622	6,392	71,236	217,529	242,151
Employees engaged in control functions	308	328	115,199	108,472	27,371	2,447	26,783	145,017	135,255
Outsourced employees	1,501	1,626	147,813	107,201	-	-	-	147,813	107,201
Other employees	5,344	5,496	1,379,777	1,231,510	281,289	26,783	235,568	1,687,849	1,467,078
Total	7,588	7,887	1,827,445	1,645,410	382,452	55,572	369,917	2,265,469	2,015,327
Variable compensation accrued during the year and other employee related benefits**								924,770	896,754
Total salaries and employee-related expenses as per consolidated statement of income								2,752,215	2,542,164

\* There were no variable compensation as shares during 2023  
\*\* Other employee benefits include; insurance, pension, relocation expenses, recruitment expenses, training and development and other employee benefits.

The Group’s compensation policy is based on the nature of the job, market practices and jobholder’s level of involvement in risk taking and controlling activities. The policy applies to all employees, including the executive management team and aims to link individual performance to the Group’s overall achievements and financial soundness and results. Compensation includes fixed and variable components. Salary revision, performance bonus and other performance-linked incentives are calculated based on the outcome of the Group’s performance management process, as well as the Group’s financial performance and the attainment of strategic goals.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

The Board of Directors has the responsibility to approve and oversee the Group’s compensation policies. The Board Nomination and Compensation Committee (NCC) is composed of five non-executive Directors (comprising of three Board Director members and two independent external members) and is charged with overseeing the compensation system design and its effectiveness on behalf of the Board of Directors. In addition, the Nomination and Compensation Committee (NCC) is accountable for reviewing and endorsing for Board of Directors approval for the Group’s compensation policies as well as undertaking its periodic assessment and ensuring updating the policies to achieve the system objectives and reinforce the Group’s risk management framework. Fixed compensation comprises of salaries, wages and fixed allowances. Variable compensation includes performance bonuses, and products’ sales incentives. That’s in addition to other benefits offered in line with prevailing and best practices as well as relevant regulations.

The Group has adopted fixed and variable compensation schemes. Where a substantial proportion of the variable remuneration for senior management team and material risk takers is converted to non-cash instruments, to which is deferred and vested as per SAMA remuneration rules, and is aligned with the jobholder’s level of responsibility, Group and individual performance, business unit in which they work, and the level of risk inherent in the relevant job function. This is based on an annual review conducted by the Nomination and Compensation Committee. The Group consistently evaluates its compensation policies against industry norms, international best practice, relevant rules and regulations, and makes necessary revisions as deemed appropriate to achieve an orderly and effective compensation policy.

Share Based Bonus Payments

Riyad Bank has a Share Based Equity Settled Bonus Payment Plan outstanding at the yearend whereby, as per the terms of the Plan, eligible employees of the Bank are offered shares at a predetermined price. The Bank delivers the underlying allotted shares to the employees at the vesting dates specified by the Plan determined under the terms of the plan , provided that the vesting conditions are satisfactorily completed. The cost of the Plan is recognized over the period in which the service condition is fulfilled, ending on the date on which the relevant employees become fully entitled to the shares (also known as “the vesting date”). The cumulative expense recognized for the Plan at each reporting date until the vesting date shows how much the vesting period has expired and the Bank’s best estimates of the number of equity shares that will ultimately vest to the eligible employees.

The Bank has currently one Share Based Equity Plan introduced during the year 2024 under which the grant for the Bonus Deferral Program was made with a vesting period of three years from the grant date. Total number of shares granted were 1,889,690. at weighted average price of ﷲ 29.41 per share with a total value of ﷲ 55.58 million and the outstanding shares in grant at December 31, 2024 were 1,652,720.

27. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2024 ﷲ '000	2023 ﷲ '000
Communication, cash shipment and insurance	374,930	360,247
Rental and repair and maintenance	422,950	427,122
Publication, advertisement and stationary	120,022	104,894
Miscellaneous Exp.	528,486	489,174
Consultancy, audit and professional services	144,749	82,081
Total	1,591,137	1,463,518

Consultancy, audit and professional services above comprises the below:

	2024 ﷲ '000	2023 ﷲ '000
Fee for audit and reviews	7,879	7,119
Other services	546	1,238
	8,425	8,357

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

28. EARNINGS PER SHARE

Basic and diluted earnings per share for the year ended December 31, 2024 are calculated on a weighted average basis by dividing the net income adjusted for Tier 1 sukuk costs for the year, by 2,995 million shares ( 2023 : 2,997 million shares), after excluding treasury shares.

29. DIVIDENDS

During August 2024, interim dividends of ﷲ 2,396 million at ﷲ 0.80 per share (2023: ﷲ 1,947 million at ﷲ 0.65 per share) were declared by the Bank and the distribution date for the dividend was 22 August 2024. Final dividends of ﷲ 2,246 million at ﷲ 0.75 per share (2022: ﷲ 1,950 million at ﷲ 0.65 per share), proposed for 2023, were approved by the Extraordinary General Assembly meeting on 24 March 2024 and the distribution date for the dividend was 2 April 2024.

30. ZAKAT

The Bank has estimated provision for zakat liability for the year ended December 31, 2024 at ﷲ 1,075 million (December 31, 2023: ﷲ 925 million).

The zakat paid during year-ended December 31, 2024 amounted to ﷲ 932 million (December 31, 2023: ﷲ 1,282 million).

31. DEFINED BENEFIT PLAN

a) General description

The Group operates an End of Service Benefit Scheme for its employees based on the prevailing Saudi Labor Laws. The liability in respect of the scheme is estimated by a qualified external actuary in accordance with International Accounting Standard 19 - Employee Benefits, and using “Projected Unit Credit Method”.

b) The movement in the obligation during the year based on its present value are as follows:

	2024 ﷲ '000	2023 ﷲ '000
Defined benefit obligation at the beginning of the year	998,003	827,231
Current service cost	99,840	79,521
Interest cost	55,405	44,254
Benefits paid	(89,124)	(80,714)
Actuarial (gains) losses recognised in other comprehensive income	(173,368)	127,711
Defined benefit obligation at the end of the year	890,756	998,003

The end of service liability is disclosed within “other liabilities” in the consolidated statement of financial position.

c) Charge for the year:

	2024 ﷲ '000	2023 ﷲ '000
Current service cost	99,840	79,521
Interest on defined benefit obligations	55,405	44,254
	155,245	123,775

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

d) Re-measurement recognised in Other comprehensive income:

	2024 ﷲ '000	2023 ﷲ '000
(Gains) losses from change in experience assumptions	(162,124)	7,269
(Gains) losses due to change in demographic assumptions	(981)	149
(Gains) losses from change in financial assumptions	(10,263)	120,293
	(173,368)	127,711

e) The principal actuarial assumptions (in respect of the employee benefit scheme) used for the valuation as at December 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate per annum	5.7%	5.5%
Expected rate of salary increase per annum	3.7%	6.0%
Normal retirement age	60	60

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

f) 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 of 5.7% (2023: 5.5%) and salary escalation rate 4% (2023: 6.0%).

2024	Impact on defined benefit obligation increase / (decrease)		
	Change in assumption	Increase in assumption ﷲ '000	Decrease in assumption ﷲ '000
Discount rate	0.50%	(27,027)	33,145
Expected rate of salary increase	0.50%	33,582	(27,692)

2023	ﷲ '000	ﷲ '000	ﷲ '000
Discount rate	0.50%	(36,671)	39,161
Expected rate of salary increase	0.50%	38,167	(36,095)

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

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.



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

32. CASH AND CASH EQUIVALENTS

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

	2024 ﷲ '000	2023 ﷲ '000
Cash and balances with SAMA excluding statutory deposit (note 4)	6,972,605	12,856,855
Due from banks and other financial institutions maturing within three months from the date of acquisition	22,574,084	15,433,725
Total	29,546,689	28,290,580

33. OPERATING SEGMENTS

The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker, in order to allocate resources to the segments and to assess its performance. The operating segments are managed separately based on the Group’s management and internal reporting structure. The Group’s primary business is conducted in the Kingdom of Saudi Arabia with one international branch, a representative office and an agency. However, the total assets, liabilities, commitments and results of operations of this branch, representative office and agency are not material to the Group’s consolidated financial statements and as a result have not been separately disclosed. The transactions between the Group’s operating segments are recorded as per the Group’s transfer pricing system. There are no other material items of income or expenses between the operating segments.

The Group’s reportable segments under IFRS 8 are as follows:

Retail banking

Deposits, credit and investment products for individuals.

Investment banking and brokerage

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

Corporate banking

Principally handling corporate customers’ current accounts, deposits and providing loans, overdrafts and other credit facilities and includes small to medium sized businesses.

Treasury and investments

Principally providing money market, trading and treasury services, derivative products as well as the management of the Group’s investment portfolios.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

a) The Group’s total assets and liabilities as at December 31, its total operating income and expense and its net income, for the years then ended by operating segments, are as follows:

2024 ﷲ '000	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investments	Total
Total assets	112,884,392	3,821,922	230,141,078	103,531,402	450,378,794
Total liabilities	117,907,149	763,656	209,282,464	54,483,426	382,436,695
Operating income from external customers	3,989,105	906,299	9,791,404	2,597,723	17,284,531
Inter segment income (expenses)	849,970	80,895	(670,687)	(260,178)	-
Total operating income, net including	4,839,075	987,194	9,120,717	2,337,545	17,284,531
- Net special commission income	4,578,959	359,750	6,985,287	949,271	12,873,267
- Fee and commission income, net	316,531	589,566	2,049,535	35,308	2,990,940
Total operating expenses, net including	3,823,146	326,149	2,479,256	289,396	6,917,947
- Depreciation of property, equipment and right of use assets	470,211	31,455	156,230	25,683	683,579
- Impairment charge(reversal) for credit losses and other financial assets, net	751,633	-	869,328	(233)	1,620,728
- Impairment charge for investments, net	-	-	-	11,618	11,618
Share in income of associates, net	-	-	-	30,354	30,354
Income before zakat	1,015,929	661,045	6,641,461	2,078,503	10,396,938

2023 ﷲ '000	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investments	Total
Total assets	111,663,519	3,532,480	181,596,875	90,056,055	386,848,929
Total liabilities	111,206,090	443,302	172,278,130	42,663,336	326,590,858
Operating income from external customers	3,893,859	693,903	8,232,738	3,078,338	15,898,838
Inter segment income (expenses)	193,139	211,985	192,312	(597,436)	-
Total operating income, net including	4,086,998	905,888	8,425,050	2,480,902	15,898,838
- Net special commission income	3,982,005	278,454	6,670,586	1,483,233	12,414,278
- Fee and commission income, net	156,992	551,663	1,659,434	16,532	2,384,621
Total operating expenses, net including	3,471,965	306,384	2,856,495	305,468	6,940,312
- Depreciation of property, equipment and right of use assets	481,370	36,369	150,022	27,595	695,356
- Impairment charge for credit losses and other financial assets, net	393,773	-	1,480,797	894	1,875,464
- Impairment charge for investments, net	-	-	-	96,224	96,224
Share in income of associates, net	-	-	-	12,273	12,273
Income before zakat	615,033	599,504	5,568,555	2,187,707	8,970,799

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

33. OPERATING SEGMENTS (Continued)

b) The Group’s credit exposure by operating segment is as follows:

2024 س.م'000	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investments	Total
Consolidated statement of financial position assets	107,532,423	2,193,772	228,559,758	102,874,974	441,160,927
Commitments and contingencies	-	-	147,876,444	-	147,876,444
Derivatives	-	-	-	24,767,730	24,767,730

2023 س.م'000	Retail banking	Investment banking and brokerage	Corporate banking	Treasury and investments	Total
Consolidated statement of financial position assets	107,056,008	2,025,443	180,308,951	89,310,092	378,700,494
Commitments and contingencies	-	-	73,845,472	-	73,845,472
Derivatives	-	-	-	13,174,537	13,174,537

Credit exposure comprises the carrying value of consolidated statement of financial position assets excluding equity investments, investment in associates, property, equipment and right of use assets, net and other real estate. The credit equivalent value of commitments, contingencies and derivatives, according to SAMA's prescribed methodology are included in credit exposure.

34. FINANCIAL RISK MANAGEMENT

34.1 CREDIT RISK

Credit exposures arise principally in lending activities (for both conventional and non-conventional banking products) that lead to loans and advances, and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The Group uses internal credit rating tools to assess credit standing of its counterparties and assigns credit ratings accordingly. Also the Group uses the external ratings, of the major rating agency, where applicable. A potential credit loss might arise due to lack of proper credit analysis of the borrower’s credit worthiness, inability to service the debt, lack of appropriate documentation, etc.

The Group attempts to control credit risk by deploying various credit risk management techniques and processes, such as, application Risk Acceptance Criteria (RAC’s) as credit risk screening tools, appropriate credit structuring, credit review process, post-disbursal monitoring of credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group’s risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are 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 fulfil their obligation, and to control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

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Concentration Risk refers to the risk from an uneven distribution of counterparties in credit or in other business relationship or from concentration in business sectors or geographical regions. Accordingly, Concentration risk in the credit portfolios comes into existence through a skewed distribution of financing to (a) individual borrower (name concentration) (b) industry /economic sector (sector concentration) and (c) geographical regions (regional concentration). Concentrations of credit risk indicate the relative sensitivity of the Group’s performance to developments affecting any particular category of concentration.

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 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 recurrently, 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 markets products and emerging best practice.

The credit quality of the Group’s financial assets and letters of credit, letters of guarantee and acceptances is disclosed in note 34.3 a). The debt securities included in the investment portfolio are mostly sovereign risk. Analysis of investments by counterparty is provided in note 7 e). For details of the composition of loans and advances refer to note 8. Information on credit risk relating to derivative instruments is provided in note 6 and for commitments and contingencies in note 20. The Group’s maximum credit exposure, which best represents its maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements, is not materially different than the credit exposure by business segment given in note 33.b). The Group’s consolidated Risk Weighted Assets (RWA) calculated under the Basel III framework is also provided in note 39.



Notes to the Consolidated Financial Statements (Continued)

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34. FINANCIAL RISK MANAGEMENT (Continued)

34.2 GEOGRAPHICAL CONCENTRATION

a) The distribution by geographical region for major categories of assets, liabilities, commitments and contingencies and credit exposure accounts is as follows:

2024 س.م'000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	Latin America	South East Asia	Other countries	Total
Assets								
Cash and balances with SAMA	22,599,966	-	7	-	-	-	-	22,599,973
Cash in hand	1,887,893	-	7	-	-	-	-	1,887,900
Balances with SAMA	20,712,073	-	-	-	-	-	-	20,712,073
Due from banks and other financial institutions	13,258,785	872,036	536,215	5,556,317	-	71,233	2,279,498	22,574,084
Current accounts	628,411	167,036	273,197	5,556,317	-	71,233	4,245	6,700,439
Money market placements	12,630,374	705,000	263,018	-	-	-	2,275,253	15,873,645
Positive fair value of derivatives	1,744,890	18,592	3,805,470	-	-	-	-	5,568,952
Investments, net	48,971,263	1,487,171	14,930,138	4,246,037	29,422	4,932	-	69,668,963
FVIS	4,492,580	-	-	-	-	-	-	4,492,580
FVOCI	432,952	1,381,365	14,930,138	4,246,037	29,422	4,932	-	21,024,846
Amortised cost	44,045,731	105,806	-	-	-	-	-	44,151,537
Investment in associates	402,419	-	-	-	-	-	-	402,419
Loans and advances, net	307,282,780	5,811,250	5,225,867	1,227,592	405,147	81,710	55,145	320,089,491
Overdraft	5,681,008	-	-	-	-	-	-	5,681,008
Credit cards	1,715,251	-	-	-	-	-	-	1,715,251
Consumer loans	94,234,793	-	-	-	-	-	-	94,234,793
Commercial loans	203,015,913	5,811,250	5,225,867	1,227,592	405,147	81,710	55,145	215,822,624
Others	2,635,815	-	-	-	-	-	-	2,635,815
Other assets	2,204,083	-	-	-	-	-	-	2,204,083
Accounts receivable and others	2,204,083	-	-	-	-	-	-	2,204,083
Total	396,464,186	8,189,049	24,497,697	11,029,946	434,569	157,875	2,334,643	443,107,965
Liabilities								
Due to banks and other financial institutions	14,440,193	8,421,661	17,514,871	38,065	-	3,384,555	149,675	43,949,020
Current accounts	2,911	272,367	589,229	38,065	-	21,663	149,675	1,073,910
Money market deposits	14,437,282	8,149,294	16,925,642	-	-	3,362,892	-	42,875,110
Negative fair value of derivatives	2,288,787	142,753	2,481,431	252,622	-	-	-	5,165,593
Customer deposits	303,410,697	-	3,012,694	-	-	-	-	306,423,391
Demand	152,784,499	-	267,666	-	-	-	-	153,052,165
Saving	1,305,481	-	-	-	-	-	-	1,305,481
Time	135,524,371	-	2,745,028	-	-	-	-	138,269,399
Other	13,796,346	-	-	-	-	-	-	13,796,346
Debt securities in issue and term loan	4,542,580	340,751	7,452,686	276,600	-	673,455	38,381	13,324,453
Other liabilities	13,522,201	-	25,243	26,713	-	81	-	13,574,238
Accounts payable and others	13,522,201	-	25,243	26,713	-	81	-	13,574,238
Total	338,204,458	8,905,165	30,486,925	594,000	-	4,058,091	188,056	382,436,695

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2024 س.م'000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	Latin America	South East Asia	Other countries	Total
Commitments and contingencies	140,541,991	1,181,934	13,170,477	13,033,185	-	10,166,592	1,598,236	179,692,415
Letters of credit	10,077,081	-	-	-	-	-	-	10,077,081
Letters of guarantee	87,322,897	705,304	13,134,406	8,434,849	-	10,166,592	1,595,149	121,359,197
Acceptances	5,132,629	3,874	-	-	-	-	3,087	5,139,590
Irrevocable commitments to extend credit	38,009,384	472,756	36,071	4,598,336	-	-	-	43,116,547

Maximum credit exposure (stated at credit equivalent amounts according to SAMA's prescribed methodology)

Derivatives	10,517,888	174,996	14,074,846	-	-	-	-	24,767,730
Held for trading	10,517,888	174,996	13,886,668	-	-	-	-	24,579,552
Held as fair value hedges	-	-	119,428	-	-	-	-	119,428
Held as cash flow hedges	-	-	68,750	-	-	-	-	68,750
Commitments and contingencies	111,790,318	898,280	13,148,834	10,274,184	-	10,166,592	1,598,236	147,876,444
Letters of credit	4,131,040	-	-	-	-	-	-	4,131,040
Letters of guarantee	87,322,896	705,304	13,134,406	8,434,849	-	10,166,592	1,595,149	121,359,196
Acceptances	5,132,629	3,874	-	-	-	-	3,087	5,139,590
Irrevocable commitments to extend credit	15,203,753	189,102	14,428	1,839,335	-	-	-	17,246,618

2023 س.م'000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	Latin America	South East Asia	Other countries	Total
Assets								
Cash and balances with SAMA	26,175,219	-	7	-	-	-	-	26,175,226
Cash in hand	3,450,441	-	7	-	-	-	-	3,450,448
Balances with SAMA	22,724,778							22,724,778
Due from banks and other financial institutions	7,824,426	531,222	1,223,621	5,348,631	-	38,887	466,938	15,433,725
Current accounts	1,491,778	6,065	8,616	4,931,277	-	20,199	1,614	6,459,549
Money market placements	6,332,648	525,157	1,215,005	417,354	-	18,688	465,324	8,974,176
Positive fair value of derivatives	1,392,598	13,052	2,262,480	-	-	-	-	3,668,130
Investments, net	37,400,463	1,554,114	4,267,860	10,256,758	999,091	546,447	3,084,091	58,108,824
FVIS	2,322,845	-	-	-	-	-	-	2,322,845
FVOCI	563,340	1,450,188	4,267,860	10,256,758	999,091	546,447	3,084,091	21,167,775
Amortised cost	34,514,278	103,926	-	-	-	-	-	34,618,204
Investment in associates	379,941	-	-	-	-	-	-	379,941
Loans and advances, net	262,795,045	6,871,806	4,292,087	18,222	333,236	61,499	26,351	274,398,246
Overdraft	5,628,450	-	-	-	-	-	-	5,628,450
Credit cards	1,465,172	-	-	-	-	-	-	1,465,172
Consumer loans	93,959,270	-	-	-	-	-	-	93,959,270
Commercial loans	159,968,903	6,871,806	4,292,087	18,222	333,236	61,499	26,351	171,572,104
Others	1,773,250	-	-	-	-	-	-	1,773,250
Other assets	2,547,120	-	-	-	-	-	-	2,547,120
Accounts receivable and others	2,547,120	-	-	-	-	-	-	2,547,120
Total	338,514,812	8,970,194	12,046,055	15,623,611	1,332,327	646,833	3,577,380	380,711,212

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

34. FINANCIAL RISK MANAGEMENT (Continued)  
34.2 GEOGRAPHICAL CONCENTRATION (continued)

2023 س.م'000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	North America	Latin America	South East Asia	Other countries	Total
Liabilities								
Due to banks and other financial institutions	21,551,320	8,020,987	11,835,073	493,178	-	19,692	543,776	42,464,026
Current accounts	492	349,871	1,203,325	31,698	-	19,692	520,348	2,125,426
Money market deposits	21,550,828	7,671,116	10,631,748	461,480	-	-	23,428	40,338,600
Negative fair value of derivatives	1,338,400	140,489	1,735,286	214,400	-	-	-	3,428,575
Customer deposits	254,320,752	-	586,872	-	-	-	-	254,907,624
Demand	119,537,833	-	68,850	-	-	-	-	119,606,683
Saving	1,400,147	-	-	-	-	-	-	1,400,147
Time	113,574,231	-	518,022	-	-	-	-	114,092,253
Other	19,808,541	-	-	-	-	-	-	19,808,541
Debt securities in issue	6,148,161	341,351	5,905,095	301,462	-	675,615	938	13,372,622
Other liabilities	12,362,700	-	28,870	26,274	-	167	-	12,418,011
Accounts payable and others	12,362,700	-	28,870	26,274	-	167	-	12,418,011
Total	295,721,333	8,502,827	20,091,196	1,035,314	-	695,474	544,714	326,590,858
Commitments and contingencies	98,811,651	1,113,493	8,390,745	13,564,558	-	7,744,703	12,720	129,637,870
Letters of credit	8,205,631	3,377	-	-	-	14,048	-	8,223,056
Letters of guarantee	65,558,284	530,102	8,354,745	9,470,760	-	7,730,655	10,299	91,654,845
Acceptances	5,546,334	4,936	-	-	-	-	2,421	5,553,691
Irrevocable commitments to extend credit	19,501,402	575,078	36,000	4,093,798	-	-	-	24,206,278
Maximum credit exposure (stated at credit equivalent amounts according to SAMA's prescribed methodology)								
Derivatives	5,638,941	190,416	7,345,180	-	-	-	-	13,174,537
Held for trading	5,638,941	190,416	7,157,237	-	-	-	-	12,986,594
Held as fair value hedges	-	-	119,193	-	-	-	-	119,193
Held as cash flow hedges	-	-	68,750	-	-	-	-	68,750
Commitments and contingencies	56,222,471	555,808	5,049,211	7,344,873	-	4,664,482	8,627	73,845,472
Letters of credit	3,368,256	1,386	-	-	-	5,766	-	3,375,408
Letters of guarantee	39,507,320	319,455	5,034,811	5,707,354	-	4,658,716	6,206	55,233,862
Acceptances	5,546,334	4,936	-	-	-	-	2,421	5,553,691
Irrevocable commitments to extend credit	7,800,561	230,031	14,400	1,637,519	-	-	-	9,682,511

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

b) The distribution by geographical concentration of non-performing loans and advances and provision for credit losses are as follows:

	Non-performing loans and advances, net		Allowance for credit losses	
	2024 س.م'000	2023 س.م'000	2024 س.م'000	2023 س.م'000
Kingdom of Saudi Arabia				
Commercial Loans*	1,916,234	2,223,346	(711,463)	(870,006)
Consumer Loans**	1,257,290	1,240,472	(767,261)	(728,154)
Other GCC and Middle East				
Commercial Loans*	-	-	-	-
Total	3,173,524	3,463,818	(1,478,724)	(1,598,160)

\* Includes overdrafts and other loans  
\*\* includes consumer mortgage loans and credit cards

34.3 CREDIT QUALITY ANALYSIS

a) The following table sets out information about the credit quality of financial assets as at December 31, 2024 and 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

i) Balances with SAMA and due from bank and other financial institutions

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Investment grade (credit rating of 'BBB' or above)	43,185,025	-	-	43,185,025
Non-investment grade (credit rating of below 'BBB' )	102,212	-	-	102,212
Carrying amount	43,287,237	-	-	43,287,237

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Investment grade (credit rating of 'BBB' or above)	38,055,633	-	-	38,055,633
Non-investment grade (credit rating of below 'BBB' )	104,355	-	-	104,355
Carrying amount	38,159,988	-	-	38,159,988

The following table sets out information about the credit quality of financial assets as at December 31, 2024 and 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

The Group uses its internal ratings to rate the credit quality of its portfolio and uses the following categories:

Low - fair risk: Performing assets of high / good quality.

Watch list: Assets that have shown some initial signs of deterioration in credit quality in the recent past and are likely subject to increasing levels of credit risk.

Substandard: Assets which exhibit substantially higher level of credit risk.

Doubtful: These assets are typically in default (impaired) but still show some prospect of partial recovery in principal in the future.

Loss: Impaired assets which are generally fully provided and have low expectations of further recovery.



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

34. FINANCIAL RISK MANAGEMENT (Continued)

34.3 CREDIT QUALITY ANALYSIS (continued)

ii) Loans and advances, gross at amortized cost

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	307,845,048	6,613,207	75,091	314,533,346
Watch list	-	6,909,039	775,130	7,684,169
Substandard	-	-	2,402,643	2,402,643
Doubtful	-	-	557,455	557,455
Loss	-	-	213,426	213,426
Carrying amount	307,845,048	13,522,246	4,023,745	325,391,039

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	258,856,541	7,821,309	221,180	266,899,030
Watch list	-	8,310,050	647,667	8,957,717
Substandard	-	-	2,383,578	2,383,578
Doubtful	-	-	665,013	665,013
Loss	-	-	415,227	415,227
Carrying amount	258,856,541	16,131,359	4,332,665	279,320,565

ii) (a) Credit cards, gross

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	1,613,567	39,687	-	1,653,254
Watch list	-	73,355	-	73,355
Substandard	-	-	60,748	60,748
Doubtful	-	-	12,511	12,511
Loss	-	-	-	-
Carrying amount	1,613,567	113,042	73,259	1,799,868

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	1,402,376	11,645	-	1,414,021
Watch list	-	58,562	-	58,562
Substandard	-	-	36,353	36,353
Doubtful	-	-	9,848	9,848
Loss	-	-	-	-
Carrying amount	1,402,376	70,207	46,201	1,518,784

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For the years ended December 31, 2024 and 2023

The following table sets out information about the credit quality of financial assets as at December 31, 2024 and 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

ii) (b) Consumer loans, gross\*

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	92,502,310	820,061	-	93,322,371
Watch list	-	1,154,271	-	1,154,271
Substandard	-	-	644,593	644,593
Doubtful	-	-	376,611	376,611
Loss	-	-	162,827	162,827
Carrying amount	92,502,310	1,974,332	1,184,031	95,660,673

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	92,390,637	388,112	-	92,778,749
Watch list	-	1,060,984	-	1,060,984
Substandard	-	-	661,367	661,367
Doubtful	-	-	359,867	359,867
Loss	-	-	173,037	173,037
Carrying amount	92,390,637	1,449,096	1,194,271	95,034,004

ii) (c) Commercial loans, gross\*\*

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk ( Risk grade 1-17)	213,729,171	5,753,459	75,091	219,557,721
Watch list ( Risk grade 18-20)	-	5,681,413	775,130	6,456,543
Substandard ( Risk grade 21)	-	-	1,697,302	1,697,302
Doubtful ( Risk grade 22)	-	-	168,333	168,333
Loss ( Risk grade 23)	-	-	50,599	50,599
Carrying amount	213,729,171	11,434,872	2,766,455	227,930,498

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low - fair risk (Risk grade 1-17)	165,063,528	7,421,552	221,180	172,706,260
Watch list ( Risk grade 18-20)	-	7,190,504	647,667	7,838,171
Substandard ( Risk grade 21)	-	-	1,685,858	1,685,858
Doubtful ( Risk grade 22)	-	-	295,298	295,298
Loss ( Risk grade 23)	-	-	242,190	242,190
Carrying amount	165,063,528	14,612,056	3,092,193	182,767,777

\* Includes consumer mortgage loans

\*\* Includes overdrafts and other loans

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

34. FINANCIAL RISK MANAGEMENT (Continued)  
34.3 CREDIT QUALITY ANALYSIS (continued)

The following table sets out information about the credit quality of financial assets as at December 31, 2024 and 2023. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

iii) (a) Debt investment securities at amortised cost

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Saudi Government Bonds, Sukuk and Treasury Bills	41,450,967	-	-	41,450,967
Investment Grade(credit rating of 'BBB' or above)	1,838,573	-	-	1,838,573
Non-investment Grade (credit rating of below 'BBB' )	760,124	105,337	-	865,461
Carrying amount	44,049,664	105,337	-	44,155,001

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Saudi Government Bonds, Sukuk and Treasury Bills	32,917,649	-	-	32,917,649
Investment Grade (credit rating of 'BBB' or above)	838,091	-	-	838,091
Non-investment Grade(credit rating of below 'BBB' )	760,114	105,183	-	865,297
Carrying amount	34,515,854	105,183	-	34,621,037

iii) (b) Debt investment securities at FVOCI

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Saudi Government Bonds, Sukuk and Treasury Bills	507,932	-	-	507,932
Investment Grade (credit rating of 'BBB' or above)	12,702,128	-	-	12,702,128
Non-investment Grade(credit rating of below 'BBB' )	4,025,292	1,398,462	846,413	6,270,167
Carrying amount	17,235,352	1,398,462	846,413	19,480,227

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Saudi Government Bonds, Sukuk and Treasury Bills	-	-	-	-
Investment Grade(credit rating of 'BBB' or above)	12,362,942	47,621	-	12,410,563
Non-investment Grade(credit rating of below 'BBB' )	4,486,620	1,844,916	794,897	7,126,433
Carrying amount	16,849,562	1,892,537	794,897	19,536,996

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iv) The following table sets out information about the credit quality of letters of credit, letters of guarantee and acceptances as at December 31, 2024 and 2023.

2024 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	132,074,034	1,615,445	5,619	133,695,098
Watch list	-	1,860,194	81,279	1,941,473
Substandard	-	-	125,928	125,928
Doubtful	-	-	2,748	2,748
Loss	-	-	810,621	810,621
Carrying amount	132,074,034	3,475,639	1,026,195	136,575,868

2023 س.م'000	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Low – fair risk	101,053,012	2,194,347	33,035	103,280,394
Watch list	-	1,426,484	13,384	1,439,868
Substandard	-	-	331,072	331,072
Doubtful	-	-	22,840	22,840
Loss	-	-	357,418	357,418
Carrying amount	101,053,012	3,620,831	757,749	105,431,592

b) Amounts arising from ECL – Significant increase in credit risk

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the credit risk grade at the reporting date with the credit risk grade at origination for any significant downgrade.
- the lifetime PD at the reporting date with the lifetime PD at origination for any significant increase in default risk.

The Group, groups its loans into Stage 1, Stage 2 and Stage 3 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 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination but is not credit impaired, 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.



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

34. FINANCIAL RISK MANAGEMENT (Continued)

34.3 CREDIT QUALITY ANALYSIS (continued)

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 and his business activities.

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
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.	Internally collected data and customer behavior – e.g. utilization of credit card facilities.	Payment record – this includes overdue status as well as a range of variables about payment ratios.
Data from credit reference agencies, press articles, changes in external credit ratings.	Customer payment behavior based on internally collected data – e.g. Delinquency cycles,	Utilization of the granted limit
Quoted bond and credit default swap (CDS) prices for the borrower where available,	Types and number of products held at customer level.	Requests for and granting of forbearance.
Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.		Existing and forecast changes in business, financial and economic conditions.

i) Generating the term structure of PD

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

The Group employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change 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. For most exposures, key macro-economic indicators include GDP growth, oil prices, inflation, and money supply. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the Group’s Chief Economist 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.

The Bank utilizes a master rating scale consisting of 23 rating grades. Of which, the top 20 represent performing grades, while the bottom 3 represent non-performing grades. The performing grades are further bifurcated into 10 Investment Grades and 10 Non-investment Grades. The Investment Grades from 1 – 10 correspond to probabilities of default ranging from 0% to 0.48%, while the Non-investment Grades from 11 – 20 correspond to probabilities of default in the range of 0.48% to 99.99%. Finally, the 3 non-performing grades correspond to a probability of default of 100%

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ii) Determining whether credit risk has increased significantly

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

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, Group’s quantitative risk grading and PD models indicate a material credit risk deterioration. In addition, using its expert credit judgment and, where possible, relevant historical experience, the Group may determines 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.

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, on a material exposure. Days past due are determined by counting the number of days since the due date in respect of which full payment that is in excess of the materiality threshold 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).

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 or being undergone into financially stressed conditions. 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.

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 PD at the reporting date based on the modified terms and the PD estimated based on data at initial recognition and the original contractual terms.

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.

The revised terms usually include extending the maturity, changing the banking commission, the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.The relevant Board Committee regularly receives Loan Asset Quality review reports including forbearance activities.

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 interest 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. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

34. FINANCIAL RISK MANAGEMENT (Continued)

34.3 CREDIT QUALITY ANALYSIS (continued)

iv) Definition of ‘Default’

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the borrower is past due more than 90 days 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 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.

v) Incorporation of forward looking information

The Group incorporates forward-looking information into both, its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group is using different macroeconomic models, in order to predict the default rates for the Corporate, Investments and Retail portfolio, for the future years.

The macroeconomic forecasts are made across four non-baseline scenarios, including the three stress scenarios mentioned in the below table. The forecasts for national factors were provided by the Bank and for the global factors, the forecasts were internally generated. These scenarios are formulated by considering the forecasts based on the latest economic outlook as the baseline. There is also an optimistic scenario namely ‘Mild upturn’ which is the inverse of the ‘Mild Downturn’ scenario. Following probability of scenario occurrences have been used to arrive at the final ECL estimates:

- Base - 40%
- Mild Up - 30%
- Mild Down - 10%
- Moderate - 10%
- Severe - 10%

For the purpose of creating macroeconomic models, the macroeconomic factors/ variables were aggregated using local and international sources, such as General Authority for Statistics (KSA), World Bank, IMF etc. The Group started with close to 50 macro-economic variables for data collection purposes and these were further curtailed to 11 factors for the development of macroeconomic models, and using the most robust statistical techniques like linear and multi-factor regression, the Group finally selected only the best suitable combination of variables pertaining to the respective portfolios (on which the model would be applied). The following selected macroeconomic variables statistically proved to affect the default rate for the Group’s credit exposure under different portfolios:

- National GDP Growth Rate (%)
- Non-Oil GDP
- SAIBOR
- Crude Oil Prices (in USD per Barrel)
- Real Estate Loans ( ٬ Mn)
- World GDP(Constant prices)
- Investment (% of World GDP)
- Tadawul Share Price Index

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Group has used below baseline forecast related to the macroeconomic variables and for comparison purposes, severe stress forecasts are also presented along.

Economic Indicators (Raw)	Forecast calendar years used in 2024 ECL model (Baseline)			Forecast calendar years used in 2024 ECL model (Severe)		
	2024	2025	2026	2024	2025	2026
National GDP Growth Rate Constant Prices(%)	5.90	18.05	12.60	-9.65	-9.53	-9.58
National GDP Growth Rate Current Prices(%)	12.15	13.97	14.08	-35.71	-35.69	-35.7
Non-Oil GDP (Constant Prices) ( ٬ Mn)	465,492	484,043	503,333	448,995	467,546	486,836
Tadawul Share Price Index	12,500	13,000	13,400	11,183	11,683	12,083
3-Monthly Average SAIBOR	5.8	4.6	3.4	6.6	5.3	4.2
Crude oil prices (in USD per Barrel)	83	86	85	66	69	68.0
Real Estate Loans ( ٬ Mn)	849,554	947,252	1,079,868	723,054	820,753	953,368
World GDP % Change (Constant Prices)	3.2	3.2	3.3	1.8	1.9	1.9
Investment(% of World GDP)	26.2	26.4	26.6	25.8	25.9	26.2

Sensitivity of ECL allowance

Given current economic uncertainties and the dependence on macroeconomic factors used in determining the expected default of borrowers, the expected credit losses (ECL) should be considered as a best estimate within a range of possible macroeconomic estimates.

The potential impact of global economic slowdown, inflationary pressures, volatility in energy prices, and high interest rate environment add certain estimation uncertainty in relation to the measurement of the Group’s allowance for expected credit losses. Therefore, it is imperative to gauge the sensitivity of the ECL estimates with regard to the movement in the macroeconomic factors.



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34. FINANCIAL RISK MANAGEMENT (Continued)

34.3 CREDIT QUALITY ANALYSIS (continued)

The Group has conducted sensitivity analysis of changes in economic variables used in the Point-in-time (PIT) PD models, as well as, for the changes in scenario weights used in calculating the weighted average PIT PDs. The Group uses different macroeconomic models for different portfolios/sub-portfolios for its Corporate & Retail Loans and Investments exposures and therefore, the sensitivity analysis reflects changes in the value of given macroeconomic variable(s) used in these models and the resulting ECL impact on the respective portfolio(s). Noting that macroeconomic adjustment to a single PIT PD model may include more than one independent economic variable as model input, the standalone ECL impact of aforesaid sensitivity analysis is performed. The sensitivity analysis is performed taking into account the materiality of the exposure which is covered under a particular macroeconomic model:

Assumptions sensitized (ﷲ' 000)	ECL impact 2024
Macro-economic factors:	
5% Contraction in National GDP Growth Rate (ﷲ Mn)	1,286
10% Contraction in National GDP Growth Rate (ﷲ Mn)	2,578
1% Contraction in Non-Oil GDP (Constant Prices)	5,718
2% Contraction in Non-Oil GDP (Constant Prices)	11,663
15% Contraction in Tadawul Share Price Index	29,982
25% Contraction in Tadawul Share Price Index	50,117
5% Dip in oil prices (USD per Barrel)	159,497
10% Dip in oil prices (USD per Barrel)	325,957
10% Contraction in Real Estate Loans (ﷲ Mn)	-
20% Contraction in Real Estate Loans (ﷲ Mn)	-
10% Decline in the World GDP (ﷲ Mn)	101
20% Decline in World GDP (ﷲ Mn)	203
10% Rise in SAIBOR	339
20% Rise in SAIBOR	679
5% Decline in Investment (% of World GDP)	6,551
10% Decline in Investment (% of World GDP)	12,932
Scenario Probability of Occurrence	
Base scenario sensitized by +/- 5% with corresponding change in mild downside	22,314
Base scenario sensitized by +/- 5% with corresponding change in mild upside	21,015

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vi) Measurement of ECL

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

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

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

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

LGD is the magnitude of the likely loss if there is a default. The 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, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

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

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period 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.

Where modeling of a parameter is carried out on a collective basis, the financial instruments are banked on the basis of shared risk characteristics that include but not limited to below:

- Product / instrument type;
- Credit risk categorization;
- Collateral type;
- Recovery and cure rates;
- Date of initial recognition;
- Remaining term to maturity;
- Geographic location of the borrower;
- Economic Sectors.

The Group’s risk and business profile is subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous.

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data.

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

34. FINANCIAL RISK MANAGEMENT (Continued)

34.4 CREDIT QUALITY OF LOANS AND ADVANCES

a) Economic sector risk concentration for the loans and advances and allowance for impairment are as follows

ﷲ' 000	2024				2023			
	Performing	Non performing	Allowance for impairment	Loans and advances, net	Performing	Non performing	Allowance for impairment	Loans and advances, net
Government and quasi Government	2,587,387	-	(1,294)	2,586,093	371,575	-	(1,480)	370,095
Banks and other financial institutions	20,468,934	-	(68,184)	20,400,750	14,419,228	-	(38,236)	14,380,992
Agriculture and fishing	1,223,758	3,637	(6,644)	1,220,751	1,908,319	7,489	(12,279)	1,903,529
Manufacturing	27,211,377	395,054	(780,720)	26,825,711	25,916,789	496,490	(876,162)	25,537,117
Mining and quarrying	8,915,691	1,558	(8,132)	8,909,117	7,681,901	688	(10,102)	7,672,487
Electricity, water, gas and health services	28,329,642	8,701	(22,015)	28,316,328	19,173,538	11,271	(49,323)	19,135,486
Building and construction	18,879,688	152,218	(827,386)	18,204,520	20,221,204	645,841	(1,600,098)	19,266,947
Commerce	84,367,212	1,021,291	(1,501,754)	83,886,749	63,676,064	741,219	(977,698)	63,439,585
Transportation and communication	3,744,271	111,103	(31,281)	3,824,093	5,168,239	83,419	(13,486)	5,238,172
Services	21,821,417	222,672	(539,905)	21,504,184	17,887,067	236,929	(206,471)	17,917,525
Consumer loans and credit cards	96,203,251	1,257,290	(1,510,497)	95,950,044	95,312,316	1,240,472	(1,128,346)	95,424,442
Others	8,464,887	-	(3,736)	8,461,151	4,120,507	-	(8,638)	4,111,869
Total	322,217,515	3,173,524	(5,301,548)	320,089,491	275,856,747	3,463,818	(4,922,319)	274,398,246

b) Collateral

The Group in the ordinary course of lending activities holds collateral as security to mitigate credit risk in the loans and advances. The Group ensures that the collateral held is sufficiently liquid, legally effective and regularly valued. The method and frequency of revaluation depends on the nature of the collateral involved.These collaterals mostly include time, demand and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realisable values. Management monitors the market value of the collateral and requests additional collateral in accordance with the underlying agreement when deemed necessary. According to the relevant policy and accounting standards, the Group recognized a loss allowance against all financial instruments, although it may have been affected by the type of collateral. Fair value of collateral held by Group against financing and advances by each category are as follows:

	2024 ﷲ' 000	2023 ﷲ' 000
Good loans	127,164,199	107,699,140
Past due but performing loans	10,165,786	6,438,757
Non performing loans	1,596,070	1,798,326
Total	138,926,055	115,936,223

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35. 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 special commission rates, foreign exchange rates, commodity and equity prices. The Group classifies exposures to market risk into either trading or non-trading/ banking-book. The market risk for the trading book is managed and monitored using a VaR methodology. Market risk for the non-trading book is managed and monitored using a combination of VaR, stress testing and sensitivity analysis.

35.1 Market Risk - Trading Book

The Group has set limits (both VaR and exposure based 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 a VaR methodology 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 variance-covariance approach for calculating VaR for trading book based on historical data (of 1 year). 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 Bank calculates VaR on the basis of the following:

- 10 days holding period at 99% confidence interval for regulatory capital computation
- 1 day holding period at 99% confidence interval for internal reporting and for disclosure purposes.

This means that 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 1 or 10 days. The use of 99% confidence level depicts that within a 1-day horizon, losses exceeding VaR figure should occur, on average, not more than once every hundred days.

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 both non-trading and trading portfolios to simulate conditions outside normal confidence intervals using six stress scenarios for the entire Group. The potential losses occurring under stress test conditions are reported regularly to the Bank’s Asset Liability Committee (ALCO) for their review.

The Group’s VaR related information for the year ended December 31, 2024 and 2023 using a 1 day holding period at 99% confidence interval is set out below. All the figures are in ﷲ million:

	2024			
	Foreign exchange rate risk	Special commission rate risk	Equity price risk	Overall risk
VaR as at December 31, 2024	2.05	16.07	15.18	31.54
Average VaR for 2024	0.93	7.30	6.02	13.44
Maximum VaR for 2024	2.14	16.82	15.37	32.48
Minimum VaR for 2024	0.17	1.02	1.08	2.32



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

35. MARKET RISK (Continued)

35.1 Market Risk - Trading Book (continued)

	2023			
	Foreign exchange rate risk	Special commission rate risk	Equity price risk	Overall risk
VaR as at December 31, 2023	0.44	1.02	1.14	2.39
Average VaR for 2023	1.07	2.50	1.78	4.81
Maximum VaR for 2023	2.96	6.92	3.41	11.81
Minimum VaR for 2023	0.39	0.91	0.71	1.81

35.2 Market Risk - Non-trading or Banking Book

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 Group has established Net special commission Income at Risk and Market Value at Risk (MVaR) limits that are monitored by ALCO. There are gap limits to accommodate Forward FX and Money Market for USD, ﷹ and other major currencies. 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 income is the effect of the assumed changes in special commission rates on the net special commission income for one year, on the 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 rates. The sensitivity of equity is analysed by maturity of the asset or swap. All the banking book exposures are monitored and analysed in currency concentrations and relevant sensitivities are disclosed in ﷹ million.

2024 Currency	Increase in basis points	Sensitivity of net special commission income	Sensitivity of equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷹ	+ 100	437.25	-	-	-	-	-
USD	+ 100	(327.76)	(7.09)	(7.16)	(251.79)	(307.22)	(573.26)
EUR	+ 100	(9.11)	-	-	-	-	-
GBP	+ 100	(4.63)	-	-	-	-	-
JPY	+ 100	-	-	-	-	-	-
Others	+ 100	-	-	-	-	-	-

Currency	Decrease in basis points	Sensitivity of net special commission income	Sensitivity of equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷹ	- 100	(441.02)	-	-	-	-	-
USD	- 100	326.09	7.09	7.16	251.79	307.22	573.26
EUR	- 100	9.06	-	-	-	-	-
GBP	- 100	4.58	-	-	-	-	-
JPY	- 100	-	-	-	-	-	-
Others	- 100	-	-	-	-	-	-

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2023 Currency	Increase in basis points	Sensitivity of net special commission income	Sensitivity of equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷹ	+ 100	315.15	-	-	-	-	-
USD	+ 100	(290.28)	(1.30)	(0.65)	(53.98)	(438.48)	(494.41)
EUR	+ 100	(0.62)	-	-	-	-	-
GBP	+ 100	(0.97)	-	-	-	-	-
JPY	+ 100	-	-	-	-	-	-
Others	+ 100	-	-	-	-	-	-

Currency	Decrease in basis points	Sensitivity of net special commission income	Sensitivity of equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷹ	- 100	(321.21)	-	-	-	-	-
USD	- 100	288.78	1.30	0.65	53.98	438.48	494.41
EUR	- 100	0.62	-	-	-	-	-
GBP	- 100	0.97	-	-	-	-	-
JPY	- 100	-	-	-	-	-	-
Others	- 100	-	-	-	-	-	-

Special commission sensitivity of assets, liabilities and off statement of financial position items

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 Group is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off statement of financial position 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.

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

35. MARKET RISK (Continued)  
35.2 Market Risk - Non-trading or Banking Book (continued)

The table below summarises the Group’s exposure to special commission rate risks. Included in the table are the Group’s assets, liabilities and shareholders’ equity at carrying amounts, categorised by the earlier of contractual re-pricing or the maturity dates.

2024 س.م'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non-special commission bearing	Total
Assets						
Cash and balances with SAMA	4,712,178	-	-	-	17,887,795	22,599,973
Cash in hand	-	-	-	-	1,887,900	1,887,900
Balances with SAMA	4,712,178	-	-	-	15,999,895	20,712,073
Due from banks and other financial institutions	17,976,576	-	-	-	4,597,508	22,574,084
Current accounts	2,102,931	-	-	-	4,597,508	6,700,439
Money market placements	15,873,645	-	-	-	-	15,873,645
Positive fair value of derivatives	98,927	65,973	590,612	4,813,440	-	5,568,952
Investments, net	6,436,376	10,750,671	15,630,874	30,813,843	6,037,199	69,668,963
FVIS	-	-	-	-	4,492,580	4,492,580
FVOCI	1,622,471	1,217,908	10,129,899	6,509,949	1,544,619	21,024,846
Amortised cost	4,813,905	9,532,763	5,500,975	24,303,894	-	44,151,537
Investment in associates	-	-	-	-	402,419	402,419
Loans and advances, net	143,256,323	77,021,863	40,445,632	59,365,673	-	320,089,491
Overdraft	5,681,008	-	-	-	-	5,681,008
Credit cards	1,715,251	-	-	-	-	1,715,251
Consumer loans	2,539,751	7,243,285	28,072,284	56,379,473	-	94,234,793
Commercial loans	130,684,498	69,778,578	12,373,348	2,986,200	-	215,822,624
Others	2,635,815	-	-	-	-	2,635,815
Other real estate	-	-	-	-	753,700	753,700
Property, equipment and right of use assets, net	-	-	-	-	6,517,129	6,517,129
Other assets	2,053,343	-	-	-	150,740	2,204,083
Accounts receivable and others	2,053,343	-	-	-	150,740	2,204,083
Total assets	174,533,723	87,838,507	56,667,118	94,992,956	36,346,490	450,378,794
Liabilities and shareholders' equity						
Due to banks and other financial institutions	26,837,228	12,669,533	3,368,349	-	1,073,910	43,949,020
Current accounts	-	-	-	-	1,073,910	1,073,910
Money market deposits	26,837,228	12,669,533	3,368,349	-	-	42,875,110
Negative fair value of derivatives	64,340	181,368	535,812	4,384,073	-	5,165,593
Customer deposits	143,860,359	21,173,469	1,523,729	857,990	139,007,844	306,423,391
Demand	28,512,083	-	-	-	124,540,082	153,052,165
Saving	634,065	-	-	-	671,416	1,305,481
Time	114,714,211	21,173,469	1,523,729	857,990	-	138,269,399
Other	-	-	-	-	13,796,346	13,796,346
Debt securities in issue and term loan	8,636,100	-	4,688,353	-	-	13,324,453
Other liabilities	-	-	-	-	13,574,238	13,574,238
Accounts payable and others	-	-	-	-	13,574,238	13,574,238
Shareholders' equity and Tier 1 sukuk	-	-	-	-	67,942,099	67,942,099
Total liabilities and shareholders' equity	179,398,027	34,024,370	10,116,243	5,242,063	221,598,091	450,378,794
Special commission rate sensitivity -On statement of financial position gap	(4,864,304)	53,814,137	46,550,875	89,750,893	(185,251,601)	-
Special commission rate sensitivity -Off statement of financial position gap	(606,250)	1,393,750	(787,500)	-	-	
Total special commission rate sensitivity gap	(5,470,554)	55,207,887	45,763,375	89,750,893	(185,251,601)	
Cumulative special commission rate sensitivity gap	(5,470,554)	49,737,333	95,500,708	185,251,601	-	

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2023 س.م'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non-special commission bearing	Total
Assets						
Cash and balances with SAMA	9,141,203	-	-	-	17,034,023	26,175,226
Cash in hand	-	-	-	-	3,450,448	3,450,448
Balances with SAMA	9,141,203	-	-	-	13,583,575	22,724,778
Due from banks and other financial institutions	11,681,520	-	-	-	3,752,205	15,433,725
Current accounts	2,707,342	-	-	-	3,752,205	6,459,547
Money market placements	8,974,178	-	-	-	-	8,974,178
Positive fair value of derivatives	19,526	49,451	618,472	2,980,681	-	3,668,130
Investments, net	3,531,166	6,422,286	13,012,955	31,188,793	3,953,624	58,108,824
FVIS	-	-	-	-	2,322,845	2,322,845
FVOCI	627,906	1,108,971	9,911,241	7,888,878	1,630,779	21,167,775
Amortised cost	2,903,260	5,313,315	3,101,714	23,299,915	-	34,618,204
Investment in associates	-	-	-	-	379,941	379,941
Loans and advances, net	106,239,360	70,842,745	41,463,315	55,852,826	-	274,398,246
Overdraft	5,628,450	-	-	-	-	5,628,450
Credit cards	1,465,172	-	-	-	-	1,465,172
Consumer loans	3,125,020	8,051,085	29,406,766	53,376,399	-	93,959,270
Commercial loans	94,247,468	62,791,660	12,056,549	2,476,427	-	171,572,104
Others	1,773,250	-	-	-	-	1,773,250
Other real estate	-	-	-	-	670,470	670,470
Property, equipment and right of use assets, net	-	-	-	-	5,467,247	5,467,247
Other assets	1,124,398	-	-	-	1,422,722	2,547,120
Accounts receivable and others	1,124,398	-	-	-	1,422,722	2,547,120
Total assets	131,737,173	77,314,482	55,094,742	90,022,300	32,680,232	386,848,929
Liabilities and shareholders' equity						
Due to banks and other financial institutions	17,552,202	13,541,251	9,245,147	-	2,125,426	42,464,026
Current accounts	-	-	-	-	2,125,426	2,125,426
Money market deposits	17,552,202	13,541,251	9,245,147	-	-	40,338,600
Negative fair value of derivatives	12,310	70,190	605,612	2,740,463	-	3,428,575
Customer deposits	99,971,114	13,016,368	10,891,876	2,274,400	128,753,866	254,907,624
Demand	11,347,732	-	-	-	108,258,951	119,606,683
Saving	713,773	-	-	-	686,374	1,400,147
Time	87,909,609	13,016,368	10,891,876	2,274,400	-	114,092,253
Other	-	-	-	-	19,808,541	19,808,541
Debt securities in issue	-	7,747,622	5,625,000	-	-	13,372,622
Other liabilities	-	-	-	-	12,418,011	12,418,011
Accounts payable and others	-	-	-	-	12,418,011	12,418,011
Shareholders' equity	-	-	-	-	60,258,071	60,258,071
Total liabilities and shareholders' equity	117,535,626	34,375,431	26,367,635	5,014,863	203,555,374	386,848,929
Special commission rate sensitivity -On statement of financial position gap	14,201,547	42,939,051	28,727,107	85,007,437	(170,875,142)	-
Special commission rate sensitivity -Off statement of financial position gap	199,047	(786,547)	587,500	-	-	
Total special commission rate sensitivity gap	14,400,594	42,152,504	29,314,607	85,007,437	(170,875,142)	
Cumulative special commission rate sensitivity gap	14,400,594	56,553,098	85,867,705	170,875,142	-	



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35. MARKET RISK (Continued)  
35.2 Market Risk - Non-trading or Banking Book (continued)

iii) 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 ﷲ, 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 currency swaps and forward foreign exchange contracts used as cash flow hedges). A positive effect shows a potential increase in consolidated statement of income or equity; whereas a negative effect shows a potential net reduction in consolidated statement of income or equity.

Currency Exposures As at December 31, 2024 (ﷲ million)	Change in currency rate in %	Effect on net income
USD	± 1	± 2.79
EUR	± 1	± 0.29
GBP	± 1	± 0.24
JPY	± 1	± 0.00
Others	± 1	± 0.00

Currency Exposures As at December 31, 2023 (ﷲ million)	Change in currency rate in %	Effect on net income
USD	± 1	±2.77
EUR	± 1	±0.0056
GBP	± 1	±0.65
JPY	± 1	±0
Others	± 1	±0

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iv) Currency position

The Group manages exposure to effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Asset & Liability Committee (ALCO) delegated by the Board sets the FX Net Open Position limits, which are reviewed annually, for both the spot and forward exchange positions by currency, which are monitored daily by the Risk Team. At the end of the year, the Group had the following significant net exposures (Spot) denominated in foreign currencies:

	2024 Long (short) ﷲ'000	2023 Long (short) ﷲ'000
US Dollar	(4,621,991)	974,080
Japanese Yen	313	842
Euro	(967)	(664)
Pound Sterling	(5,913)	(1,200)
Others	87,231	52,060

Long position indicates that assets in a foreign currency are higher than the liabilities in the same currency; the opposite applies to short positions.

v) Banking Book - Equity Price risk

Equity 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 Group did not have any Saudi Exchange (Tadawul) listed equities(shares) as at 31 December 2024 & 2023.

36. LIQUIDITY RISK

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

Management monitors the maturity profile the balance sheet to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

All liquidity policies and procedures are subject to review and approval by Asset Liability Committee (ALCO). Daily reports cover the liquidity position of the Group. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% (2023: 7%) of average demand deposits and 4% (2023: 4%) of average saving and time 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, gold, Saudi Government Bonds, Treasury bills or assets which can be converted into cash within a period not exceeding 30 days. The Bank has the ability to raise additional funds through repo facilities with SAMA, from 85% to 100% of the nominal value of bonds/ bills held by the Bank.

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

36. LIQUIDITY RISK (Continued)

a) The table below summarises the maturity profile of the Group's financial liabilities 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 affect the expected cash flows indicated by the Group's deposit retention history. The undiscounted maturity profile of the financial liabilities is as follows:

2024 س.م'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities					
Due to banks and other financial institutions	27,911,138	12,669,533	3,368,349	-	43,949,020
Current accounts	1,073,910	-	-	-	1,073,910
Money market deposits	26,837,228	12,669,533	3,368,349	-	42,875,110
Customer deposits	268,136,961	25,336,157	11,955,131	995,142	306,423,391
Demand	153,052,165	-	-	-	153,052,165
Saving	1,305,481	-	-	-	1,305,481
Time	103,824,211	23,423,469	10,163,729	857,990	138,269,399
Other	9,955,104	1,912,688	1,791,402	137,152	13,796,346
Debt securities in issue and term loan	6,539,338	903,238	9,127,268	-	16,569,844
Derivative financial instruments	(15,262)	34,958	168,011	381,158	568,865
Lease liabilities	65	19,887	180,292	162,059	362,303
Total undiscounted financial liabilities	302,572,240	38,963,773	24,799,051	1,538,359	367,873,423

2023 س.م'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities					
Due to banks and other financial institutions	19,943,407	12,393,743	10,620,040	-	42,957,190
Current accounts	2,125,426	-	-	-	2,125,426
Money market deposits	17,817,981	12,393,743	10,620,040	-	40,831,764
Customer deposits	225,145,385	14,766,885	12,596,578	2,398,776	254,907,624
Demand	119,606,683	-	-	-	119,606,683
Saving	1,400,147	-	-	-	1,400,147
Time	87,909,609	13,016,368	10,891,876	2,274,400	114,092,253
Other	16,228,946	1,750,517	1,704,702	124,376	19,808,541
Debt securities in issue	99,674	299,022	1,594,787	9,469,854	11,463,337
Derivative financial instruments	(29,343)	7,854	69,276	205,454	253,241
Lease liabilities	5,598	42,344	326,867	181,285	556,093
Total undiscounted financial liabilities	245,164,721	27,509,848	25,207,548	12,255,369	310,137,485

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

b) The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

2024 س.م'000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	6,972,605	-	-	-	15,627,368	22,599,973
Cash in hand	1,887,900	-	-	-	-	1,887,900
Balances with SAMA	5,084,705	-	-	-	15,627,368	20,712,073
Due from banks and other financial institutions	22,574,084	-	-	-	-	22,574,084
Current accounts	6,700,439	-	-	-	-	6,700,439
Money market placements	15,873,645	-	-	-	-	15,873,645
Positive fair value of derivatives	98,927	65,973	590,612	4,813,440	-	5,568,952
Investments, net	4,616,812	10,316,797	17,252,029	31,446,126	6,037,199	69,668,963
FVIS	-	-	-	-	4,492,580	4,492,580
FVOCI	1,236,010	1,395,049	10,339,068	6,510,100	1,544,619	21,024,846
Amortised cost	3,380,802	8,921,748	6,912,961	24,936,026	-	44,151,537
Investment in associates	-	-	-	-	402,419	402,419
Loans and advances, net	88,970,998	54,621,669	71,573,097	104,923,727	-	320,089,491
Overdraft	5,681,008	-	-	-	-	5,681,008
Credit cards	1,715,251	-	-	-	-	1,715,251
Consumer loans	125,736	642,187	28,579,327	64,887,543	-	94,234,793
Commercial loans	78,813,188	53,979,482	42,993,770	40,036,184	-	215,822,624
Others	2,635,815	-	-	-	-	2,635,815
Other real estate	-	-	-	-	753,700	753,700
Property and equipment and right of use assets, net	-	-	-	-	6,517,129	6,517,129
Other assets	2,053,343	-	-	-	150,740	2,204,083
Accounts receivable and others	2,053,343	-	-	-	150,740	2,204,083
Total assets	125,286,769	65,004,439	89,415,738	141,183,293	29,488,555	450,378,794
Liabilities and shareholders' equity						
Due to banks and other financial institutions	27,911,138	12,669,533	3,368,349	-	-	43,949,020
Current accounts	1,073,910	-	-	-	-	1,073,910
Money market deposits	26,837,228	12,669,533	3,368,349	-	-	42,875,110
Negative fair value of derivatives	64,340	181,368	535,812	4,384,073	-	5,165,593
Customer deposits	268,136,961	25,336,157	11,955,131	995,142	-	306,423,391
Demand	153,052,165	-	-	-	-	153,052,165
Saving	1,305,481	-	-	-	-	1,305,481
Time	103,824,211	23,423,469	10,163,729	857,990	-	138,269,399
Other	9,955,104	1,912,688	1,791,402	137,152	-	13,796,346
Debt securities in issue and term loan	5,636,100	-	7,688,353	-	-	13,324,453
Other liabilities	1,161,720	86,460	313,098	485,282	11,527,678	13,574,238
Accounts payable and others	1,161,720	86,460	313,098	485,282	11,527,678	13,574,238
Shareholders' equity and Tier 1 sukuk	-	-	-	-	67,942,099	67,942,099
Total liabilities and shareholders' equity	302,910,259	38,273,518	23,860,743	5,864,497	79,469,777	450,378,794



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

36. LIQUIDITY RISK (Continued)

b) The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. (continued)

2023 ﷼'000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	12,856,855	-	-	-	13,318,371	26,175,226
Cash in hand	3,450,448	-	-	-	-	3,450,448
Balances with SAMA	9,406,407	-	-	-	13,318,371	22,724,778
Due from banks and other financial institutions	15,433,725	-	-	-	-	15,433,725
Current accounts	6,459,547	-	-	-	-	6,459,547
Money market placements	8,974,178	-	-	-	-	8,974,178
Positive fair value of derivatives	19,526	49,451	618,472	2,980,681	-	3,668,130
Investments, net	2,517,404	4,090,829	16,411,676	31,135,291	3,953,624	58,108,824
FVIS	-	-	-	-	2,322,845	2,322,845
FVOCI	627,906	1,108,971	9,911,241	7,888,878	1,630,779	21,167,775
Amortised cost	1,889,498	2,981,858	6,500,435	23,246,413	-	34,618,204
Investment in associates	-	-	-	-	379,941	379,941
Loans and advances, net	49,558,579	53,437,708	79,780,753	91,621,206	-	274,398,246
Overdraft	5,628,450	-	-	-	-	5,628,450
Credit cards	1,465,172	-	-	-	-	1,465,172
Consumer loans	223,230	334,581	30,009,005	63,392,454	-	93,959,270
Commercial loans	40,468,477	53,103,127	49,771,748	28,228,752	-	171,572,104
Others	1,773,250	-	-	-	-	1,773,250
Other real estate	-	-	-	-	670,470	670,470
Property, equipment and right of use assets, net	-	-	-	-	5,467,247	5,467,247
Other assets	1,124,398	-	-	-	1,422,722	2,547,120
Accounts receivable and others	1,124,398	-	-	-	1,422,722	2,547,120
Total assets	81,510,487	57,577,988	96,810,901	125,737,178	25,212,375	386,848,929
Liabilities and shareholders' equity						
Due to banks and other financial institutions	19,677,628	13,541,251	9,245,147	-	-	42,464,026
Current accounts	2,125,426	-	-	-	-	2,125,426
Money market deposits	17,552,202	13,541,251	9,245,147	-	-	40,338,600
Negative fair value of derivatives	12,310	70,190	605,612	2,740,463	-	3,428,575
Customer deposits	225,145,385	14,766,885	12,596,578	2,398,776	-	254,907,624
Demand	119,606,683	-	-	-	-	119,606,683
Saving	1,400,147	-	-	-	-	1,400,147
Time	87,909,609	13,016,368	10,891,876	2,274,400	-	114,092,253
Other	16,228,946	1,750,517	1,704,702	124,376	-	19,808,541
Debt securities in issue	277,300	-	10,125,000	2,970,322	-	13,372,622
Other liabilities	1,083,690	103,203	324,196	600,330	10,306,592	12,418,011
Accounts payable and others	1,083,690	103,203	324,196	600,330	10,306,592	12,418,011
Shareholders' equity	-	-	-	-	60,258,071	60,258,071
Total liabilities and shareholders' equity	246,196,313	28,481,529	32,896,533	8,709,891	70,564,663	386,848,929

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 banks; and loans and advances to customers. The cumulative maturities of commitments and contingencies are given in note (20 c) .

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

37. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

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.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

Fair value and fair value hierarchy

2024 ﷼'000	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments Held as FVIS	4,492,580	-	-	4,492,580
- Mutual funds	4,492,580	-	-	4,492,580
Investments Held as FVOCI	20,520,644	-	504,202	21,024,846
- Fixed rate securities	18,852,456	-	-	18,852,456
- Floating rate securities	627,771	-	-	627,771
- Equities	1,040,417	-	504,202	1,544,619
Positive fair value derivatives	-	5,568,952	-	5,568,952
Financial liabilities measured at fair value				
Negative fair value derivatives	-	5,165,593	-	5,165,593

2023 ﷼'000	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments Held as FVIS	2,322,845	-	-	2,322,845
- Mutual funds	2,322,845	-	-	2,322,845
Investments Held as FVOCI	20,487,008	-	680,767	21,167,775
- Fixed rate securities	19,534,543	-	-	19,534,543
- Floating rate securities	2,453	-	-	2,453
- Equities	950,012	-	680,767	1,630,779
Positive fair value derivatives	-	3,668,130	-	3,668,130
Financial liabilities measured at fair value				
Negative fair value derivatives	-	3,428,575	-	3,428,575

The fair value of loans and advances amounted to ﷼ 324,230 million(carrying value: ﷼ 325,391 million) (2023: fair value ﷼ 275,392 million and carrying value ﷼ 279,321 million).

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

37. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Fair value and fair value hierarchy (continued)

The management uses discounted cash flow method, using the current yield curve adjusted for credit risk spreads to arrive at the fair value of loans and advances which is categorized within level 3 of fair value hierarchy. Cash and balances with SAMA, due from banks with maturity of less than 90 days and other short term receivables, other assets and other liabilities are assumed to have fair values that reasonably approximate their corresponding carrying values due to the short-term nature. The fair value of investments held at amortized cost are worked out using level 2 valuation technique which amounted to ٢ 40,657 million with carrying value ٢ 44,151 million (2023: fair value ٢ 31,934 million and carrying value ٢ 34,618 million).

The fair values of due from banks and other financial institutions, due to banks and other financial institutions, customer deposits and debt securities issued and term loan at December 31, 2024 and 2023 approximate their carrying values.

There were no transfers between the fair value hierarchy levels.

Although the Group believes that its estimates of fair value of Level 3 securities are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. Level 3 consists of local and international unquoted equity securities. The Group uses net assets valuation and price to book value method based on most recent available audited financial statements to fair value these investments. Other methodology that could be used to value the securities is discounted cash flow model based on expected dividend yield for which no data is available. Therefore potential impact of using reasonably possible alternative assumptions for the valuation techniques is not quantified.

Reconciliation of movement in Level 3

	2024 ٢'000	2023 ٢'000
Opening balance	680,767	554,576
Total gains or losses		
- recognised in other comprehensive income	(47,271)	121,394
Sales	(246,597)	-
Other movements	10,282	2,452
Purchases	107,021	2,345
Closing balance	504,202	680,767

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

38. RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. Related party transactions are governed by the limits set by the Banking Control Law and regulations issued by SAMA. The balances at December 31 resulting from such transactions are as follows:

	2024 ٢'000	2023 ٢'000
<b>a) Major Shareholders</b>		
Loans and advances	996,803	235,000
Customer deposits	32,208,887	10,157,328
Derivatives asset (at fair value)	(2,835)	(1,843)
Commitments and contingencies (irrevocable)	253,197	1,015,000
<b>b) Bank's Board of Directors and Senior Executives:</b>		
Loans and advances	447,256	729,585
Customer deposits	516,935	432,171
Commitments and contingencies (irrevocable)	2,024,164	986,713
Executive end of service	38,800	30,495
<b>c) Associates</b>		
Loans and advances	212,046	48,000
Customer deposits	79,056	140,336
Commitments and contingencies (irrevocable)	230,482	462,911

Key management personnel are those persons, including a non-executive director, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

	2024 ٢'000	2023 ٢'000
<b>Group's mutual funds:</b>		
Customer deposits	-	-



Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

38. RELATED PARTY TRANSACTIONS (Continued)

Income and expenses pertaining to transactions with related parties included in these consolidated financial statements are as follows:

	2024 S'000	2023 S'000
<b>a) Major Shareholders</b>		
Special commission income	25,628	21,011
Special commission expense	1,157,599	1,106,092
Fees from banking services, net	1,455	7,254
Directors and committees remuneration and expenses	-	-
Executive remuneration and bonus	-	-
Executive end of service	-	-
Other expenses	197,675	43,710
<b>b) Bank's Board of Directors and Senior Executives:</b>		
Special commission income	56,916	34,702
Special commission expense	26,676	20,794
Fees from banking services, net	4,684	7,549
Directors and committees remuneration and expenses	2,114	7,025
Executive remuneration and bonus	128,990	114,562
Executive end of service	10,226	5,751
Other expenses	-	-
<b>c) Associates and funds managed by the group</b>		
Special commission income	8,712	1,071
Special commission expense	5,266	24,394
Fees from banking services, net	272,976	280,090
Directors and committees remuneration and expenses	-	-
Executive remuneration and bonus	-	-
Executive end of service	-	-
Other expenses	-	-

39. CAPITAL ADEQUACY

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

Capital adequacy and the use of regulatory capital are monitored regularly by management. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted asset at or above Basel prescribed minimum.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

The following table summarizes the Bank's Pillar-1 Risk Weighted Assets, Tier 1 and Tier 2 capital and capital adequacy ratios

	2024 S'000	2023 S'000
Top consolidated level		
Common Equity Tier 1 Capital(CET 1)	58,359,010	53,451,132
Total Tier 1 capital	67,745,110	60,013,632
Tier 2 capital	10,480,304	10,498,335
Total Tier 1 + Tier 2 Capital	78,225,414	70,511,967
<b>Risk weighted assets</b>		
Credit risk weighted assets	381,891,664	318,801,964
Operational risk weighted assets	15,712,121	13,461,109
Market risk weighted assets	15,359,313	7,843,841
<b>Total Pillar 1 Risk Weighted Assets</b>	<b>412,963,098</b>	<b>340,106,914</b>
CET 1 Ratio %	14.13%	15.72%
<b>Tier I Capital Adequacy Ratio</b>	<b>16.40%</b>	<b>17.65%</b>
<b>Total Capital Adequacy Ratio</b>	<b>18.94%</b>	<b>20.73%</b>

40. PROFIT SHARING INVESTMENT ACCOUNT

The PSIA policy document was developed to define the roles & responsibilities of board & senior management , product governance, profit calculation & distribution mechanism, terms & conditions of the contract and disclosure requirements in financial statements and to the Investment account holders. The gross financing includes the Bank's ijara portfolio. The deposits raised through Islamic Saving Account forms a pool of funds, invested in Islamic assets. The size of these keeps varying depending upon placement of new deposits or withdrawal by the customers. Bank have a share in the profit earned on the pool of funds based on a Profit-Sharing Ratio.

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

As of December 31, 2024 & 2023, all joint financing is funded by comingled pool which includes funds from Unrestricted Investment Accountholder ("IAH").

	2024 S'000	2023 S'000
Ijarah	5,390,232	3,582,720
<b>Total financing and investments</b>	<b>5,390,232</b>	<b>3,582,720</b>

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

	2024 S'000	2023 S'000
Pool Income from Investment	49,988	24,235
Total Pool Income	49,988	24,235
Total amount paid to IAH Mudaraba	2,276	1,648
Total amount attributable to shareholders pool	2,276	1,648

Notes to the Consolidated Financial Statements (Continued)

For the years ended December 31, 2024 and 2023

41. STAFF INVESTMENT SAVINGS PLAN

The Group operates a Staff Savings Investment Plan. Under the terms of the Staff Savings Investment Plan, participating employees of the Group make monthly contributions by way of a deduction from their salary subject to a maximum of 15% of their monthly basic salaries. The Group also contributes on a monthly basis a pre-determined percentage (subject to a maximum of 6%) of the basic salary of an employee based on the varying service periods. The proceeds are invested in the Group’s existing range of mutual funds for the benefit of the employees.

The cost of the above plan is charged to the consolidated statement of income over the term of the plan.

42. INVESTMENT MANAGEMENT SERVICES

The Group offers investment management services to its customers, which include management of certain investment funds with assets totalling ₪ 93.6 billion (2023: ₪ 93.5 billion).

The Bank’s assets under management include non-interest based funds amounting to ₪ 11.1 billion (2023: ₪ 14.4 billion).

43. COMPARATIVE FIGURES

Certain other comparative amounts have been reclassified to conform with the current year presentation.

44. EVENTS AFTER THE REPORTING PERIOD

- a) During January 2025, the Bank successfully issued ₪ denominated additional Tier 1 capital-eligible sukuk amounting to ₪ 2 billion. The sukuks carry special commission rate of 6%. The Sukuk are perpetual securities and accordingly do not have a fixed or final redemption date.
- b) During January 2025, the Bank obtained the necessary approvals from SAMA for exercising its call option on its sukuk amounting to USD 1.5 billion ( ₪ 5.6 billion) after the expiry five year period on February 25, 2025.
- c) On February 3, 2025, final dividends of ₪ 2,696 million at ₪ 0.90 per share was proposed for second half of 2024.

45. BOARD OF DIRECTORS’ APPROVAL

These consolidated financial statements were approved by the Board of Directors on Sha’ban 4,1446 H (corresponding to February 3, 2025 ).



Abdullah A. Al-Oraini  
Chief Financial Officer



Nadir S. Al-Koraya  
Chief Executive Officer



Eng. Abdullah M. Al-Issa  
Chairman of the Board





بنك الرياض  
Riyad Bank